BETTER WORLD FUND, INC.

Financial Statements

December 31, 2008 and 2007

BETTER WORLD FUND, INC.
Index

PRICEWATERHOUSECOOPERS

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Report of Independent Auditors

To the Board of Directors of
Better World Fund, Inc.

In our opinion, the accompanying statements of financial position and the related statements of activities and changes in net assets, and cash flows present fairly, in all material respects, the financial position of Better World Fund ("BWF"), at December 31, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of BWF's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In fiscal year 2008, as discussed in Note 2 and Note 5, BWF adopted FASB Statement No. 157 (FAS 157), *Fair Value Measurements*.

Our audits were conducted for the purpose of forming an opinion on the basic 2008 and 2007 financial statements taken as a whole. The 2008 and 2007 supplemental schedule of functional expenses are presented for the purpose of additional analysis and are not required parts of the basic financial statements of the BWF. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

March 13, 2008

BETTER WORLD FUND, INC.
Statements of Financial Position
As of December 31, 2008 and 2007

	2008	2007
Assets		
Cash and cash equivalents	$ 29,457,210	$ 24,696,300
Contributions receivable, net	241,967	434,090
Property and equipment, net	26,078	34,047
Total assets	$ 29,725,255	$ 25,164,437
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 439,368	$ 496,560
Due to an affiliate	1,608,641	443,360
Unexpended grants	422,002	497,836
Total liabilities	2,470,011	1,437,756
Net assets		
Unrestricted net assets	17,692,058	16,618,983
Temporarily restricted net assets	9,563,186	7,107,698
Total net assets	27,255,244	23,726,681
Total liabilities and net assets	$ 29,725,255	$ 25,164,437

The accompanying notes are an integral part of these financial statements.

BETTER WORLD FUND, INC.
Statements of Activities and Changes in Net Assets
For the years ended December 31, 2008 and 2007

	2008	2007
Change in unrestricted net assets		
Revenues:		
Contributions from a related party	$ 9,375,000	$ 18,519,106
Other contributions	4,983	1,351
Interest and dividends	476,022	600,271
Contributions from third parties	256,532	-
Total unrestricted revenues	10,112,537	19,120,728
Net assets released from restriction	7,487,819	8,996,438
Total unrestricted revenues and other support	17,600,356	28,117,166
Expenses:		
Program services	15,733,120	18,643,181
General and administrative	418,427	508,221
Fundraising	375,734	828,143
Total expenses	16,527,281	19,979,545
Change in unrestricted net assets	1,073,075	8,137,621
Unrestricted net assets, beginning of year	16,618,983	8,481,362
Unrestricted net assets, end of year	17,692,058	16,618,983
Change in temporarily restricted net assets		
Contributions from related parties	500,000	991,920
Contributions from third parties	9,401,531	4,827,058
Interest and dividends	67,436	245,170
Bad debt	(25,660)	-
Net assets released from restriction	(7,487,819)	(8,996,438)
Change in temporarily restricted net assets	2,455,488	(2,932,290)
Temporarily restricted net assets, beginning of year	7,107,698	10,039,988
Temporarily restricted net assets, end of year	9,563,186	7,107,698
Change in net assets	3,528,563	5,205,331
Net assets, beginning of year	23,726,681	18,521,350
Net assets, end of year	$ 27,255,244	$ 23,726,681

The accompanying notes are an integral part of these financial statements.

BETTER WORLD FUND, INC.
Statements of Cash Flows
For the years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Change in net assets	$ 3,528,563	$ 5,205,331
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,477	11,872
Bad debt expense	25,660	-
Accretion on contributions receivable	(14,397)	(109,335)
Discount on contributions receivable	6,520	15,910
Changes in assets and liabilities:		
Decrease in contributions receivables	174,340	1,400,000
Decrease in accounts payable and accrued expenses	(57,192)	(41,717)
Decrease in unexpended grants	(75,834)	(1,227,642)
Increase (decrease) in due to an affiliate	1,166,773	(287,716)
Net cash provided by operating activities	4,760,910	4,966,703
Cash flows from investing activities		
Purchases of property and equipment	-	(22,013)
Net cash used in investing activities	-	(22,013)
Net increase in cash and cash equivalents	4,760,910	4,944,690
Cash and cash equivalents, beginning of year	24,696,300	19,751,610
Cash and cash equivalents, end of year	$ 29,457,210	$ 24,696,300
Supplemental information :		
Transfer of fixed assets to an affiliate	$ 1,492	$ 34,051

The accompanying notes are an integral part of these financial statements.

1. Description of the Organization

In March 1998, R.E. (Ted) Turner established Better World Fund, Inc. ("BWF" or "Fund") and its sister organization, United Nations Foundation, Inc. ("UNF" or "Foundation"), to support the efforts of the United Nations ("UN"). BWF was formed to support charitable causes through raising funds from the general public to enable it to carry on a discretionary grant-making program and educating the public regarding the UN and its work in the areas of: 1) women and population, 2) the environment, 3) children's health, and 4) peace, security and human rights.

2. Summary of Significant Accounting Policies

Basis of presentation
The accompanying financial statements have been prepared on the accrual basis of accounting.

Classification of net assets
BWF's net assets have been grouped into the following two classes:

Unrestricted Net Assets - Unrestricted net assets are those whose use by BWF is not subject to any donor-imposed stipulations. Unrestricted net assets generally result from unrestricted contributions, unrealized and realized gains and losses, and interest from investing unrestricted net assets in income-producing assets, less expense incurred in making grants, raising contributions, and performing administrative functions. Board designated voluntary restrictions, such as voluntarily earmarking assets for a particular purpose, are included among the unrestricted net assets of BWF. The board is free to designate certain portions of its funds for certain activities; however, these are included among unrestricted net assets since they are not bound by restrictions imposed by a donor.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by BWF is subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the BWF pursuant to those stipulations. When these restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Recently Adopted Accounting Standard
In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 applies whenever another standard requires or permits assets or liabilities to be measured at fair value, and does not expand the use of fair value to any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. On February 12, 2008 the FASB approved the FSP No. SFAS 157-2, Effective Date of *FASB Statement No. 157 ("FSP FAS 157-2"),* which delays the effective date of SFAS 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for non-financial assets and non-financial liabilities, except for those items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

Contributions
BWF recognizes contributions and unconditional promises to give as revenue in the period received or promised, whichever is earlier. All contributions are considered to be unrestricted unless specifically restricted by the donor. Contributions are reported as temporarily restricted if they are received with donor stipulations that limit their use or are subject to time restrictions. A donor restriction expires when a purpose restriction is accomplished or a stipulated time restriction ends. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Conditional promises to give are recognized when the conditions stipulated by the donor are substantially met. A conditional promise to give is considered unconditional if the possibility that the condition will not be met is remote. If the possibility that the condition will not be met is deemed possible or probable by management, the BWF does not recognize the conditional promise to give.

Contribution in kind is recorded based on estimated fair value at the date of contribution.

Unconditional promises to give involve fair value measurement only upon initial recognition. Unconditional promises to give, recorded in 2007 and prior years which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities.

Unconditional promises to give, recorded in 2008 which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to any other similar non-profit organizations. This approach is consistent with the guidance provided under SFAS 157. While BWF does not expect to sell its expected promises to give, it has made assumptions that a market participant would use in pricing unconditional promises for purposes of determining fair value as a market-based measurement.

BWF administers the Adopt-a-Minefield program whereby BWF has the primary role in fundraising efforts and provides acknowledgements to the donors. In addition, BWF entered into a contract with the United Nations Development Programme ("UNDP") to perform the activities related to mine action programs. BWF has full discretionary power to choose the beneficiary and communicates this right to redirect to the donor. Since BWF has discretion to choose the beneficiary of the assets, in accordance with Statement of Financial Accounting Standards No. 136 "*Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*," BWF recorded $634,017 and $1,861,555 in 2008 and 2007, respectively, as contribution revenue in the statements of activities and changes in net assets. In September 2008, BWF ceased its administration of this program.

Grants
The amount for which BWF is obligated is recorded when the project has been approved by its Board of Directors. Grants contingent upon third party funding or other conditions are recognized as the conditions are met.

Grants payable involve fair value measurement only upon initial recognition. Grants payable, recorded in 2007 and prior years which are expected to be paid in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities.

Grants payable, recorded in 2008 which are expected to be paid in future years, are recorded at the present value of their estimated future cash flows using discount rates equal to the borrowing rates from a local banking institution which would be extended to other similar non-profit organizations. This approach is consistent with the guidance provided under SFAS 157. While BWF does not expect to sell grants payable, it has made assumptions that a market participant would use in pricing grants payable for purposes of determining fair value as a market-based measurement.

At the end of the approved grant term and upon completion of BWF's internal grant modification/closing process, any remaining grants payable balances are reversed in the period in which they are closed. In 2008, grants payable and grant expense were reversed in the amount of $100,700. There were no such reversals in 2007.

Cash and cash equivalents
Cash and cash equivalents include all highly liquid investments purchased with original maturities of three months or less. Cash equivalents consist of funds held in a money market account which are available for immediate withdrawal without penalty.

Property and equipment
Property and equipment are recorded at cost and depreciated using the half-year convention over the estimated useful lives ranging from two to eight years or the life of the lease, whichever is shorter. When assets are sold or retired, the related cost and accumulated depreciation are removed from the account. Any gain or loss resulting from disposition is credited or charged to operations. Expenditures for repairs and maintenance are charged to operations as incurred.

Investments
Investments are recorded at fair value based on quoted market prices. There were no investments held as of December 31, 2008 and 2007, respectively. Donated gifts of securities are recorded based on estimated fair value at the date the donation is received.

Income Taxes
BWF has received a ruling from the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code as a public charity, other than unrelated business income. Since BWF has no significant unrelated business income, no provision for income tax has been recorded.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation 48 ("FIN 48"), Accounting for Uncertainty in Income Taxes - an interpretation of FASB statement No. 109. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification and other matters. On December 30, 2008, the Financial Accounting Standards Board released Financial Staff Position ("FSP") FIN 48-3, Effective Date of FASB Interpretation No. 48 for Certain Non-public Enterprises. The FSP defers the effective date of FIN 48 for certain non-public enterprises for fiscal years beginning after December 15, 2008. BWF will adopt FIN 48 for fiscal year 2009. BWF is currently assessing the impact of the adoption of FIN 48 and does not believe that the adoption will have a material effect on its financial position, results of operations or cash flows.

Concentration of credit risk
Financial instruments, which potentially subject BWF to a concentration of credit risk, consist of demand deposits placed with three financial institutions. BWF places its cash and cash equivalents with high credit quality financial institutions that are federally insured under the Federal Depository Insurance Corporation Act (FDICA). At December 31, 2008 and 2007, the aggregate balances in excess of the insurance limits were approximately $29.2 million and $24.4 million, respectively, and therefore bear some risk since they are not collateralized. BWF has not experienced any losses on its cash and cash equivalents to date, as they relate to FDICA insurance limits and do not expect such losses in the future.

Use of estimates
The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenses, including donated services and functional allocation of expenses, during the reporting period. Actual results could differ from those estimates.

3. Contributions Receivable

Contributions receivable as at December 31, are as follows:

	2008	2007
Less than one year	$ 250,000	$ 400,000
One year to five years	-	50,000
	250,000	450,000
Less: Discount	(8,033)	(15,910)
Contributions receivable, net	$ 241,967	$ 434,090

4. Property and Equipment

Property and equipment consisted of the following at December 31:

	2008	2007
Leasehold improvements	$ 9,233	$ 9,233
Equipment and software	81,949	96,322
Furniture and fixtures	7,871	7,871
	99,053	113,426
Less: Accumulated depreciation	(72,975)	(79,379)
Total property and equipment, net	$ 26,078	$ 34,047

5. Fair Value Measurements

Effective January 1, 2008, BWF adopted the provisions of FASB Statement No. 157, *Fair Value Measurements* (SFAS 157), which defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

SFAS 157 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. SFAS 157 expands disclosures about instruments measured at fair value. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, SFAS 157 does not require any new fair value measurements. Adopting SFAS 157 did not have a material impact on the financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115 ("SFAS 159")*, which, among other things, provides an option to elect fair value as an alternative measurement for selected financial assets and liabilities not previously recorded at fair value. As of December 31, 2008, BWF did not elect fair value accounting for any assets or liabilities that are not currently required to be measured at fair value.
As noted above, SFAS 157 establishes a three level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1- inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurements.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table presents the financial instruments carried at fair value as of December 31, 2008, by caption on the statement of financial position by the SFAS 157 valuation hierarchy defined above:

Assets	Level 1
Cash and cash equivalents	$ 29,457,210
	$ 29,457,210

Following is a description of BWF's valuation methodologies for assets measured at fair value. Fair value for Level 1 is based upon quoted market price. Inputs are obtained from various sources including market participants, dealers, brokers and financial institutions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while BWF believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31 have been restricted by donors for the following purposes:

	2008	2007
Adopt-A-Minefield	$ 137,445	$ 204,677
Adolescent Girls Nike Foundation Partnership	2,172,980	2,489,735
Global Water Challenge	1,383,267	2,438,151
Energy Future Coalition	715,984	512,324
Children's Health	-	30,945
Elder project	5,146,707	1,326,188
Other	6,803	105,678
	$ 9,563,186	$ 7,107,698

7. Release of Temporarily Restricted Net Assets

Temporarily restricted net assets were released from restriction for the following purposes for the years ended December 31:

	2008	2007
Adopt-A-Minefield	$ 701,250	$ 3,802,474
Adolescent Girls Nike Foundation Partnership	339,122	2,027,898
Global Water Challenge	1,437,616	1,191,539
Energy Future Coalition	1,554,700	577,657
Children's Health	30,945	-
Elder project	3,225,389	915,478
Other	198,797	481,392
	$ 7,487,819	$ 8,996,438

8. Related Parties

Contributions

Gift income in the amount of $9,375,000 and $18,519,106 in 2008 and 2007, respectively, was received through the donation of cash from Ted Turner, Chairman of the BWF Board of Directors.

During 2008 and 2007, BWF also recognized contribution revenue from affiliated organizations of $500,000 and $991,920, respectively.

Grants

In 2007, BWF approved grants totaling $6,057,474 to affiliated organizations. There were no such grants approved during 2008. At December 31, 2008 and 2007, no unexpended grants remained payable to affiliated organizations.

Cost-sharing agreement

UNF and BWF entered into a cost-sharing agreement in 1998 whereby operating costs will be shared based upon the relative portions of annual grant making, employee time incurred, or labor costs, depending on the type of expenditure. During 2008 and 2007, $559,735 and $1,727,076, respectively, of such cost was incurred and allocated by UNF to BWF and was recorded by BWF as "Due to an Affiliate." The allocation ratio of the operating expenses between UNF and BWF were 93% : 7% and 85% : 15% for the years ended December 31, 2008 and 2007, respectively. At December 31, 2008 and 2007, $1,608,641 and $443,360, respectively, were payable to UNF included in "Due to an affiliate" in the Statements of Financial Position.

Supplemental Schedule

BETTER WORLD FUND, INC.
Schedule of Functional Expenses
For the years ended December 31, 2008 and 2007

	Program Services											
	Advocacy	Children's Health	Environ -ment	Peace, Security & Human Rights	UN Strength-ening	Women & Population	Total Program Services	General & Admin -istrative	Fund -raising	Total Supporting Services	2008 Total Expenses	2007 Total Expenses
Personnel Expenses	$ 1,070,850	$ 72,531	$ 74,274	$ 63,960	$ 42,942	$ 310,628	$ 1,635,185	$ 202,046	$ 133,794	$ 335,840	$ 1,971,025	$ 2,515,286
Professional Fees	1,912,271	143,673	1,698,698	918,288	4,025	126,924	4,803,879	124,909	200,720	325,629	5,129,507	3,730,122
Occupancy	264,165	-	-	-	-	-	264,165	25,783	1,346	27,129	291,294	348,533
Information Technology	63,782	130	7,344	21,344	902	19,702	113,204	8,890	2,081	10,971	124,175	63,208
Communications	7,046	155	153	1,463	982	540	10,339	3,262	2,958	6,220	16,559	67,845
Postage & Delivery	5,531	431	1,688	657	441	401	9,149	1,121	2,363	3,484	12,633	25,913
Printing & Reproduction	52,239	1,358	-	794	534	1,307	56,232	3,518	1,441	4,959	61,191	160,448
Insurance	-	-	-	-	-	-	-	268	63	331	331	19,290
Travel	192,344	8,991	7,406	6,436	4,321	13,068	232,566	12,487	17,221	29,708	262,274	300,872
Other Operating	186,979	2,529	15,284	8,510	5,712	11,930	230,944	36,143	13,747	49,890	280,835	306,014
Grant Expense	380,900	354,753	385,303	3,683,348	2,472,943	1,100,210	8,377,457	-	-	-	8,377,457	12,442,014
Total Expenses	$ 4,136,107	$ 584,551	$ 2,190,150	$ 4,704,800	$ 2,532,802	$ 1,584,710	$ 15,733,120	$418,427	$375,734	$ 794,161	$ 16,527,281	$ 19,979,545