

BETTER WORLD FUND, INC.

Financial Statements

December 31, 1999 and 1998

BETTER WORLD FUND, INC.

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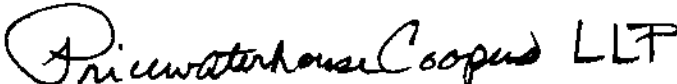
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Report of Independent Accountants

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

In our opinion, the accompanying statement of financial position and the related statements of activities and changes in net assets and of cash flows present fairly, in all material respects, the financial position of Better World Fund, Inc. ("BWF"), at December 31, 1999 and 1998, and the results of its operations and changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States. 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 which 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 the opinion expressed above.



May 5, 2000

BETTER WORLD FUND, INC.
Statement of Financial Position
December 31, 1999 and 1998

	1999	1998
Assets		
Cash and cash equivalents	\$ 5,543,670	\$ 2,768,701
Fixed assets, net of accumulated depreciation of \$36,889 in 1999 and \$11,379 in 1998, respectively	46,057	38,277
Other assets	<u>-</u>	<u>31,781</u>
Total assets	<u>\$ 5,589,727</u>	<u>\$ 2,838,759</u>
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 56,711	\$ 92,982
Grants payable	179,484	-
Payable to affiliates (Note 4)	<u>715,100</u>	<u>455,968</u>
Total liabilities	951,295	548,950
Unrestricted net assets		
Unrestricted net assets designated by the Board (Note 5)	<u>4,638,432</u>	<u>2,289,809</u>
Total liabilities and net assets	<u>\$ 5,589,727</u>	<u>\$ 2,838,759</u>

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

BETTER WORLD FUND, INC.
Statement of Activities and Changes in Net Assets
For the years ended December 31, 1999 and 1998

	1999	1998
Revenues		
Gift income from related party (Note 4)	\$ 11,092,500	\$ 4,854,081
Other contributions	100,452	528,197
Donated services	61,914	17,686
Interest and dividends	339,576	-
Realized gain on the sale of securities	<u>303,027</u>	<u>123,575</u>
Total revenues	<u>11,897,469</u>	<u>5,523,539</u>
Expenses		
Program services	8,873,630	2,841,606
General and administrative	181,805	264,825
Fundraising	<u>493,411</u>	<u>127,299</u>
Total expenses	<u>9,548,846</u>	<u>3,233,730</u>
Excess of revenue over expenses	2,348,623	2,289,809
Unrestricted net assets, beginning of year	<u>2,289,809</u>	<u>-</u>
Unrestricted net assets, end of year	<u>\$ 4,638,432</u>	<u>\$ 2,289,809</u>

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

BETTER WORLD FUND, INC.
Statement of Cash Flows
For the years ended December 31, 1999 and 1998

	1999	1998
Cash flows from operating activities		
Change in unrestricted net assets	\$ 2,348,623	\$ 2,289,809
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities		
Depreciation	25,510	11,379
Donated securities (Note 4)	(11,092,500)	(4,854,081)
Realized gains on securities	(303,027)	(528,197)
Changes in assets and liabilities		
Other assets	31,781	(31,781)
Accounts payable and accrued liabilities	(36,271)	92,982
Grants payable	179,484	-
Payable to affiliates (Note 4)	259,132	455,968
Net cash used in operating activities	<u>(8,587,268)</u>	<u>(2,563,921)</u>
Cash flows from investing activities		
Proceeds from sale of securities	11,395,527	5,382,278
Purchase of fixed assets	<u>(33,290)</u>	<u>(49,656)</u>
Net cash provided by investing activities	<u>11,362,237</u>	<u>5,332,622</u>
Net increase in cash and cash equivalents	2,774,969	2,768,701
Cash and cash equivalents, beginning of year	<u>2,768,701</u>	<u>-</u>
Cash and cash equivalents, end of year	<u>\$ 5,543,670</u>	<u>\$ 2,768,701</u>

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

BETTER WORLD FUND, INC.
Notes to the Financial Statements
For the years ended December 31, 1999 and 1998

1. Description of the Organization

In March 1998, R.E. (Ted) Turner established Better World Fund, Inc. ("BWF") and its sister organization, United Nations Foundation, Inc. ("UNF"), 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) institutional strengthening and humanitarian causes.

2. Summary of Significant Accounting Policies

Basis of presentation

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

Contributions received

BWF records contributions consistent with Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made" ("SFAS 116"). SFAS 116 requires contributions and unconditional promises to give to be recognized as revenue in the period received at their fair value. Restricted contributions or promises to give whose restrictions are met in the same accounting period as that in which they are received are presented as unrestricted revenue. Conditional promises to give are recognized when the conditions are substantially met. Multi-year promises to give are recorded at net present value.

During 1999, BWF received approximately \$743,000, designated by donors towards the Adopt-a-Minefield Campaign, which was not recorded in revenue or in program expense of BWF. These transactions were recorded as agency transactions.

Contributions made

SFAS 116 also requires contributions and unconditional promises to give to be recognized as expenses in the period made at their fair values. BWF considers a grant to be payable when approved by its Board of Directors. Conditional grants are recognized when the conditions are substantially met. Multi-year grants are recorded at their net present value.

Donated services

BWF records donations of services if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These donated services are recorded at estimated fair value on the date the service is provided.

Cash and cash equivalents

For purposes of the Statement of Cash Flows, BWF considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Depreciation

Depreciation is provided on a straight-line basis for fixed assets based on useful lives ranging from 3-5 years.

BETTER WORLD FUND, INC.
Notes to the Financial Statements
For the years ended December 31, 1999 and 1998

Investments – securities

BWF accounts for its investment securities under the provisions of Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" ("SFAS 124"). SFAS 124 requires investments in equity securities with readily determinable fair values and all investments in debt securities to be reported at fair value with unrealized gains and losses included in the Statement of Activities and Changes in Net Assets.

Donated gifts of securities are recorded based on estimated fair value at the date the donation is received or at the realized value of the security if sold within seven days of the donation date. Realized gains and losses on sales of securities represent the difference between net proceeds received and the carrying value of the investments.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Tax Status

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.

4. Related Parties

Gift income

Gift income in the amount of \$11,092,500 and \$4,854,081 in 1999 and 1998, respectively, was received through the donation of securities from Ted Turner, Chairman of the BWF Board of Directors.

Cost-sharing agreement

The United Nations Foundation, Inc. incurs certain costs of operations which are shared by BWF. UNF and BWF entered into a cost-sharing agreement in 1998 whereby the 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. In 1999 and 1998, respectively, \$8,288 and \$455,968 of cost was allocated from UNF to BWF and is recorded in payable to affiliate.

Grants paid to affiliated organization

During 1998, BWF provided a grant of \$500,000 to the Earth Council. A board member of BWF is the chairman of the Earth Council.

BETTER WORLD FUND, INC.
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5. Net Assets Designated by the Board

At December 31, 1999, the net assets balance of \$4,638,432 was designated by the Board for use towards the following projects:

Adopt-A-Minefield	\$ 500,000
Better World Campaign (Note 6)	6,256,406
UN Wire - Additional Contents	151,000
UN Wire	662,000
UN Vision - Bilateral Consensus	<u>125,000</u>
Total	<u>\$ 7,694,406</u>

6. Better World Campaign

In 1998, the Board of Directors designated \$12,000,000 towards the Better World Campaign in order to promote knowledge and awareness of the United Nations and its programs. During 1999, the Better World Campaign expended \$5,743,594 towards this project, which is composed of the following costs:

Professional services	\$ 4,084,072
Grants to supporting organizations	1,418,600
General and administrative	<u>240,922</u>
	<u>\$ 5,743,594</u>