

BETTER WORLD FUND, INC.
Financial Statements
December 31, 2007 and 2006

BETTER WORLD FUND, INC.

Index

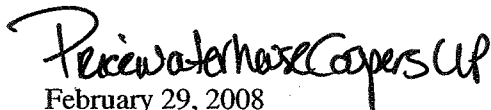
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Report of Independent Auditors

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, 2007 and 2006 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.

Our audits were conducted for the purpose of forming an opinion on the basic 2007 and 2006 financial statements taken as a whole. The 2007 and 2006 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.


February 29, 2008

BETTER WORLD FUND, INC.
Statements of Financial Position
As of December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash and cash equivalents	\$ 24,696,300	\$ 19,751,610
Contributions receivable, net	434,090	1,740,665
Property and equipment, net	<u>34,047</u>	<u>57,957</u>
Total assets	<u>\$ 25,164,437</u>	<u>\$ 21,550,232</u>
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 496,560	\$ 538,277
Due to an affiliate	443,360	765,127
Unexpended grants	<u>497,836</u>	<u>1,725,478</u>
Total liabilities	<u>1,437,756</u>	<u>3,028,882</u>
Net assets		
Unrestricted net assets	16,618,983	8,481,362
Temporarily restricted net assets	<u>7,107,698</u>	<u>10,039,988</u>
Total net assets	<u>23,726,681</u>	<u>18,521,350</u>
Total liabilities and net assets	<u>\$ 25,164,437</u>	<u>\$ 21,550,232</u>

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Change in unrestricted net assets		
Revenues:		
Contributions from a related party	\$ 18,519,106	\$ 12,500,000
Other contributions	1,351	119
Interest and dividends	600,271	987,273
Total unrestricted revenues	<u>19,120,728</u>	<u>13,487,392</u>
Net assets released from restriction	8,996,438	6,300,223
Total unrestricted revenues and other support	<u>28,117,166</u>	<u>19,787,615</u>
Expenses:		
Program services	18,643,181	16,444,978
General and administrative	508,221	213,173
Fundraising	828,143	184,628
Total expenses	<u>19,979,545</u>	<u>16,842,779</u>
Change in unrestricted net assets	8,137,621	2,944,836
Unrestricted net assets, beginning of year	8,481,362	5,536,526
Unrestricted net assets, end of year	<u>16,618,983</u>	<u>8,481,362</u>
Change in temporarily restricted net assets		
Contributions from related parties	991,920	721,439
Contributions from third parties	4,827,058	6,472,826
Interest and dividends	245,170	183,809
Net assets released from restriction	<u>(8,996,438)</u>	<u>(6,300,223)</u>
Change in temporarily restricted net assets	<u>(2,932,290)</u>	1,077,851
Temporarily restricted net assets, beginning of year	<u>10,039,988</u>	<u>8,962,137</u>
Temporarily restricted net assets, end of year	<u>7,107,698</u>	<u>10,039,988</u>
Change in net assets	5,205,331	4,022,687
Net assets, beginning of year	<u>18,521,350</u>	<u>14,498,663</u>
Net assets, end of year	<u>\$ 23,726,681</u>	<u>\$ 18,521,350</u>

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, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Change in net assets	\$ 5,205,331	\$ 4,022,687
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	11,872	12,344
Accretion on contributions receivable	(109,335)	-
Discount on contributions receivable	15,910	109,335
Changes in assets and liabilities:		
Decrease (increase) in contributions receivables	1,400,000	(349,883)
(Decrease) increase in accounts payable and accrued expenses	(41,717)	279,245
(Decrease) increase in unexpended grants	(1,227,642)	1,147,201
Decrease in due to an affiliate	(287,716)	(11,520,555)
Net cash provided by (used in) operating activities	<u>4,966,703</u>	<u>(6,299,626)</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(22,013)</u>	<u>(1,876)</u>
Net cash used in investing activities	<u>(22,013)</u>	<u>(1,876)</u>
Net increase (decrease) in cash and cash equivalents	4,944,690	(6,301,502)
Cash and cash equivalents, beginning of year	<u>19,751,610</u>	<u>26,053,112</u>
Cash and cash equivalents, end of year	<u>\$ 24,696,300</u>	<u>\$ 19,751,610</u>
Supplemental information :		
Transfer of fixed assets to an affiliate	<u>\$ 34,051</u>	<u>\$ -</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, 2007 and 2006

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) 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.

BETTER WORLD FUND, INC.
Notes to the Financial Statements
For the years ended December 31, 2007 and 2006

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 that 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.

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 \$1,861,555 and \$2,933,002 in 2007 and 2006, respectively, as contribution revenue in the statements of activities and changes in net assets.

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 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.

As of December 31, 2007 and 2006, respectively, all unexpended grants are payable within one year.

BETTER WORLD FUND, INC.
Notes to the Financial Statements
For the years ended December 31, 2007 and 2006

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. 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 maintenances 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, 2007 and 2006, 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.

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, 2007 and 2006, the aggregate balances in excess of the insurance limits were approximately \$24.4 million and \$19.6 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.

BETTER WORLD FUND, INC.
Notes to the Financial Statements
For the years ended December 31, 2007 and 2006

3. Contributions Receivable

Contributions receivable as at December 31, are as follows:

	<u>2007</u>	<u>2006</u>
Less than one year	\$ 400,000	\$ 1,350,000
One year to five years	50,000	500,000
	<u>450,000</u>	<u>1,850,000</u>
Less: Discount	(15,910)	(109,335)
Contributions receivable, net	<u>\$ 434,090</u>	<u>\$ 1,740,665</u>

4. Property and Equipment

Property and equipment consisted of the following at December 31:

	<u>2007</u>	<u>2006</u>
Leasehold improvements	\$ 9,233	\$ 78,467
Equipment and software	96,322	84,787
Furniture and fixtures	7,871	7,871
	<u>113,426</u>	<u>171,125</u>
Less: Accumulated depreciation	(79,379)	(113,168)
Total property and equipment, net	<u>\$ 34,047</u>	<u>\$ 57,957</u>

5. Temporarily Restricted Net Assets

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

	<u>2007</u>	<u>2006</u>
Adopt-A-Minefield	\$ 204,677	\$ 2,106,313
Adolescent Girls Nike Foundation Partnership	2,489,735	4,327,951
Global Water Challenge	2,438,151	3,310,510
Energy Future Coalition	512,324	260,627
Children's Health	30,945	30,945
Elder project	1,326,188	-
Other	105,678	3,642
	<u>\$ 7,107,698</u>	<u>\$ 10,039,988</u>

BETTER WORLD FUND, INC.
Notes to the Financial Statements
For the years ended December 31, 2007 and 2006

6. Release of Temporarily Restricted Net Assets

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

:

	<u>2007</u>	<u>2006</u>
Adopt-A-Minefield	\$ 3,802,474	\$ 3,532,238
Adolescent Girls Nike Foundation Partnership	2,027,898	675,525
Global Water Challenge	1,191,539	834,558
Energy Future Coalition	577,657	1,148,294
Children's Health	-	10,000
Elder project	915,478	-
Other	481,392	99,608
	<u>\$ 8,996,438</u>	<u>\$ 6,300,223</u>

7. Related Parties

Contributions

Gift income in the amount of \$18,519,106 and \$12,500,000 in 2007 and 2006, respectively, was received through the donation of cash from Ted Turner, Chairman of the BWF Board of Directors.

During 2007 and 2006, BWF also recognized contribution revenue from affiliated organizations of \$991,920 and \$721,439, respectively.

Grants

BWF approved grants totaling \$6,057,474 and \$4,282,238, respectively, to affiliated organizations during 2007 and 2006. At December 31, 2006, the unexpended grants of \$318,750 remained payable to affiliated organizations. There was no unexpended grant payable to affiliated organizations at December 31, 2007.

Cost-sharing agreement

The United Nations Foundation, Inc. incurs certain costs of operations which are shared by BWF, such as personnel, rent, travel and other operating costs. 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. In 2007 and 2006, respectively, \$1,727,076 and \$522,796 of cost was allocated from UNF to BWF and is recorded in due to an affiliate. Allocation ratio of the operating expenses between UNF and BWF were 85% : 15% and 95% : 5% for the years ended December 31, 2007 and 2006, respectively. At December 31, 2007 and 2006, \$443,360 and \$765,127, 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, 2007 and 2006

	Program Services										Supporting Services		
	Advocacy	Children's Health	Environ-ment	Security & Human Rights	UN Strength-ening	Women & Population	Total Program Services	General & Admin-istrative	Fund -raising	Total Supporting Services	2007 Total Expenses	2006 Total Expenses	
Personnel Expenses	\$ 743,545	\$ 419,607	\$ 154,073	\$ 192,865	\$ 71,878	\$ 192,561	\$ 1,774,529	\$ 327,666	\$ 413,091	\$ 740,757	\$ 2,515,286	\$ 354,489	
Professional Fees	1,244,259	268,566	1,204,031	47,300	269	738,626	3,503,051	2,067	225,004	227,071	3,730,122	86,511	
Occupancy	114,304	7,195	10,537	45,192	16,842	21,769	215,839	71,612	61,082	132,694	348,533	68,326	
Information Technology	27,592	901	1,802	4,167	1,553	6,446	42,461	17,632	3,115	20,747	63,208	15,073	
Communications	39,165	852	1,245	5,177	1,929	2,856	51,224	6,475	10,146	16,621	67,845	9,141	
Postage & Delivery	1,906	1,827	11,739	1,795	669	865	18,801	1,912	5,200	7,112	25,913	2,815	
Printing & Reproduction	86,532	4,140	45,373	3,267	1,218	4,301	144,831	2,772	12,845	15,617	160,448	6,113	
Insurance	1,507	1,818	804	3,448	1,285	1,661	10,523	4,262	4,505	8,767	19,290	2,439	
Travel	66,311	53,833	32,090	27,541	10,264	31,121	221,160	24,789	54,923	79,712	300,872	43,073	
Other Operating	106,109	13,616	49,834	21,167	7,889	20,133	218,748	49,034	38,232	87,266	306,014	54,891	
Grant Expense	1,528,490	773,374	1,132,583	4,857,426	1,810,285	2,339,856	12,442,014	-	-	-	12,442,014	16,199,908	
Total Expenses	\$ 3,959,720	\$ 1,545,729	\$ 2,644,111	\$ 5,209,345	\$ 1,924,081	\$ 3,360,195	\$ 18,643,181	\$ 508,221	\$ 828,143	\$ 1,336,364	\$ 19,979,545	\$ 16,842,779	