

EMPOWER - THE EMERGING MARKETS FOUNDATION

**FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION**

JUNE 30, 2008 AND 2007 (CONSOLIDATING)

EMPOWER - THE EMERGING MARKETS FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
EMpower - Emerging Markets Foundation

We have audited the accompanying statements of financial position of EMpower - Emerging Markets Foundation (a not-for-profit corporation) as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. We have also audited the consolidating statement of financial position of Empower – Emerging Markets Foundation as of June 30, 2007, and the related consolidating statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the June 30, 2008 financial statements and the June 30, 2007 consolidating financial statement referred to above present fairly, in all material respects, the financial position of EMpower - Emerging Markets Foundation, and the changes in the net assets and the cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Lutz + Carr, LLP

New York, New York
April 15, 2009

EMPOWER - EMERGING MARKETS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2008 AND 2007 (CONSOLIDATING)

	2008	2007		Total
	Total	EMpower	Empower - UK	
Assets				
Cash and cash equivalents (Notes 1b and 4)	\$ 887,184	\$ 548,303	\$ 384,735	\$ 933,038
Accounts receivable (Note 1a)	160,320	-	-	-
Unconditional promises to give (Notes 1c and 5)				
Unrestricted	-	16,977	-	16,977
Restricted to future programs/periods	953,347	76,100	-	76,100
Prepaid expenses	15,941	8,965	-	8,965
Property, equipment and website, at cost, net of accumulated depreciation and amortization (Notes 1d and 6)	35,701	-	-	-
Security deposit	6,375	-	-	-
Due to/from affiliate	-	(5,354)	5,354	-
Total Assets	\$2,058,868	\$ 644,991	\$ 390,089	\$1,035,080
Liabilities and Net Assets				
Accounts payable and accrued expenses	\$ 82,090	\$ 43,523	\$ 3,000	\$ 46,523
Grants payable (Note 1f)	519,150	130,895	180,000	310,895
Total Liabilities	601,240	174,418	183,000	357,418
Commitments (Notes 8 and 9)				
Net Assets				
Unrestricted	(200,143)	403,629	57,823	461,452
Temporarily restricted (Note 2)	1,657,771	66,944	149,266	216,210
Total Net Assets	1,457,628	470,573	207,089	677,662
Total Liabilities and Net Assets	\$2,058,868	\$ 644,991	\$ 390,089	\$1,035,080

See notes to financial statements.

EMPOWER - EMERGING MARKETS FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2008 AND 2007 (CONSOLIDATING)

	2008	2007		
	<u>Total</u>	<u>EMpower</u>	<u>Empower - UK</u>	<u>Total</u>
Changes in Unrestricted Net Assets				
Support and Revenue				
Contributions	\$1,242,747	\$1,621,601	\$ 302,000	\$1,923,601
Event income	23,875	67,902	-	67,902
Less: Direct event expenses	(8,097)	(8,061)	-	(8,061)
Donated services (Note 7)	35,040	37,500	27,500	65,000
Grant administrative fee (Note 1a)	151,627	-	-	-
Interest	7,414	10,168	191	10,359
	<u>1,452,606</u>	<u>1,729,110</u>	<u>329,691</u>	<u>2,058,801</u>
Net assets released from restrictions	66,944	-	-	-
Total Unrestricted Support and Revenue	<u>1,519,550</u>	<u>1,729,110</u>	<u>329,691</u>	<u>2,058,801</u>
Expenses				
Program Services	1,761,480	1,448,993	240,000	1,688,993
Supporting Services				
Management and general	168,000	101,947	31,868	133,815
Fundraising	193,842	128,032	-	128,032
	<u>2,123,322</u>	<u>1,678,972</u>	<u>271,868</u>	<u>1,950,840</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(603,772)</u>	<u>50,138</u>	<u>57,823</u>	<u>107,961</u>
Changes in Temporarily Restricted Net Assets				
Contributions	1,657,771	66,944	149,266	216,210
Net assets released from restrictions	(66,944)	-	-	-
Increase in Temporarily Restricted Net Assets	<u>1,590,827</u>	<u>66,944</u>	<u>149,266</u>	<u>216,210</u>
Increase in net assets	987,055	117,082	207,089	324,171
Net assets, beginning of year (Note 3)	470,573	353,491	-	353,491
Net Assets, End of Year	<u>\$1,457,628</u>	<u>\$ 470,573</u>	<u>\$ 207,089</u>	<u>\$ 677,662</u>

See notes to financial statements.

EMPOWER - EMERGING MARKETS FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2008 AND 2007 (CONSOLIDATING)

	2008 Total	2007		Total
		Empower	Empower - UK	
Cash Flows From Operating Activities				
Increase in net assets	\$ 987,055	\$ 117,082	\$ 207,089	\$ 324,171
Adjustments to reconcile increase in net assets to net cash provided by operating activities:				
Depreciation	2,797	-	-	-
Donated securities	-	(84,264)	-	(84,264)
Increase in:				
Accounts receivable	(160,320)	-	-	-
Unconditional promises to give	(860,270)	(93,077)	-	(93,077)
Prepaid expenses	(6,976)	(8,965)	-	(8,965)
Security deposit	(6,375)	-	-	-
Due from affiliate	-	-	(5,354)	(5,354)
Increase in:				
Due from affiliate	-	5,354	-	5,354
Accounts payable and accrued expenses	33,213	43,523	3,000	46,523
Grants payable	388,255	130,895	180,000	310,895
Net Cash Provided By Operating Activities	<u>377,379</u>	<u>110,548</u>	<u>384,735</u>	<u>495,283</u>
Cash Flows From Investing Activities				
Proceeds from sale of investments	-	84,264	-	84,264
Acquisition of property, equipment and website	(38,498)	-	-	-
Net Cash Provided (Used) By Investing Activities	<u>(38,498)</u>	<u>84,264</u>	<u>-</u>	<u>84,264</u>
Net increase in cash and cash equivalents	338,881	194,812	384,735	579,547
Cash and cash equivalents, beginning of year (Note 3)	<u>548,303</u>	<u>353,491</u>	<u>-</u>	<u>353,491</u>
Cash and Cash Equivalents, End of Year	<u>\$ 887,184</u>	<u>\$ 548,303</u>	<u>\$ 384,735</u>	<u>\$ 933,038</u>

See notes to financial statements.

EMPOWER - EMERGING MARKETS FOUNDATION**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2008 AND 2007 (CONSOLIDATING)****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

EMpower - The Emerging Markets Foundation (the "Organization") ties the resources of emerging markets professionals world-wide with the vitality of community-based social sector initiatives in developing countries.

EMpower-UK, a nonprofit affiliate, was formed under the laws of the United Kingdom to promote the mission of the Organization throughout the United Kingdom. The Organization had a controlling interest in EMpower-UK during the year ended June 30, 2007. During 2008, 100% of the grant administrative fee was earned from Empower-UK, and all of the accounts receivable was due from Empower-UK as of June 30, 2008.

EMpower's mission is to provide disadvantaged young people in emerging market countries with the resources, skills, mentorship and opportunities to improve their lives and in turn help better their families, communities and the world around them.

During the years ended June 30, 2008 and 2007, 65% and 41%, respectively, of its contributions were from one and three contributors.

The 2007 consolidating financial statements include the accounts of EMpower and EMpower-UK. All significant intercompany balances and transactions have been eliminated.

b - Cash and Cash Equivalents

EMpower considers all short-term highly-liquid investments, such as money market funds, to be cash equivalents.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

d - Property and Equipment

Property and equipment acquired are recorded at cost and are being depreciated using the straight-line method over the useful life of the assets.

e - Donated Securities

Donated securities are reflected as contributions at their estimated fair value at the time of donation and are typically sold shortly thereafter.

EMPOWER - EMERGING MARKETS FOUNDATION**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2008 AND 2007 (CONSOLIDATING)****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****f - Grants Payable**

Grants are accrued at the time authorized.

g - Tax Status

EMpower is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

h - Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

i - Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Restrictions on Net Assets

Temporarily restricted net assets are restricted for future programs and periods.

Note 3 - Beginning Net Assets

Prior to July 1, 2006, the Organization operated as a part of the Tides Center, a California nonprofit corporation. On July 1, 2006, the Organization began operating independently with \$353,491 in cash transferred from the Tides Center.

Note 4 - Cash and Cash Equivalents

The Organization maintains its cash account at one financial institution located in New York City.

EMPOWER - EMERGING MARKETS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007 (CONSOLIDATING)

Note 5 - Unconditional Promises to Give

Unconditional promises to give at June 30 are due as follows:

	<u>2008</u>	<u>2007</u>
Due within one year	\$586,000	\$93,077
Due within two to three years	<u>405,000</u>	<u>-</u>
	991,000	93,077
Less: Discount to present value	<u>(37,653)</u>	<u>-</u>
	<u>\$953,347</u>	<u>\$93,077</u>

Uncollectible promises are expected to be insignificant. Unconditional promises to give due after one year are reflected at present value of estimated future cash flows using a discount rate of 5%. As of June 30, 2008 all of the amounts are due from the NIKE Foundation.

Note 6 - Property and Equipment

Property and equipment consist of the following at June 30:

	<u>Life</u>	<u>Amount</u>
Computers and equipment	5 years	\$11,592
Furniture	7 years	14,906
Website	5 years	<u>12,000</u>
		38,498
Less: Accumulated depreciation and amortization		<u>(2,797)</u>
Total		<u>\$35,701</u>

Depreciation for the year ended June 30, 2008 was \$2,797.

EMPOWER - EMERGING MARKETS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007 (CONSOLIDATING)

Note 7 - Donated Services

For the years ended June 30, 2008 and 2007 donated services consist of professional fees.

Note 8 - Office Lease

The Organization occupies space under a lease through August 31, 2010. The lease provides for minimum annual rentals as follows:

<u>Year Ending June 30,</u>	
2009	\$25,500
2010	25,500
Thereafter, through August 31, 2010	4,250

Rent expense for the years ended June 30, 2008 and 2007 were \$27,550 and \$25,200, respectively.

Note 9 - Retirement Plan

The Organization maintains a 403(b) retirement plan for all eligible employees. The Organization contributes 4% after one year of employment of an eligible employee's compensation. The Organization, at its discretion, may elect to contribute in excess of the established percentages. Total contributions to the plan for the years ended June 30, 2008 and 2007 were \$34,639 and \$18,413, respectively.

Note 10 - Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

ADDITIONAL INFORMATION



**INDEPENDENT AUDITOR'S REPORT ON
ADDITIONAL INFORMATION**

To the Board of Directors of
EMpower - Emerging Markets Foundation

Our report on our audits of the basic financial statements of EMpower - Emerging Markets Foundation for 2008 and 2007 appears on page 1. We conducted our audits in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Functional Expenses for the years ended June 30, 2008 and 2007 (consolidating) is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

Lutz + Carr, LLP

New York, New York
April 15, 2009

EMPOWER - EMERGING MARKETS FOUNDATION
SCHEDULES OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2008 AND 2007 (CONSOLIDATING)

	<u>2008</u>			<u>2007</u>			
	<u>Program Services</u>	<u>Supporting Services</u> <u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total Expenses</u>		
				<u>EMpower</u>	<u>Empower - UK</u>	<u>Total Expenses</u>	
Salaries, payroll taxes and employee benefits	\$ 382,672	\$ 78,915	\$ 135,609	\$ 597,196	\$ 388,939	\$ -	\$ 388,939
Grant expense	1,195,900	-	-	1,195,900	1,107,166	240,000	1,347,166
Professional fees	102,658	36,703	32,066	171,427	73,318	30,500	103,818
Travel, meeting and conference	31,723	12,106	55	43,884	48,256	-	48,256
Special event	-	-	625	625	17,682	-	17,682
Office supplies and expenses	20,423	10,840	3,740	35,003	11,045	-	11,045
Occupancy	17,345	3,570	6,635	27,550	25,200	-	25,200
Insurance	2,462	507	942	3,911	2,029	-	2,029
Bank and credit card fees	188	2,526	13,042	15,756	5,337	1,368	6,705
Miscellaneous	6,348	22,471	454	29,273	-	-	-
Depreciation	1,761	362	674	2,797	-	-	-
Total Expenses, 2008	<u>\$1,761,480</u>	<u>\$ 168,000</u>	<u>\$ 193,842</u>	<u>\$2,123,322</u>			
Total Consolidating Expenses, 2007	<u>\$1,688,993</u>	<u>\$ 133,815</u>	<u>\$ 128,032</u>	<u>\$1,950,840</u>	<u>\$1,678,972</u>	<u>\$ 271,868</u>	<u>\$ 1,950,840</u>

See independent auditor's report on additional information.