



**INTERNATIONAL ENVIRONMENTAL
RESEARCH FOUNDATION**

FINANCIAL STATEMENTS

OCTOBER 31, 2002



*Certified Public Accountants
and Consultants*

ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
International Environmental Research Foundation

We have reviewed the accompanying statement of financial position of International Environmental Research Foundation as of October 31, 2002 and the related statements of activities, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of International Environmental Research Foundation

A review consists principally of inquiries of International Environmental Research Foundation's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

May 31, 2003

A handwritten signature in black ink, appearing to read 'L. Komsky', is written over a faint rectangular stamp.

Larisa Komsky, CPA

INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
AT OCTOBER 31, 2002

Assets

| | |
|--|-------------------------|
| Current Assets: | |
| Cash and cash equivalents (Notes 2d and 2e) | <u>\$685,147</u> |
| Total current assets | 685,147 |
| Property and Equipment: | |
| Property and equipment - net of accumulated depreciation (Note 4) | <u>10,990</u> |
| Total assets | <u><u>\$696,137</u></u> |

Liabilities and Net Assets

| | |
|---------------------------------------|-------------------------|
| Liabilities: | |
| Accounts payable and accrued expenses | <u>\$77,302</u> |
| Total liabilities | <u>77,302</u> |
| Net Assets: (Note 2b) | |
| Unrestricted | 36,164 |
| Temporarily restricted (Note 3) | <u>582,671</u> |
| Total net assets | <u>618,835</u> |
| Total liabilities and net assets | <u><u>\$696,137</u></u> |

See accountants' review report.

INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2002

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|------------------|
| Change in Net Assets: | | | |
| Public Support and Revenue: | | | |
| Contributions (Note 2c) | | \$135,000 | \$135,000 |
| Interest income | \$11,914 | | 11,914 |
| Total public support and revenue | 11,914 | 135,000 | 146,914 |
| Net assets released from restrictions | 215,632 | (215,632) | 0 |
| Total public support, revenue and other | 227,546 | (80,632) | 146,914 |
| Expenses: | | | |
| Program services | 161,487 | | 161,487 |
| Management and general | 49,683 | | 49,683 |
| Fund raising | 4,462 | | 4,462 |
| Total expenses | 215,632 | 0 | 215,632 |
| Change in net assets | 11,914 | (80,632) | (68,718) |
| Net assets - beginning of year | 24,250 | 663,303 | 687,553 |
| Net assets - end of year | <u>\$36,164</u> | <u>\$582,671</u> | <u>\$618,835</u> |

See accountants' review report.

**INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2002**

| | <u>Program Services</u> | <u>Management & General</u> | <u>Fund Raising</u> | <u>Total</u> |
|----------------------------|-----------------------------|-------------------------------------|-------------------------|-------------------------|
| Salaries | \$11,200 | \$3,200 | \$1,600 | \$16,000 |
| Payroll taxes and benefits | <u>1,362</u> | <u>389</u> | <u>195</u> | <u>1,946</u> |
| Total personnel services | 12,562 | 3,589 | 1,795 | 17,946 |
| Research expenses (Note 5) | 91,332 | | | 91,332 |
| Professional | 38,944 | 19,900 | | 58,844 |
| Telephone | 1,849 | 528 | 265 | 2,642 |
| Printing & publications | 105 | 30 | 15 | 150 |
| Depreciation | 1,762 | 503 | 252 | 2,517 |
| Insurance | | 1,885 | | 1,885 |
| Dues | 134 | 38 | 20 | 192 |
| Automobile expense | 1,450 | 414 | 207 | 2,071 |
| Administrational fees | | 18,981 | | 18,981 |
| Conference and travel | 11,918 | 3,405 | 1,703 | 17,026 |
| Office expense | <u>1,431</u> | <u>410</u> | <u>205</u> | <u>2,046</u> |
| Total | <u><u>\$161,487</u></u> | <u><u>\$49,683</u></u> | <u><u>\$4,462</u></u> | <u><u>\$215,632</u></u> |

See accountants' review report.

**INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2002**

| | |
|---|-------------------------|
| Cash Flows from Operating Activities: | |
| Change in net assets | (\$68,718) |
| Adjustments to reconcile increase in net assets to net cash used for operating activities: | |
| Depreciation | 2,517 |
| (Increase)/decrease in prepaid expenses | 1,321 |
| Increase/(decrease) in accounts payable & accrued expense | <u>(9,818)</u> |
| Total adjustments | <u>(5,980)</u> |
| Net cash provided by/(used for) operating activities | (74,698) |
| Cash Flows from Investing Activities: | |
| Purchases of equipment and fixed assets | <u>(12,368)</u> |
| Net cash used for investing activities | <u>(12,368)</u> |
| Net decrease in cash and cash equivalents | (87,066) |
| Cash and cash equivalents - beginning of year | <u>772,213</u> |
| Cash and cash equivalents - end of year | <u><u>\$685,147</u></u> |

See accountants review report.

INTERNATIONAL ENVIRONMENTAL RESEARCH FOUNDATION
NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2002

Note 1. Organization

The International Environmental Research Foundation ("the Organization") was organized in 2001. It is dedicated to providing scientific research to the complex of environmental health problems, utilizing information from the study of environmental related diseases in any population of people in the world, and transferring knowledge concerning environmental research to communities where such information is critical to public health decisions.

Note 2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

b. Basis of Presentation

The Organization follows Statement of Financial Accounting Standards (SFAS) No.'s 116 and 117, *Accounting for Contributions Received and Contributions Made*, and *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, organizations are required to report information regarding their financial position and activities according to the following classes of net assets:

Unrestricted - represents all activity without donor imposed restrictions as well as activity with donor imposed restrictions which expire within the same period.

Temporarily Restricted - relates to contributions of cash and other assets with donor stipulations that make clear the assets restriction, either due to a program nature or by passage of time.

Permanently Restricted - relates to contributions of cash and other assets whereby the assets must remain intact due to restrictions placed by the donor. The Organization had no permanently restricted net assets at October 31, 2002.

c. Contributions

Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions.

Note 2c.(Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

- d. Cash and Cash Equivalents
For purposes of financial reporting, cash and cash equivalents include cash held in banks and money market funds.
- e. Concentration of Credit Risk
The Organization maintains its cash balances at Citibank. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. In addition, the Organization has a cash fund with Merrill Lynch, which is covered by SPIC insurance up to \$500,000. At October 31, 2002, the Organization had uninsured cash balances which totaled \$85,148.
- f. Donated Assets
Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. There were no donated assets during the year ended October 31, 2002.
- g. Expense Allocation
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.
- h. Promises to Give
Unconditional promises to give are recognized as revenues or gains in the period received and as assets or decreases of liabilities, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- i. Capitalization Policies
Items of property and equipment are recorded at cost. Routine maintenance and repair costs and leasehold improvements which do not materially extend the estimated useful lives of property and equipment are expensed as incurred.

Note 2.(Continued)

j. Management Estimates

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

Note 3. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at October 31, 2002:

| | |
|------------------|-------------------------|
| Research Project | <u>\$582,671</u> |
| Total | <u><u>\$582,671</u></u> |

Note 4. Property and Equipment

Property and equipment costs are depreciated over their estimated useful lives (3 to 5 years) using the straight line method and consist of the following at October 31, 2002:

| | |
|--------------------------------|------------------------|
| Computer equipment | \$13,734 |
| Less: accumulated depreciation | <u>(2,744)</u> |
| Property and equipment - Net | <u><u>\$10,990</u></u> |

Note 5. Commitments & Contingencies

The Organization entered into a contractual agreement with Mount Sinai - School of Medicine to fund research on the relationship between simian virus (SV40), asbestos and mesothelioma. At 10/31/02, the Organization showed expenses in the amount of \$91,332 relating to research grants.