BETTER WORLD FUND, INC.
Financial Statements
December 31, 1998
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Report of Independent Accountants

April 23, 1999

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, 1998, and the results of its operations and changes in net assets and cash flows for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of BWF's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards 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 audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

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

#### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$2,768,701</td>
</tr>
<tr>
<td>Fixed assets, net of accumulated depreciation of $11,379</td>
<td>38,277</td>
</tr>
<tr>
<td>Other assets</td>
<td>31,781</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$2,838,759</strong></td>
</tr>
</tbody>
</table>

#### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$92,982</td>
</tr>
<tr>
<td>Payable to affiliates (Note 4)</td>
<td>455,968</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>548,950</strong></td>
</tr>
</tbody>
</table>

#### Unrestricted net assets designated by Board (Note 5)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,289,809</td>
</tr>
</tbody>
</table>

| **Total liabilities and net assets**                       | **$2,838,759**|

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 Year Ended December 31, 1998

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>Gift income from related party (Note 4)</td>
<td>$ 4,854,081</td>
</tr>
<tr>
<td>Donated services</td>
<td>17,686</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>123,575</td>
</tr>
<tr>
<td>Realized gain on the sale of securities</td>
<td>528,197</td>
</tr>
<tr>
<td></td>
<td><strong>5,523,539</strong></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>2,841,606</td>
</tr>
<tr>
<td>General and administrative</td>
<td>264,825</td>
</tr>
<tr>
<td>Fund raising</td>
<td>127,299</td>
</tr>
<tr>
<td></td>
<td><strong>3,233,730</strong></td>
</tr>
<tr>
<td>Increase in net assets, representing net assets at end of year</td>
<td>$ 2,289,809</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
Cash flows from operating activities
  increase in net assets $ 2,289,809
Adjustments to reconcile increase in net assets to net cash provided by operating activities
  Depreciation 11,379
  Donated securities (Note 4) (4,854,081)
  Realized gain on securities (528,197)
  Increase in other assets 31,781
  Increase in accounts payable 92,982
  Increase in payable to affiliates 455,968
  Net cash used in operating activities (2,563,921)

Cash flows from investing activities
  Proceeds from sale of securities 5,382,278
  Purchase of fixed assets (49,656)
  Net cash provided by investing activities 5,332,622

Cash and cash equivalents, end of year $ 2,788,701

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") 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.

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 nonfinancial 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.
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.

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
The Foundation has received an advance 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 $4,854,081 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 1998,
$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.
5. Net Assets Designated by Board

At December 31, 1998, the net assets balance of $2,289,809 was designated for use towards the following projects which have been approved by the Board of Directors.

- Campaign for the UN: $12,000,000
- UNWire: A Daily News Briefing: $1,277,000
- Polio eradication: a possible UNF and Rotary International Partnership to raise funds from the private sector: $194,056
- Public opinion research: $85,750
- The UN Visitor Experience: $70,000
- Media education campaign: $32,500

Total: $13,659,306