Consolidated Financial Statements and Report of Independent Certified Public Accountants

World Resources Institute and Subsidiary

September 30, 2008 and 2007

World Resources Institute and Subsidiary

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Report of Independent Certified Public Accountants

Board of Directors
World Resources Institute and Subsidiary

We have audited the accompanying consolidated statements of financial position of the World Resources Institute and Subsidiary (the Institute) as of September 30, 2008 and 2007, and the related consolidated statements of activities, and changes in net assets, and the consolidated cash flows for the years then ended. These consolidated financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Institute as of September 30, 2008 and 2007, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2008, on our consideration of the Institute's internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Grant Thornton LLP

McLean, Virginia
December 19, 2008

World Resources Institute and Subsidiary

Consolidated Statements of Financial Position

Year ended September 30,	2008	2007
Assets		
Cash and cash equivalents	$ 1,384,456	$ 1,814,323
Cash restricted–held for others (Note H)	1,470,950	1,519,928
Total cash and cash equivalents	2,855,406	3,334,251
Grants, pledges and contracts receivable, net of allowance for doubtful accounts of $89,893 and $178,597 for 2008 and 2007, respectively (Note C)	13,041,752	14,338,667
Investments (Note B)	36,342,779	46,801,093
Other assets	644,806	992,683
Furniture, fixtures, software, and equipment, net (Note D)	1,294,912	789,316
Total Assets	54,179,655	66,256,010
Liabilities and Net Assets		
Liabilities		
Accounts payable	1,304,325	2,101,421
Accrued salaries and benefits	841,873	519,081
Notes payable (Note G)	2,000,000	—
Accrued interest on notes payable	12,018	—
Obligation under capital leases (Note E)	83,118	110,679
Deferred rent	259,184	294,077
Deferred revenue	410,421	175,062
Funds held for others	1,470,950	1,519,928
Total Liabilities	6,381,889	4,720,248
Net Assets		
Unrestricted:		
Operating	136,956	111,630
Designated–working capital reserve	2,488,142	3,134,977
Designated–other	4,737,112	16,325,029
	7,362,210	19,571,636
Temporarily restricted	15,097,790	16,614,126
Permanently restricted	25,337,766	25,350,000
Total Net Assets	47,797,766	61,535,762
Total Liabilities and Net Assets	$ 54,179,655	$ 66,256,010

The accompanying notes are an integral part of these statements.

World Resources Institute and Subsidiary

Consolidated Statements of Activities and Changes in Net Assets

Year ended September 30, 2008

	Unrestricted					
	Operating	Designated	Total	Temporarily Restricted	Permanently Restricted	Total
Revenues						
Grants/contributions and contracts	$ 10,742,232	$ —	$ 10,742,232	$ 8,096,398	$ —	$ 18,838,630
Federal grants and cooperative agreements	3,155,579	—	3,155,579	—	—	3,155,579
Investment return, net (Note B)	38,551	(9,421,521)	(9,382,970)	—	(12,234)	(9,395,204)
Support from endowment income	2,813,231	(2,813,231)	—	—	—	—
Publications	38,550	—	38,550	—	—	38,550
Other	27,739	—	27,739	—	—	27,739
Net assets released from program restrictions	9,612,734	—	9,612,734	(9,612,734)	—	—
Total Revenue	26,428,616	(12,234,752)	14,193,864	(1,516,336)	(12,234)	12,665,294
Expenses						
Policy research, technical support, and communications programs	21,785,206	—	21,785,206	—	—	21,785,206
Administration	2,600,626	—	2,600,626	—	—	2,600,626
Development	2,017,458	—	2,017,458	—	—	2,017,458
Total Expenses	26,403,290	—	26,403,290	—	—	26,403,290
Change in Net Assets	25,326	(12,234,752)	(12,209,426)	(1,516,336)	(12,234)	(13,737,996)
Net Assets, beginning of year	111,630	19,460,006	19,571,636	16,614,126	25,350,000	61,535,762
Net Assets, end of year	$ 136,956	$ 7,225,254	$ 7,362,210	$ 15,097,790	$ 25,337,766	$ 47,797,766

The accompanying notes are an integral part of this statement.

World Resources Institute and Subsidiary

Consolidated Statements of Activities—Continued

Year ended September 30, 2007

	Unrestricted			Temporarily	Permanently	
	Operating	Designated	Total	Restricted	Restricted	Total
Revenues						
Grants/contributions and contracts	$ 11,856,687	$ —	$ 11,856,687	$ 8,879,759	$ 250,000	$ 20,986,446
Federal grants and cooperative agreements	4,237,342	—	4,237,342	—	—	4,237,342
Investment return, net (Note B)	153,450	7,781,138	7,934,588	—	—	7,934,588
Support from endowment income	1,985,620	(1,985,620)	—	—	—	—
Publications	18,102	—	18,102	—	—	18,102
Other	8,203	—	8,203	—	—	8,203
Net assets released from program restrictions	5,368,078	—	5,368,078	(5,368,078)	—	—
Total Revenue	23,627,482	5,795,518	29,423,000	3,511,681	250,000	33,184,681
Expenses						
Policy research, technical support, and communications programs	18,832,037	—	18,832,037	—	—	18,832,037
Administration	2,598,194	—	2,598,194	—	—	2,598,194
Development	2,197,251	—	2,197,251	—	—	2,197,251
Total Expenses	23,627,482	—	23,627,482	—	—	23,627,482
Change in Net Assets	—	5,795,518	5,795,518	3,511,681	250,000	9,557,199
Net Assets, beginning of year	111,630	13,664,488	13,776,118	13,102,445	25,100,000	51,978,563
Net Assets, end of year	$ 111,630	$ 19,460,006	$ 19,571,636	$ 16,614,126	$ 25,350,000	$ 61,535,762

The accompanying notes are an integral part of this statement.

World Resources Institute and Subsidiary

Consolidated Statements of Cash Flows

Year ended September 30,	2008	2007
Change in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Change in net assets	$ (13,737,996)	$ 9,557,199
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	414,887	297,605
Loss from disposal of equipment	1,192	768
Realized loss (gain) from sale of investments	1,587,193	(1,360,225)
Unrealized loss (gain) gain on investments	8,251,750	(6,577,661)
Changes in operating assets and liabilities:		
Cash restricted - held for others	48,978	(167,795)
Grants and contracts receivable	1,296,915	(1,986,318)
Other assets	347,877	(298,934)
Accounts payable	(797,096)	1,099,587
Accrued salaries and benefits	322,792	24,951
Funds held for others	(48,978)	165,941
Deferred rent	(34,893)	19,734
Deferred revenue	235,359	68,294
Accrued interest on line-of-credit	12,018	—
Contributions restricted for the endowment fund	—	(250,000)
Net Cash (Used in) Provided by Operating Activities	(2,100,002)	593,146
Cash Flows from Investing Activities		
Proceeds from sales of investments	14,722,912	8,363,380
Purchase of investments	(14,103,541)	(7,456,628)
Purchase of furniture, fixtures, and equipment	(921,675)	(570,928)
Net Cash (Used in) Provided by Investing Activities	(302,304)	335,824
Cash Flows from Financing Activities		
Borrowings on line-of-credit	3,000,000	—
Payments on line-of-credit	(1,000,000)	—
(Payments) Borrowings on capital lease obligations	(27,561)	6,153
Proceeds from contributions restricted for the endowment fund	—	250,000
Net Cash Provided by Financing Activities	1,972,439	256,153
Net (Decrease) Increase in Cash and Cash Equivalents	(429,867)	1,185,123
Cash and Cash Equivalents, beginning of year	1,814,323	629,200
Cash and Cash Equivalents, end of year	$ 1,384,456	$ 1,814,323
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	$ 23,474	$ 6,308

The accompanying notes are an integral part of these statements.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Principles of Consolidation

World Resources Institute (the Institute) is an independent research and policy institute founded in 1982 to help governments, environmental and development organizations, and private businesses address a fundamental question as to how societies can meet basic human needs and nurture economic growth without undermining the natural resource base and environmental integrity.

The Institute's work is carried out by an approximately 150-member interdisciplinary staff, strong in sciences, and augmented by a network of advisors, collaborators, international fellows, and cooperating institutes in more than 50 countries. The Institute currently focuses on four goals: (1) Governance & Access, (2) People & Ecosystems , (3) Climate & Energy, and (4) Markets & Enterprise.

The Internal Revenue Service (IRS) has classified the Institute as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), as a publicly supported not-for-profit organization.

The World Resources Institute Fund (WRIF) is a not-for-profit organization created in 1986 as a supporting organization to the Institute, and is included in these consolidated financial statements. Prior to fiscal year 2002, and after 2003, WRIF had no activities. In 2002 and 2003, WRIF activities included the operation of a capital campaign. Such activities have been shifted to the Institute since. WRIF is currently used to record investment activities for the African Centre for Technology Studies (ACTS) endowment (see note H). The IRS has classified WRIF as exempt from federal income taxes under Section 501(c)(3) of the IRC. WRIF is an entity described under Section 509(a)(3) of the IRC and, therefore, not a private foundation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Activities of the Institute are recorded in the following net asset categories:

Operating–Unrestricted revenues and operating expenses of the Institute. Current investment earnings are available to support current operations.

Designated–Working Capital Reserve–Amounts designated by the Board of Directors of the Institute to be maintained as part of a reserve and used to support certain specific future activities as defined by the Board of Directors.

Designated–Other–Amounts designated by the Board of Directors to be used in a manner similar to an endowment.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Classification of Net Assets—Continued

Temporarily Restricted–Contributions restricted, as to time or purpose, by the donor. When the purpose or time period restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Permanently Restricted–Funds that are restricted by donors requiring that the principal be invested in perpetuity. The earnings on these funds are unrestricted and are used for operations in accordance with a spending policy approved by the Board of Directors.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions are reported as increases in the appropriate category of net assets, except for the contributions that impose restrictions that are met in the same fiscal year they are received, which are included in unrestricted revenues.

Income from grants and contracts is currently recorded as unrestricted revenue when the costs are incurred. Amounts received that have not been expended are recorded as deferred revenue. The amount of expenses incurred in excess of funds received is included in grants and contracts receivable.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Institute considers all highly liquid investment instruments purchased with an initial maturity of three months or less to be cash equivalents.

The Institute has cash in foreign accounts totaling $2,883 and $504,903 in 2008 and 2007, respectively.

Investments

The Institute records its investments at fair market value based on quoted market prices, except for limited liability partnerships, which are recorded at estimated values.

Furniture, Fixtures and Equipment

Furniture, fixtures, and equipment are recorded at cost. Depreciation is recorded on the straight-line basis over estimated useful lives that range from three to five years. Leasehold improvements are amortized over the shorter of their useful lives or the lease term. Assets purchased under a capital lease are recorded as an asset and a corresponding obligation at the beginning of the lease term. The recorded amount is equal to the present value of the minimum lease payments. Leased assets are amortized over the shorter of their useful lives or the lease term. When assets are retired or sold, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss arising from such disposition is included in the consolidated statement of activities.

The Institute has capitalized its collections. Collections consist of artwork that is held for public exhibition. Collections purchased are capitalized at cost, collections donated are capitalized at appraised value as of the date of the acceptance of the donation. Collections are not depreciated.

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Costs Subject to Audit

The Institute's costs under its government grants and cooperative agreements are subject to audit by the awarding agencies. Management of the Institute does not believe that the results of such audits would have a material impact on the financial position and operating results of the Institute.

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, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Cash is held at financial institutions in excess of federally insured amounts. At September 30, 2008 and 2007, $1,392,516 and $1,892,841 respectively, were held at these institutions. The Institute has not incurred any losses on these funds.

Reclassification

Certain amounts in prior years have been reclassified to conform to the current period presentation.

NOTE B—INVESTMENTS

Investments were as follows as of September 30:

	2008	2007
Short-term investments	$ 407,014	$ 663,170
Limited liability partnerships	28,879,426	30,632,967
Equities	7,056,339	15,504,956
Total	$ 36,342,779	$ 46,801,093

Investment return consists of the following for the years ended September 30:

	2008	2007
Realized (losses) gains	$ (1,587,193)	$ 1,360,225
Unrealized (losses) gains	(8,251,750)	6,577,661
Dividends and interest	751,392	519,124
Investment management fees and foreign taxes	(307,653)	(522,422)
Total	$ (9,395,204)	$ 7,934,588

NOTE C—GRANTS, PLEDGES, AND CONTRACTS RECEIVABLE

Grants, pledges and contracts receivable are recorded at their net realizable values. The mix of receivables as of September 30, was as follows:

	2008	2007
U.S. government	2%	7%
Foundations	17%	11%
Foreign governments	11%	21%
International organizations	13%	1%
Corporations, individuals, and others	57%	60%
	100%	100%

As of September 30, the Institute's receivables were due as follows:

	2008	2007
Less than one year	$ 9,568,648	$ 9,335,242
One to four years	3,780,000	5,612,505
Allowance for doubtful accounts	(89,893)	(178,597)
Unamortized discount on receivables	(217,003)	(430,483)
Grants, pledges, and contracts receivable, net	$ 13,041,752	$ 14,338,667

Contributions that are to be received over multiple years are discounted to present value using the average interest earned on the money market account for the year in which the contributions were pledged.

NOTE D—FURNITURE, FIXTURES, AND EQUIPMENT

Furniture, fixtures, and equipment consist of the following at September 30:

	2008	2007
Furniture and equipment	$ 2,754,413	$ 2,163,784
Leasehold improvements	967,606	947,362
Equipment under capital lease agreements	141,552	141,552
Artwork	8,825	8,825
	3,872,396	3,261,523
Less: accumulated depreciation and amortization	(2,577,484)	(2,472,207)
Furniture, fixtures, and equipment, net	$ 1,294,912	$ 789,316

NOTE E—OBLIGATIONS UNDER CAPITAL LEASES

The Institute is obligated under capital lease agreements for certain copy equipment. The aggregate discounted lease payments are recorded as a liability. Obligations under capital leases and the fair market values of the related leased assets are capitalized and amortized over the related lease periods. Total assets capitalized pursuant to such agreements, and the related accumulated amortization at September 30, were as follows:

	2008	2007
Equipment under capital lease	$ 141,552	$ 141,552
Less: accumulated amortization	(73,413)	(45,408)
Equipment under capital lease, net	$ 68,139	$ 96,144

NOTE E—OBLIGATIONS UNDER CAPITAL LEASES—Continued

The future minimum lease payments under the capital lease agreements and the present value of the minimum lease payments and interest are as follows:

September 30,		
2009	$	34,492
2010		34,492
2011		21,609
Thereafter		1,132
Total future minimum lease payments		91,725
Less: amount representing interest		(8,607)
Present value of minimum lease payments	$	83,118

Interest expense related to the capital leases was $6,745 and $6,308 respectively, for the years ended September 30, 2008 and 2007.

NOTE F—OFFICE LEASE COMMITMENTS AND RENT ABATEMENT

The Institute has entered into various operating lease agreements. During 2007, the Institute renegotiated and extended its current lease, under an agreement which expires in February 2019. As part of the office building lease, the Institute received two months of free rent. This rent abatement is being amortized on a straight-line basis over the life of the lease as a reduction of rent expense.

The future minimum lease payments as of September 30, 2008, are as follows:

September 30,		
2009	$	2,015,394
2010		2,042,680
2011		2,054,206
2012		2,100,413
2013		2,147,660
Thereafter		12,298,780
Total	$	22,659,133

Rental expense for these leases was $1,963,196 and $1,638,320 for the years ended September 30, 2008 and 2007, respectively.

NOTE G—LOANS PAYABLE

During fiscal year 2008, the Institute obtained a margin loan of $2,000,000 from Citigroup Smith Barney with an open maturity date. The interest rate on the line-of-credit was based on London Interbank Offered Rate (LIBOR) as published in The Wall Street Journal "Money Rates" table two business dates after the date the line-of-credit is requested. The assets held in four of the Institute's investment accounts are collateral for this loan. The balance outstanding on this loan at September 30, 2008 was $2,000,000. The Institute borrowed against the margin line rather than drawing funds from investments and realizing losses in the process.

NOTE H—FUNDS HELD FOR OTHERS

The Ford Foundation gave a grant (for endowment) of $1,200,000 to ACTS (an unrelated organization) in Nairobi, Kenya. ACTS requested the Institute to hold the funds in an interest-bearing account until further notice, earning interest of $264,058 as of September 30, 2008.

In addition, $6,892 is being held for Millennium Assessment Zayed Award, and Asian Development Bank as of September 30, 2008 as pass thru grants.

NOTE I—PERMANENTLY RESTRICTED NET ASSETS

In 1987, the MacArthur Foundation gave the Institute a challenge loan of $12,516,000 with the understanding that it would forgive this loan to the extent that the Institute raised qualifying matching funds under a comprehensive development program. The purpose of the challenge loan was to facilitate the establishment of a permanent endowment for the Institute.

After the Institute successfully met the terms of the loan agreement, an endowment was formally established at the level of $25 million (cost basis) on January 1, 1991, with earnings on the corpus expendable to support any activities of the Institute. The Institute's Board of Directors adopted a policy statement entitled *Endowment Fund: Purposes, Goals, and Policies*, which establishes spending rules for future withdrawals of earnings to cover portions of the Institute's annual operating budget while protecting the value of the endowment against inflation. Investment earnings from the endowment (net of investment expenses) are recognized as unrestricted designated revenue. During 2008 and 2007, $2,288,453 and $960,340, respectively, of these earnings were transferred from unrestricted designated to unrestricted operating net assets in accordance with the policy statement referred to above. The Board of Directors also authorized management to draw down an additional $750,000 in 2007 and $500,000 in 2008 to cover development expenses in lieu of the Capital Campaign which ended in 2007. Approximately $504,720 of additional draw was used in fiscal 2008.

In 2003 and 2007, two individuals contributed $100,000 and $250,000 respectively for the purpose of creating endowment funds to enable the Institute to hire interns. Investment earnings from the endowment funds are recognized as unrestricted designated revenue and used to pay for interns. The Institute funded interns for $30,000 and $15,058 respectively from the earnings of these endowments.

NOTE J—TEMPORARILY RESTRICTED NET ASSETS

As of September 30, temporarily restricted net assets are restricted for the following programs:

	2008	2007
Embarq	$ 5,161,073	$ 6,941,217
Climate, energy, and pollution	2,837,798	3,127,588
People & Ecosystems	3,132,208	2,233,023
Institutions and governance	792,362	1,348,636
Market & Enterprise	960,475	456,606
Special studies	464,417	1,488,315
Communication/World Resources Report	1,685,691	905,004
Development	63,766	113,737
Total	$ 15,097,790	$ 16,614,126

Net assets released from restrictions by incurring expenses satisfying their restricted purposes during the years ended September 30, are as follows:

	2008	2007
Embarq	$ 2,361,712	$ 1,728,058
Climate, Energy, and Pollution	2,733,287	713,135
People & Ecosystems	1,532,172	998,888
Institutions and Governance	1,157,154	937,398
Market & Enterprise	450,776	665,375
Special studies/Innovation	681,116	207,090
Development	60,000	6,000
Communication & World Resources Report	636,517	112,134
Total	$ 9,612,734	$ 5,368,078

NOTE K— SHORT FALL IN TEMPORARILY RESTRICTED NET ASSETS

The Institute's temporarily restricted net assets were under funded by approximately $1.2 million dollars at September 30, 2008. The shortfall is due to unrealized losses on investments and long term contributions not yet received. The Institute believes that unrealized losses on investments are temporary in nature and the Organization will collect its multi-year contributions to meet its restrictions when they are released.

NOTE L—SIGNIFICANT CONTRACTS

The Institute was awarded a four-year 6,000,000 euro grant on October 1, 2004, by the Netherlands Ministry of Foreign Affairs for core funding in response to their proposal *Leveraging Change at the Nexus of Poverty, Ecosystem and Governance*. WRI has received 5,625,000 euros (7,039,950 US dollars) as of September 30, 2008. A total of $7,553,025 (US dollars) of this grant has been spent over the past 4 fiscal years ending September 30, 2008. For fiscal year 2008, we received $1,984,950 and spent $2,121,794.

The Institute initiates and completes a substantial portion of its projects within the Institutions & Governance and People & Ecosystems Programs pursuant to couple of cooperative agreements from the U.S. Agency for International Development. The revenue pursuant to these cooperative agreements was $2,379,276 and $3,504,968 for the years ended September 30, 2008 and 2007, respectively. Such revenue accounted for approximately 10.9 percent and 13.8 percent of total federal and non-federal grants, contributions, and cooperative agreement revenues during the years ended September 30, 2008 and 2007, respectively.

NOTE M—EMPLOYEE BENEFITS

The Institute contributes either 5 percent or 8 percent (based on years of service) of eligible employees' annual earnings, as defined in Plan agreements under a defined contribution plan. The amount contributed to the Plan for the years ended September 30, 2008 and 2007, was $670,352 and $603,225, respectively.

NOTE N—PROGRAM EXPENSE

Expenses by program are as follows as of September 30:

	2008	2007
Institutions and governance	$ 2,782,260	$ 2,432,910
People & Ecosystems	4,891,477	4,699,966
Market & Enterprise	2,344,735	2,895,835
Embarq	3,875,150	3,279,532
Climate, energy, and pollution	5,239,876	3,389,294
Special studies/innovations	549,009	330,652
External relations	2,102,699	1,803,848
Total	$ 21,785,206	$ 18,832,037

Supplemental Information

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Report of Independent Certified Public Accountants on Supplemental Information

Board of Directors
World Resources Institute and Subsidiary

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplemental information on pages 20-21 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

McLean, Virginia
December 19, 2008

Grant Thornton LLP

World Resources Institute and Subsidiary

Schedule of Functional Expenses

Year ended September 30, 2008

	Climate, Energy and Pollution	People & Ecosystems	Embarq	Institutions and Governance	Markets and Enterprise	Special Studies/ Innovations	External Relations	Total Program Expenses	Administration	Development Including Capital Campaign	Total Expenses
Salaries	$ 2,403,048	$ 1,730,728	$ 943,386	$ 941,804	$ 886,735	$ 122,758	$ 887,852	$ 7,916,311	$ 1,400,404	$ 1,019,351	$ 10,336,066
Fringe Benefits	722,415	517,116	288,926	283,543	262,192	36,509	259,318	2,370,019	425,358	306,120	3,101,497
Research Expenses	274,185	384,673	706,494	87,694	178,953	29,468	195,283	1,856,750	8,554	4,882	1,870,186
Conference Expenses	167,430	49,586	80,292	29,450	34,985	3,224	20,794	385,761	24,668	85,470	495,899
Publication Expenses	119,215	270,893	103,092	142,609	44,041	10,117	234,996	924,963	25,181	76,228	1,026,372
Communication Expenses	184	10,096	40,504	3,273	(15,000)	23,199	62,721	124,977	—	25	125,002
Travel	370,601	261,777	237,465	104,089	134,798	17,859	19,437	1,146,026	109,963	88,225	1,344,214
Other Direct Costs	90,614	43,515	45,668	21,014	17,915	200,706	13,849	433,281	606,498	50,697	1,090,476
Subgrants	109,400	848,657	849,793	786,475	434,123	—	7,000	3,035,448	—	—	3,035,448
Rent	485,001	382,182	285,997	188,668	180,617	51,900	198,114	1,772,479	—	190,717	1,963,196
Library and Information Services	30,140	23,751	17,773	11,725	11,224	3,225	12,312	110,150	—	11,852	122,002
Indirect Salaries	93,597	73,755	55,193	36,410	34,856	10,016	38,233	342,060	—	36,805	378,865
Indirect Benefits	27,304	21,516	16,100	10,621	10,168	2,922	11,153	99,784	—	10,737	110,521
Subgrant Pool Salaries	20,266	15,969	11,950	7,884	7,547	2,168	8,278	74,062	—	7,969	82,031
Subgrant Pool Benefits	6,220	4,902	3,668	2,420	2,316	666	2,541	22,733	—	2,446	25,179
Supplies and Materials	20,797	16,388	12,264	8,090	7,745	2,225	8,495	76,004	—	8,178	84,182
Postage	147	116	86	57	55	16	60	537	—	58	595
Telephone and Cables	35,661	28,101	21,029	13,872	13,280	3,816	14,567	130,326	—	14,023	144,349
Equipment Rental and Maintenance	146,696	115,596	86,504	57,066	54,630	15,698	59,922	536,112	—	57,685	593,797
Other Indirect	16,650	13,120	9,818	6,477	6,201	1,782	6,801	60,849	—	6,547	67,396
Depreciation	100,305	79,040	59,148	39,019	37,354	10,734	40,974	366,574	—	39,443	406,017
Total Expenses	5,239,876	4,891,477	3,875,150	2,782,260	2,344,735	549,008	2,102,700	21,785,206	2,600,626	2,017,458	26,403,290
Allocation of administration costs	642,476	506,272	378,858	249,927	239,261	68,751	262,439	2,347,985	(2,600,626)	252,641	—
Total Expenses After G&A Allocations	$ 5,882,352	$ 5,397,749	$ 4,254,008	$ 3,032,187	$ 2,583,996	$ 617,759	$ 2,365,139	$ 24,133,191	$ —	$ 2,270,099	$ 26,403,290

World Resources Institute and Subsidiary

Schedule of Functional Expenses

Year ended September 30, 2007

	Climate, Energy and Pollution	People & Ecosystems	EMBARQ	Institutions and Governance	Markets and Enterprise	Special Studies/ Innovation	External Relations	Total Program Expenses	Administration	Development	Total Expenses
Salaries	$ 1,460,503	$ 1,630,396	$ 857,242	$ 848,748	$ 942,607	$ 112,683	$ 759,070	$ 6,611,249	$ 1,346,666	$ 923,838	$ 8,881,753
Fringe Benefits	411,270	472,670	244,634	245,694	274,065	33,166	215,408	1,896,907	389,793	269,301	2,556,001
Research Expenses	201,447	390,901	371,285	121,413	179,293	40,277	257,255	1,561,871	46,150	17,896	1,625,917
Conference Expenses	38,228	45,631	59,346	58,818	33,586	4,436	11,677	251,722	21,986	246,972	520,680
Publication Expenses	146,458	263,594	19,443	66,057	109,730	34,338	157,596	797,216	16,935	91,859	906,010
Communication Expenses	13,398	2,057	61	134	19	36,570	8,930	61,169	174	60,583	121,926
Travel	215,865	243,341	233,965	85,539	146,682	316	28,631	954,339	100,814	118,240	1,173,393
Other Direct Costs	37,000	78,377	34,717	23,691	19,050	4,541	14,359	211,735	675,676	41,106	928,517
Subgrants	255,467	817,749	1,019,091	632,578	778,989	—	—	3,503,874	—	—	3,503,874
Rent	300,246	371,949	216,569	172,487	202,811	31,679	172,824	1,468,565	—	210,515	1,679,080
Library and information services	18,648	23,102	13,451	10,713	12,597	1,968	10,734	91,213	—	13,075	104,288
Indirect Salaries	94,492	117,057	68,157	54,284	63,828	9,970	54,390	462,178	—	66,252	528,430
Indirect Benefits	24,329	30,140	17,549	13,977	16,434	2,567	14,004	119,000	—	17,058	136,058
Subgrant Pool Salaries	14,264	17,670	10,289	8,194	9,635	1,505	8,210	69,767	—	10,001	79,768
Subgrant Pool Benefits	4,200	5,203	3,030	2,413	2,837	443	2,418	20,544	—	2,945	23,489
Supplies and materials	13,340	16,525	9,622	7,663	9,011	1,407	7,678	65,246	—	9,353	74,599
Telephone and cables	30,334	37,578	21,880	17,426	20,490	3,201	17,460	148,369	—	21,268	169,637
Equipment rental and maintenance	43,536	53,932	31,402	25,011	29,408	4,593	25,059	212,941	—	30,525	243,466
Other Indirect	13,052	16,169	9,414	7,498	8,816	1,377	7,513	63,839	—	9,152	72,991
Depreciation	53,217	65,925	38,385	30,572	35,947	5,615	30,632	260,293	—	37,312	297,605
Total Expenses	3,389,294	4,699,966	3,279,532	2,432,910	2,895,835	330,652	1,803,848	18,832,037	2,598,194	2,197,251	23,627,482
Allocation of administration costs	464,599	575,550	335,117	266,905	313,828	49,020	267,426	2,272,445	(2,598,194)	325,749	—
Total Expenses After G&A Allocations	$ 3,853,893	$ 5,275,516	$ 3,614,649	$ 2,699,815	$ 3,209,663	$ 379,672	$ 2,071,274	$ 21,104,482	$ —	$ 2,523,000	$ 23,627,482