

HealthRight International
(formerly Doctors of the World - U.S.A., Inc.)

Financial Statements

December 31, 2008

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(formerly Doctors of the World - U.S.A., Inc.)

Financial Statements

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O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

To the Board of Directors
HealthRight International

We have audited the accompanying statement of financial position of HealthRight International (the Organization), formerly Doctors Of The World - USA, Inc., as of December 31, 2008 and the related statements of activities, functional expenses, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the 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 Organization'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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HealthRight International as of December 31, 2008, and the changes in its net assets and its cash flows for the year 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 our report dated June 30, 2009 on our consideration of the Organization's internal control over financial reporting and 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 audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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.

New York, New York
June 30, 2009

HealthRight International, Inc.
(Formerly Doctors of the World - U.S.A., Inc.)

Statements of Financial Position

December 31,

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,651,339	\$ 1,510,342
Receivables	545,719	499,778
Prepaid expenses	47,973	35,908
Total Current Assets	2,245,031	2,046,028
Property and equipment, net	151,702	167,347
Security deposits	58,756	58,756
	\$ 2,455,489	\$ 2,272,131
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Notes payable	\$ -	\$ 43,059
Accounts payable and accrued expenses	139,693	67,366
Unearned revenue	37,927	-
NICRA liability	49,144	97,000
Total Liabilities	226,764	207,425
Net Assets		
Unrestricted	1,366,008	906,100
Temporarily restricted	862,717	1,158,606
Total Net Assets	2,228,725	2,064,706
	\$ 2,455,489	\$ 2,272,131

See notes to financial statements.

HealthRight International, Inc.
(Formerly Doctors of the World - U.S.A., Inc.)

Statements of Activities

Years Ended December 31,

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
United States government grants	\$ 1,410,631	\$ -	\$ 1,410,631	\$ 1,445,115	\$ -	\$ 1,445,115
International organizations	76,425	59,929	136,354	-	70,395	70,395
Foundation grants	186,950	1,375,131	1,562,081	432,482	1,555,028	1,987,510
Corporate contributions	23,831	375,000	398,831	29,167	326,559	355,726
Individual contributions	1,250,553	46,205	1,296,758	240,112	131,517	371,629
Donated services	64,508	582,295	646,803	61,760	562,808	624,568
Special events and promotions income (net of expenses of \$112,547 and \$123,388 in 2008 and 2007, respectively)	283,125	-	283,125	298,271	-	298,271
Investment and other income	72,241	-	72,241	45,364	-	45,364
	3,368,264	2,438,560	5,806,824	2,552,271	2,646,307	5,198,578
Net assets released from restrictions	2,734,449	(2,734,449)	-	2,771,839	(2,771,839)	-
Total Revenues	6,102,713	(295,889)	5,806,824	5,324,110	(125,532)	5,198,578
EXPENSES						
Program services	4,977,708	-	4,977,708	4,922,744	-	4,922,744
Supporting Services						
Management and general	380,756	-	380,756	351,209	-	351,209
Fundraising	284,341	-	284,341	339,810	-	339,810
Total Expenses	5,642,805	-	5,642,805	5,613,763	-	5,613,763
Change in Net Assets	459,908	(295,889)	164,019	(289,653)	(125,532)	(415,185)
NET ASSETS						
Beginning of year	906,100	1,158,606	2,064,706	1,195,753	1,284,138	2,479,891
End of year	\$ 1,366,008	\$ 862,717	\$ 2,228,725	\$ 906,100	\$ 1,158,606	\$ 2,064,706

See notes to financial statements.

HealthRight International, Inc.
(Formerly Doctors of the World - U.S.A., Inc.)

Statement of Functional Expenses

Year Ended December 31, 2008

EXPENSES	Program Services							Supporting Services				2008 Total
	Kosovo Projects	Russia Projects	Ukraine Projects	Kenya Projects	Chiapas, Mexico Projects	Nepal, Vietnam, India & Other Projects	Human Rights Clinic and Other Domestic Projects	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 75	\$ 624,088	\$ 160,314	\$ 405,407	\$ 151,466	\$ 184,532	\$ 128,760	\$ 1,654,642	\$ 217,226	\$ 193,433	\$ 410,659	\$ 2,065,301
Benefits	24	148,674	67,408	134,531	29,365	49,924	32,488	462,414	55,997	38,709	94,706	557,120
Volunteers/program consultants	91,389	125,461	34,382	163,782	69,494	70,658	408,209	963,375	6,885	11,767	18,652	982,027
Professional fees	-	13,776	6,350	10,825	2,426	4,517	1,742	39,636	67,539	2,433	69,972	109,608
Rent, maintenance, security, cleaning and utilities	32	90,916	59,552	60,680	17,121	30,968	8,267	267,536	12,838	11,543	24,381	291,917
Materials and supplies	-	78,025	21,635	20,157	14,436	10,993	2,114	147,360	1,944	7,000	8,944	156,304
Furniture and equipment	-	14,951	1,705	99,232	16,285	18,203	548	150,924	1,098	3,817	4,915	155,839
Vehicle rental /maintenance/fuel	178	170	2,149	61,281	6,518	730	-	71,026	-	-	-	71,026
Travel	2,681	66,184	27,513	76,543	13,697	62,954	1,433	251,005	1,604	38	1,642	252,647
Insurance	-	630	184	310	79	129	12,085	13,417	3,741	80	3,821	17,238
Postage and delivery	-	6,994	3,563	5,627	1,385	2,807	2,296	22,672	2,905	6,013	8,918	31,590
Telephone	292	13,169	7,596	19,480	3,958	2,389	1,545	48,429	2,661	913	3,574	52,003
Internet/email	-	5,010	2,186	6,310	382	801	393	15,082	363	296	659	15,741
Program activities - Training and workshops	55	42,282	31,454	145,487	16,491	9,076	2,280	247,125	-	-	-	247,125
Staff and field management training	-	2,072	951	14,050	155	249	111	17,588	985	29	1,014	18,602
Recruiting	-	729	617	5,359	48	1,830	155	8,738	23	3,184	3,207	11,945
Meals and refreshments	-	6,312	1,503	3,243	1,180	3,108	283	15,629	1,212	504	1,716	17,345
Memberships and subscriptions	-	3,754	944	3,482	517	835	1,372	10,904	306	1,525	1,831	12,735
Donations/contributions	-	2,157	528	9,213	366	687	263	13,214	408	367	775	13,989
Gifts and entertainment	-	4,955	317	591	324	1,640	209	8,036	159	143	302	8,338
Interest expense	-	1,498	386	1,043	268	431	192	3,818	298	268	566	4,384
Subcontract grant expenses	-	454,658	2,785	-	-	34,734	-	492,177	-	-	-	492,177
Fees, charges and taxes	-	6,842	6,672	2,536	1,051	1,865	395	19,361	638	547	1,185	20,546
Other expense	-	1,279	1,198	918	860	1,981	5,325	11,561	203	183	386	11,947
Depreciation expense	-	8,644	2,227	6,018	1,545	2,495	1,110	22,039	1,723	1,549	3,272	25,311
Total	\$ 94,726	\$ 1,723,230	\$ 444,119	\$ 1,256,105	\$ 349,417	\$ 498,536	\$ 611,575	\$ 4,977,708	\$ 380,756	\$ 284,341	\$ 665,097	\$ 5,642,805

See notes to financial statements.

HealthRight International, Inc.
(Formerly Doctors of the World - U.S.A., Inc.)

Statement of Functional Expenses

Year Ended December 31, 2007

EXPENSES	Program Services									Supporting Services			2007 Total
	Kosovo Projects	Russia Projects	Ukraine Projects	Kenya Projects	Romania Projects	Chiapas, Mexico Projects	Nepal, Vietnam, India & Other Projects	Human Rights Clinic and Other Domestic Projects	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 63,689	\$ 420,614	\$ 233,008	\$ 260,809	\$ 145,846	\$ 106,447	\$ 196,723	\$ 133,555	\$ 1,560,691	\$ 136,976	\$ 193,745	\$ 330,721	\$ 1,891,412
Benefits	8,170	103,124	82,979	59,095	37,716	17,687	61,619	46,608	416,998	39,087	50,110	89,197	506,195
Volunteers/program consultants	12,087	168,461	39,403	76,642	56,395	47,109	204,871	375,376	980,344	24,155	25,062	49,217	1,029,561
Professional fees	-	42	554	8,003	501	11,587	2,856	3,250	26,793	94,616	-	94,616	121,409
Rent, maintenance, security, cleaning and utilities	8,604	43,951	47,383	22,089	14,510	9,457	10,891	6,868	163,753	18,285	5,875	24,160	187,913
Materials and supplies	39,075	69,239	21,321	14,582	23,980	5,152	13,089	4,903	191,341	8,407	28,207	36,614	227,955
Furniture and equipment	15,169	8,227	58,142	67,093	1,088	10,156	4,301	567	164,743	2,681	3,893	6,574	171,317
Vehicle rental /maintenance/fuel	1,600	249	-	36,679	2,672	2,750	545	-	44,495	-	-	-	44,495
Travel	5,851	51,254	50,457	48,939	33,197	19,631	32,720	660	242,709	1,457	372	1,829	244,538
Insurance	570	4,704	3,561	2,269	1,320	703	1,825	9,007	23,959	3,602	1,157	4,759	28,718
Postage and delivery	139	1,863	1,965	1,004	964	544	8,293	1,797	16,569	2,126	9,758	11,884	28,453
Telephone	1,954	11,513	15,230	10,799	6,279	3,729	3,462	613	53,579	4,654	1,218	5,872	59,451
Internet/email	1,181	5,004	2,530	3,521	1,907	336	1,426	575	16,480	579	456	1,035	17,515
Program activities - Training and workshops	4,506	51,682	107,057	40,251	40,900	2,076	15,620	2,997	265,089	73	63	136	265,225
Staff and field management training	17	254	104	2,550	40	821	1,511	48	5,345	519	35	554	5,899
Recruiting	91	1,688	2,407	7,108	211	162	1,600	122	13,389	950	11,715	12,665	26,054
Meals and refreshments	340	5,952	6,356	2,225	1,156	1,832	1,384	534	19,779	1,184	568	1,752	21,531
Memberships and subscriptions	49	918	450	1,576	114	61	4,096	266	7,530	382	2,194	2,576	10,106
Donations/contributions	175	1,439	847	1,772	404	215	536	233	5,621	1,102	354	1,456	7,077
MDM affiliation	355	2,932	1,726	1,414	823	438	1,093	475	9,256	2,245	721	2,966	12,222
Gifts and entertainment	351	3,716	1,104	62	19	41	1,214	11	6,518	548	26	574	7,092
Interest expense	40	332	195	160	93	50	124	54	1,048	254	82	336	1,384
Subcontract grant expenses	-	441,467	116,291	-	12,756	-	62,258	-	632,772	-	-	-	632,772
Fees, charges and taxes	961	4,039	6,882	5,554	2,458	1,328	2,185	630	24,037	2,789	1,066	3,855	27,892
Other expense	1,824	(1,407)	9,973	318	675	642	483	43	12,551	328	1,780	2,108	14,659
Depreciation expense	667	5,498	3,237	2,651	1,543	821	2,047	891	17,355	4,210	1,353	5,563	22,918
Total	<u>\$ 167,465</u>	<u>\$ 1,406,755</u>	<u>\$ 813,162</u>	<u>\$ 677,165</u>	<u>\$ 387,567</u>	<u>\$ 243,775</u>	<u>\$ 636,772</u>	<u>\$ 590,083</u>	<u>\$ 4,922,744</u>	<u>\$ 351,209</u>	<u>\$ 339,810</u>	<u>\$ 691,019</u>	<u>\$ 5,613,763</u>

See notes to financial statements.

HealthRight International, Inc.
(Formerly Doctors of the World - U.S.A., Inc.)

Statements of Cash Flows

Years Ended December 31,

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 164,019	\$ (415,185)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	25,311	22,917
Changes in operating assets and liabilities		
Receivables	(45,941)	415,218
Prepaid expenses	(12,065)	4,125
Security deposits	-	9,940
Accounts payable and accrued expenses	72,327	(27,328)
Unearned income	37,927	-
NICRA liability	(47,856)	-
Net Cash From Operating Activities	193,722	9,687
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(9,666)	(18,324)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(43,059)	(51,215)
Net Change in Cash and Cash Equivalents	140,997	(59,852)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,510,342	1,570,194
End of year	\$ 1,651,339	\$ 1,510,342
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	\$ 394	\$ 1,384

See notes to financial statements.

HealthRight International
(formerly Doctors of the World - U.S.A., Inc.)

Notes to Financial Statements

1. Organization and Tax Status

HealthRight International (the Organization), formerly Doctors of the World-U.S.A., Inc., is an international health and human rights organization founded in 1990 by a group of volunteer physicians including the late Dr. Jonathan Mann, a pioneer in the field of health and human rights.

The Organization works within a network of 12 Medecins du Monde delegations, and combined, MDM delegations are active in over 90 countries. Working with local partners, the Organization's projects build long-term solutions focused on ending the TB and HIV epidemics, caring for neglected and abandoned children, maternal and infant health, and assistance to torture survivors. In addition to the US, the Organization has operated programs in over 30 countries.

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

The Organization is required to report 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.

Unrestricted net assets include the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. These assets are committed to the operations of the organization

Temporarily restricted net assets include contributions and other assets received with donor stipulations that limit the use of the donated asset. When donor restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

HealthRight International
(formerly Doctors of the World - U.S.A., Inc.)

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. 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 received. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is when a stipulated time restriction ends or the purpose restriction is accomplished temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restrictions on gifts of fixed assets or contributions restricted for the purpose of those assets expire when the asset is placed in service unless the donor stipulated otherwise.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period services are rendered.

Government grants are recognized as the related expenses are incurred. Amounts received from these grants, which have not yet been earned under the terms of the agreement are recorded as deferred revenues in the accompanying financial statements.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated in accordance with grant provisions and/or other equitable bases.

Cash and Cash Equivalents

The Organization considers all highly liquid investments and investment instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents include demand deposits and temporary investments readily convertible to cash with high credit financial institutions.

HealthRight International
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Notes to Financial Statements

Fair Value of Financial Instruments

For the year ended December 31, 2008, the Organization adopted FASB Statement of Financial Accounting Standards No. 157 Fair Value Measurements (“SFAS 157”). SFAS 157 establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Property, Equipment and Depreciation

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which ranged from three to ten years.

Accounting for Uncertainty in Income Taxes

Management of the Organization is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. Consequently, in the opinion of management, adoption of FIN 48 should not have a significant affect on the Organization. The Organization’s current accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable.

3. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following at December 31:

	<u>2008</u>	<u>2007</u>
Domestic banks	\$ 1,359,091	\$ 958,874
Money market	49,830	361,442
Foreign banks and field accounts	<u>242,418</u>	<u>190,026</u>
	<u>\$ 1,651,339</u>	<u>\$ 1,510,342</u>

The Organization maintains its cash balances in various domestic and foreign institutions. Those funds held by a major brokerage firm are insured by the Securities Investor Protection Corporation (SIPC). The balances held by banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, such deposits may be in excess of the FDIC insurance limits.

HealthRight International
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Notes to Financial Statements

4. Receivables, Net

Receivables consisted of the following at December 31:

	<u>2008</u>	<u>2007</u>
Grants and contributions receivable	\$ 537,431	\$ 499,778
Less refundable advances	<u>-</u>	<u>-</u>
	<u>\$ 537,431</u>	<u>\$ 499,778</u>

5. Property and Equipment

As of December 31, property and equipment consisted of the following:

	<u>2008</u>	<u>2007</u>
Leasehold improvements	\$ 110,315	\$ 110,315
Furniture and fixtures	45,131	45,131
Equipment	<u>50,726</u>	<u>41,060</u>
	206,172	196,506
Less accumulated depreciation	<u>54,470</u>	<u>29,159</u>
	<u>\$ 151,702</u>	<u>\$ 167,347</u>

6. Notes Payable

The Organization has a \$250,000 unsecured note, payable in monthly installments of \$4,382, including principal and interest at 2% per annum due in October 2008. Notes payable consisted of the following at December 31,

	<u>2008</u>	<u>2007</u>
Notes Payable	\$ -	\$ 43,059
Less current portion	<u>-</u>	<u>43,059</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>

HealthRight International
(formerly Doctors of the World - U.S.A., Inc.)

Notes to Financial Statements

7. Donated Services

The Organization received legal services approximating \$64,508 and \$61,760 for the years ended December 31, 2008 and 2007, which have been reflected as donated services and legal expenses in the accompanying financial statements. The value of these services rendered was supplied by the donor. The Organization also received medical services approximating \$582,295 and \$ 562,808 for the years ended December 31, 2008 and 2007, which have also been reflected as donated services and program consultants/volunteer stipend expense in the accompanying financial statements.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes as of December 31:

Project/Program	2008	2007
General Operations	\$ 23,340	\$ 23,340
Russia	262,137	592,392
Kenya	125,000	308,927
Chiapas	-	112,368
Nepal	9,600	38,968
International Action Network on Small Arms	30,500	30,500
Ukraine	223,406	27,111
Mexico	23,751	-
HRC	150,000	-
India	14,983	25,000
	<u>\$ 862,717</u>	<u>\$ 1,158,606</u>

Net assets released from restrictions after satisfying purpose and time restrictions were \$2,734,449 and \$2,771,839 for the years ended December 31, 2008 and 2007, respectively.

9. Operating Leases

The Organization leased office space in New York City under an operating lease which expired in July 2006. In May 2006, the Organization entered into a 10 ½ year operating lease agreement for a new office space for its New York City head office operations with a lease commencement date of October 1, 2006.

HealthRight International
(formerly Doctors of the World - U.S.A., Inc.)

Notes to Financial Statements

Rent expenses for the years ended December 31, 2008 and 2007 were \$251,549 and \$138,404, respectively.

9. Operating Leases (continued)

Future minimum lease payments are as follows:

2009	164,923
2010	169,871
2011	174,967
2012	180,216
2013	185,622
Thereafter	<u>642,793</u>
	<u>\$ 1,518,392</u>

Additionally, the Organization leases office space in all its program countries.

10. Retirement Plan

Effective January 2000, the Organization sponsors a 403(b) retirement savings plan for all eligible employees. Retirement plan expenses were approximately \$35,841 and \$47,580 for the years ended December 31, 2008 and 2007, respectively.

Doctors Of The World - USA, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2008

Federal Grantor/Program Title	Federal CFDA Number	Actual Federal Expenditures 2008
United States Agency for International Development (USAID) Foreign Assistance for Programs Overseas	98.001	
DCOF (Russia At Risk Youth Program) 118-A-00-04-00064		\$ 340,510
Partnership for Maternal and Neonatal Health in Kenya GHS-A-00-06-00011-00		419,660
USAID Subgrant from Family Health International Providing Integrated HIV/AIDS Interventions 623-A-00-06-00022-00	*	259,204
USAID Subgrant from PACT PACT - Vietnam Community REACH 486-A-00-06-00007-00	*	145,399
USAID Subgrant from World Learning (a grantee of USAID) Communication, Social Mobilization and Advocacy for TB Control in High-Burden Communities World Learning Grant:GSM-026-Subgrant of USAID Grant GPO-A-00-04-00021-01	*	159,748
USAID Subgrant from Center for Victims of Torture		3,000
U.S. Department of Health and Human Services Pass-through Center for Disease Control and Prevention US Civilian Research and Development Foundation		
Russia Tech School Project RUB1-1695-ST-07		35,592
Ukraine HIV Survey UAB1-31006-KV-08		47,517
TOTAL		<u><u>\$ 1,410,630</u></u>

* Subgranted Federal funds received via contactual agreement with subgranting organization.

See note to the schedule of expenditures of federal awards.

HealthRight International
(formerly Doctors of the World - U.S.A., Inc.)

Notes to the Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Doctors of the World - U.S.A., Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

**To the Board of Directors
HealthRight International**

We have audited the financial statements of Healthright International (the Organization), formerly Doctors of the World - U.S.A., Inc., as of and for the year ended December 31, 2008 have issued our report thereon dated June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Organization in a separate letter.

This report is intended solely for the information and use of the Board of Directors, management, the United States Agency for International Development, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davie Munro & Dobbins, LLP

New York, New York
June 30, 2009



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

**Report on Compliance with Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

**Board of Directors
HealthRight International**

Compliance

We have audited the compliance of HealthRight International (the Organization), formerly Doctors of the World - U.S.A., Inc., with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular, *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, HealthRight International complied, in all material respects, with the requirements referred to above that are applicable to their major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, the United States Agency for International Development and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies Munno & Dobbins, LLP

New York, New York
June 30, 2009



O'Connor Davies Munns & Dobbins, llp
ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report On Indirect Cost Rate Proposal

Board of Directors

HealthRight International

(formerly Doctors of the World - U.S.A., Inc.)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying indirect cost rate proposal 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 statement taken as a whole.

O'Connor Davies Munns & Dobbins, LLP

New York, New York
June 30, 2009

Doctors Of The World - USA, Inc.

Schedule of Indirect Cost Rate

Single Rate System

January 1, 2008 - December 31, 2008

DIRECT COSTS

Kosovo Projects	\$	94,726
Russia Projects		1,723,230
Ukraine Projects		444,119
Kenya Projects		1,256,105
Romania Projects		-
Chiapas, Mexico Projects		349,417
Nepal, Vietnam, India and Other Projects		498,536
Human Rights Clinic and Other Domestic Projects		611,575
Fundraising		284,341
Donated In-Kind Services		(582,295)
Allocated administrative expenses		
Total Direct Costs		<u>4,679,754</u>

INDIRECT COSTS

Management and General		380,756
Donated In-Kind Legal Expenses		(64,508)
Interest Expense		(4,384)
Donations/Contributions		(13,989)
Gifts and Entertainment		(8,338)
Allocated Administrative Expenses		-
Total Indirect Costs		<u>289,537</u>
Total Costs	\$	<u><u>4,969,291</u></u>

Rate = Total Indirect Costs \$ 289,537 divided by
Total Direct Costs \$ 4,679,754
6.19%

HealthRight International
 (formerly Doctors of the World – U.S.A., Inc.)
 Schedule of Findings and Questioned Costs
 Year Ended December 31, 2008

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting
 Material weakness(es) identified? _____ yes no
 Significant deficiency(ies) identified not
 considered to be material weakness(es)? _____ yes none reported
 Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ yes no
 Significant deficiency(ies) identified not
 considered to be material weakness(es)? _____ yes none reported

Type of auditors' report issued on compliance
 for major programs: Unqualified

Any audit findings disclosed that are required
 to be reported in accordance with Circular
 A-133, Section .510(a)? _____ yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
98.001	USAID Foreign Assistance for Programs Overseas

Dollar threshold used to distinguish
 between Type A and Type B programs: _____ \$300,000
 Auditee qualified as low-risk auditee? yes _____ no

See independent auditors' report.

HealthRight International
(formerly Doctors of the World – U.S.A., Inc.)
Schedule of Findings and Questioned Costs
Year Ended December 31, 2008

Section II – Financial Statement Findings

During the year ended December 31, 2008, we did not identify any financial statement findings and questioned costs.

Section III – Federal Award Findings and Questioned Costs

During the year ended December 31, 2008, we did not identify any federal award findings and questioned costs.

Section IV – Prior Year Findings

None reported.

See independent auditors' report.