CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

AMERICARES FOUNDATION, INC. AND AFFILIATES

For the year ended June 30, 2009

AmeriCares®
A Passion to Help. The Ability to Deliver.

AmeriCares Foundation, Inc. and Affiliates

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009

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Grant Thornton

To the Board of Directors of AmeriCares Foundation, Inc.

We have audited the accompanying consolidated statement of financial position of AmeriCares Foundation, Inc. and Affiliates (collectively, "AmeriCares") as of June 30, 2009, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of AmeriCares' management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of AmeriCares as of and for the year ended June 30, 2008 were audited by other auditors. Those auditors expressed an unqualified opinion on those consolidated financial statements in their report dated September 26, 2008.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. 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 AmeriCares' 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of AmeriCares Foundation, Inc. and Affiliates as of June 30, 2009, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
October 13, 2009

AmeriCares Foundation, Inc.
and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2009 and 2008

ASSETS	2009	2008
Current assets:		
Cash and cash equivalents	$ 4,943,012	$ 3,796,640
Investments	13,459,815	32,464,331
Contributions receivable, net	1,509,634	2,016,276
Interest and miscellaneous receivables	224,904	105,070
Inventory	191,088,046	145,688,520
Prepaid expenses	702,266	441,161
Discontinued operations - assets	676,312	666,182
Total current assets	212,603,989	185,178,180
Noncurrent assets:		
Other assets-		
Contributions receivable, net	207,234	661,953
Property held for investment	420,234	343,264
Beneficial interest in-		
Perpetual assets held in trust	2,828,936	1,969,722
Trust agreements	1,493,616	1,480,021
Total other assets	4,950,020	4,454,960
Property and equipment-		
Buildings	700,267	697,308
Furniture and equipment	1,464,183	1,279,827
Leasehold improvements	2,904,977	1,483,052
Construction in progress	–	483,859
Accumulated depreciation and amortization	(1,489,278)	(1,166,190)
Net property and equipment	3,580,149	2,777,856
Total noncurrent assets	8,530,169	7,232,816
Total assets	$ 221,134,158	$ 192,410,996
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 4,534,146	$ 4,473,690
Current portion of committed grants and relief supplies	5,754,455	12,129,175
Discontinued operations - liabilities	350,172	30,586
Total current liabilities	10,638,773	16,633,451
Noncurrent liabilities:		
Liabilities under split-interest agreements	584,204	318,540
Loan payable	267,760	256,784
Committed grants and relief supplies	948,359	1,993,532
Total noncurrent liabilities	1,800,323	2,568,856
Total liabilities	12,439,096	19,202,307
Net assets:		
Unrestricted	164,519,441	105,060,837
Temporarily restricted	40,120,459	64,951,904
Permanently restricted	4,055,162	3,195,948
Total net assets	208,695,062	173,208,689
Total liabilities and net assets	$ 221,134,158	$ 192,410,996

The accompanying notes are an integral part of these consolidated statements.

AmeriCares Foundation, Inc.
and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

For the year ended June 30, 2009, with summarized comparative totals for 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009	Total 2008
Support and revenue:					
Public support-					
Cash contributions	$ 15,159,667	$ 5,708,686	$ –	**$ 20,868,353**	$ 26,891,494
Securities contributions	263,941	–	–	**263,941**	1,462,012
Contributions from split-interest agreements	–	–	1,439,071	**1,439,071**	2,919,050
Donated medical and disaster supplies	717,135,172	455,902,991	–	**1,173,038,163**	980,446,222
Contributed services, facilities and other	5,115,884	–	–	**5,115,884**	4,276,210
Net assets released from restrictions	486,470,759	(486,470,759)	–	**–**	–
Total public support	1,224,145,423	(24,859,082)	1,439,071	**1,200,725,412**	1,015,994,988
Revenue-					
Interest and dividend income	1,370,141	–	–	**1,370,141**	2,188,437
Net realized (loss) gain on investments	(3,452,825)	–	–	**(3,452,825)**	487,047
Net unrealized depreciation in fair value of investments	(1,215,329)	–	–	**(1,215,329)**	(2,546,092)
Other revenue	679,253	–	–	**679,253**	573,477
Change in value of split-interest agreements	(101,674)	13,637	(579,857)	**(667,894)**	(229,328)
Total revenue	(2,720,434)	13,637	(579,857)	**(3,286,654)**	473,541
Total support and revenue	1,221,424,989	(24,845,445)	859,214	**1,197,438,758**	1,016,468,529
Expenses:					
Program services - grants, awards and program related expenses	1,150,198,680	–	–	**1,150,198,680**	1,050,901,410
Supporting services-					
Management and general	4,036,818	–	–	**4,036,818**	4,997,879
Fundraising	7,407,431	–	–	**7,407,431**	9,326,478
Total supporting services	11,444,249	–	–	**11,444,249**	14,324,357
Total expenses	1,161,642,929	–	–	**1,161,642,929**	1,065,225,767
Increase (decrease) in net assets from operations	59,782,060	(24,845,445)	859,214	**35,795,829**	(48,757,238)
Discontinued operations	(323,456)	14,000	–	**(309,456)**	(208,729)
Change in net assets	59,458,604	(24,831,445)	859,214	**35,486,373**	(48,965,967)
Net assets, beginning of year	105,060,837	64,951,904	3,195,948	**173,208,689**	222,174,656
Net assets, end of year	$ 164,519,441	$ 40,120,459	$ 4,055,162	**$ 208,695,062**	$ 173,208,689

The accompanying notes are an integral part of this consolidated statement.

AmeriCares Foundation, Inc.
and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2009, with summarized comparative totals for 2008

	Grants, Awards and Program Related Expenses	Supporting Services: Management and General	Supporting Services: Fundraising	**2009 Total**	2008 Total
Functional expenses:					
Salaries and related payroll expenses	$ 6,298,964	$ 2,649,762	$ 2,912,214	**$ 11,860,940**	$ 12,722,203
Rent and other occupancy costs	1,381,619	353,913	232,172	**1,967,704**	1,467,384
Grants and awards, relief supplies	1,086,415,247	–	–	**1,086,415,247**	1,014,347,905
Grants to other agencies	1,038,629	–	–	**1,038,629**	13,966,880
Inventory write-off	42,740,092	–	–	**42,740,092**	2,238,008
Professional fees and contract services	3,789,129	514,077	1,559,221	**5,862,427**	6,388,296
Office supplies and equipment	92,186	88,534	240,874	**421,594**	575,887
Telephone	80,070	77,775	6,085	**163,930**	190,870
Postage, shipping and warehousing	7,031,464	15,008	595,132	**7,641,604**	8,609,728
Equipment and software rental	116,289	23,561	38,650	**178,500**	195,094
Promotional expenses	180,980	4,092	1,366,706	**1,551,778**	2,542,703
Travel	491,970	28,033	97,206	**617,209**	869,058
Insurance and miscellaneous	291,196	212,151	293,019	**796,366**	825,421
Depreciation and amortization	250,845	69,912	66,152	**386,909**	286,330
Total functional expenses 2009	$1,150,198,680	$ 4,036,818	$ 7,407,431	**$1,161,642,929**	
Total functional expenses 2008	$1,050,901,410	$ 4,997,879	$ 9,326,478		$ 1,065,225,767

The accompanying notes are an integral part of this consolidated statement.

AmeriCares Foundation, Inc.
and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Increase (decrease) in net assets from operations	$ 35,795,829	$ (48,757,238)
Discontinued operations	(309,456)	(208,729)
Change in net assets	35,486,373	(48,965,967)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	386,909	298,625
Interest accretion on loan payable	10,976	10,526
Net realized loss (gain) in investments	3,452,825	(487,047)
Net unrealized depreciation in fair value of investments	1,215,329	2,546,092
Unrealized loss on property held for investment	98,030	–
(Increase) in beneficial interest in trusts	(872,809)	(2,752,427)
Property held for investment	(175,000)	(269,398)
Changes in assets and liabilities:		
(Increase) decrease in interest and miscellaneous receivables	(119,834)	112,644
Decrease (increase) in contributions receivable	961,361	(826,001)
(Increase) decrease in inventory	(45,399,526)	36,339,488
(Increase) decrease in prepaid expenses	(261,105)	201,424
(Increase) decrease in discontinued operations - assets	(10,130)	272,996
Increase in accounts payable and accrued expenses	60,456	1,098,348
(Decrease) in committed grants and relief supplies	(7,419,893)	(2,180,134)
Increase in liabilities under split-interest agreements	265,664	39,400
Increase (decrease) in discontinued operations - liabilities	319,586	(70,543)
Net cash used in operating activities	(12,000,788)	(14,631,974)
Cash flows from investing activities:		
Purchase of fixed assets	(1,245,180)	(1,329,234)
Disposal of fixed assets	55,978	18,375
Proceeds from sale of investments	15,122,107	22,863,393
Purchases of investments	(785,745)	(7,706,733)
Proceeds from sale of property held for investment	–	576,311
Net cash provided by investing activities	13,147,160	14,422,112
Net increase (decrease) in cash and cash equivalents	1,146,372	(209,862)
Cash and cash equivalents, beginning of year	3,796,640	4,006,502
Cash and cash equivalents, end of year	$ 4,943,012	$ 3,796,640

Supplemental cash flow information:
Noncash items included approximately $1.173 billion and $980 million of donated medical and disaster relief supplies, and $5 million and $4 million of contributed services and facilities in fiscal 2009 and 2008, respectively. Cash used in operating activities included payments for interest on gift annuities of approximately $119 thousand and $79 thousand in fiscal 2009 and 2008, respectively.

The accompanying notes are an integral part of these consolidated statements.

AmeriCares Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009

NOTE A - ORGANIZATION

AmeriCares Foundation, Inc. ("AmeriCares"), a not-for-profit organization, which was established in 1979, principally provides medicine, emergency medical supplies and other disaster relief aid to those in need throughout the world. In addition, AmeriCares sponsors AmeriCares Free Clinics, Inc., an affiliated organization, which operates three free health clinics in Connecticut. Effective June 30, 2009, AmeriCares discontinued its sponsorship of AmeriCares HomeFront, Inc., an affiliated organization, which mobilizes volunteers and solicits donated goods to perform repair services for needy homeowners and community centers. Effective September 30, 2009, AmeriCares discontinued its sponsorship of Camp AmeriKids, Inc., an affiliated organization, which operates a summer camp in New York for children affected by or infected with HIV/AIDS.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Presentation*

The accompanying consolidated financial statements include AmeriCares Foundation, Inc. and its affiliated organizations as described in Note A and have been prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

2. *Net Asset Accounting*

AmeriCares' net assets and related revenues and support are classified based upon the existence or absence of donor-imposed stipulations, as follows:

Unrestricted Net Assets
Includes all resources of AmeriCares that are expendable for carrying on AmeriCares' mission.

Temporarily Restricted Net Assets
Net assets whose use by AmeriCares is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of AmeriCares pursuant to those stipulations.

AmeriCares Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
June 30, 2009

NOTE B (continued)

Permanently Restricted Net Assets
Net assets whose use by AmeriCares is limited by donor-imposed stipulations requiring such resources to be maintained in perpetuity and the income there from utilized for operating or other donor-restricted purposes.

AmeriCares receives gifts of cash and other assets with donor stipulations that limit the use of the donated assets. For those donor-restricted cash contributions whose restrictions are met in the same fiscal year as the receipts, the contributions are reported as unrestricted contributions. Donor-restricted contributions not met in the same fiscal year are recorded as temporarily restricted. When the donor-restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

3. *Contributions Receivable*

Unconditional promises to give are included in the accompanying consolidated financial statements as contributions receivable and revenue in the appropriate net asset category. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in greater than one year are recorded at net present value using a risk free rate of return.

An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity.

4. *Donated Medical and Disaster Supplies*

AmeriCares reports gifts of donated supplies as unrestricted support unless explicit donor stipulations specify how or where the donated supplies must be used. Gifts of donated supplies with explicit restrictions that specify how or where the assets are to be used are reported as temporarily restricted support. Donated supplies are recognized at wholesale value, which approximates fair value, as provided by the donor or, in the absence of donors' valuations, at wholesale values estimated by AmeriCares using published industry information. Donated supplies that remain at year end are recorded as inventory, generally at wholesale value. Unrestricted donated supplies not yet distributed had approximate wholesale values of $161.5 million and $93.7 million at June 30, 2009 and 2008, respectively. Restricted donated supplies not yet distributed had approximate wholesale values of $29.6 million and $52.0 million at June 30, 2009 and 2008, respectively.

NOTE B (continued)

AmeriCares operates a Patient Assistance Program through which it receives gifts in kind of donated medical supplies, which totaled approximately $161.8 million and $184.4 million for the years ended June 30, 2009 and 2008, respectively. Additionally, AmeriCares received gifts of cash to assist with the funding of program costs totaling approximately $3.9 million and $3.7 million for the years ended June 30, 2009 and 2008, respectively. These donations are used to provide drugs to needy patients in the United States of America that have met various eligibility criteria and who would not otherwise be able to afford them. In addition, contributions receivable have been recorded for cash amounts pledged by donors to the program of approximately $0.9 million and $0.8 million at June 30, 2009 and 2008, respectively.

For the period from December 27, 2004 through June 30, 2009, AmeriCares received total cash and gifts in kind of approximately $46.5 million restricted to the December 26, 2004 South East Asia tsunami disaster relief. AmeriCares has incurred total expenses for this disaster relief program, including shipments of gifts in kind, in excess of $45.5 million including approximately $0.9 million and $11.1 million for the years ended June 30, 2009 and 2008, respectively. At June 30, 2009, AmeriCares had approximately $1.0 million remaining uncommitted in the fund.

For the period from August 30, 2005 through June 30, 2009, AmeriCares received total cash and gifts in kind in excess of $14.1 million restricted to the Hurricane Katrina disaster relief. AmeriCares has incurred total expenses for this disaster relief program, including shipments of gifts in kind, approximating $14.0 million including approximately $0.25 million and $1.3 million for the years ended June 30, 2009 and 2008, respectively. At June 30, 2009, AmeriCares had approximately $0.1 million remaining uncommitted in the fund.

5. *Committed Grants and Relief Supplies*

AmeriCares makes grants and awards to organizations that help in the rehabilitation, rebuilding and recovery efforts of areas suffering as a result of natural or manmade disasters, as well as complex humanitarian situations. A liability for cash grants or grants of both cash and materials is recorded when AmeriCares has approved the grant. Committed grants beyond one year are recorded at net present value using a risk free rate of return. At June 30, 2009 and 2008, the Foundation had outstanding liabilities for these purposes of approximately $6.7 million and $14.1 million, respectively.

AmeriCares Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
June 30, 2009

NOTE B (continued)

6. *Split-Interest Agreements*

Receivables from split-interest agreements represent the net present value of an estimate of the funds to be received from various irrevocable lead trusts held by third party trustees. The net present value of these receivables was determined by using an estimate of the funds to be received from these trusts, the specified number of periods the funds will be received and a discount rate determined at the time of the gift.

Liabilities from split-interest agreements result from annuity contracts whereby donors receive life-time income in exchange for a payment that constitutes part charitable contribution and part purchase of an annuity. Under the terms of the agreements, the assets associated with these investments are restricted. The liability is recorded at the present value of the payments to be made based on the donor's life expectancy. Actuarial gains and losses on the present value discount are reflected in the accompanying consolidated statement of activities as change in value of split-interest agreements.

7. *Contributed Services, Facilities and Other*

AmeriCares receives services and supplies provided by a wide variety of organizations and professionals who receive no fees or salaries, except for reimbursement of certain travel and related expenses. These gifts include the following:

	2009	2008
Professional services	**$ 3,575,955**	$ 2,766,370
Other contributed services	**198,397**	220,911
No-charge freight	**1,166,532**	998,929
	$ 4,940,884	$ 3,986,210

AmeriCares records as revenue the fair value of the contributed services and supplies, with an equivalent amount recorded as expense. AmeriCares received properties valued at $0.2 million and $0.3 million during fiscal 2009 and 2008, respectively, which are included as revenue as part of contributed services, facilities and other, but not reflected in the above table.

NOTE B (continued)

8. *Allocation of Expenses*

Amounts for salaries, office supplies, occupancy and other similar items are allocated to program or supporting services based on allocation factors, which are representative of cost consumption. Program services include expenses incurred to provide medicines, emergency medical supplies and other disaster relief aid to those in need throughout the world, operate free health clinics, perform home repairs for needy homeowners and operate a summer camp for children affected by or infected with HIV/AIDS.

9. *Cash and Cash Equivalents*

AmeriCares classifies short-term highly liquid investments with original maturities of three months or less as cash equivalents. Cash and cash equivalents are carried at cost, which approximates fair value.

10. *Investments*

Investments are recorded at fair value; accordingly, the accompanying consolidated statement of activities reflects changes in fair value as increases or decreases in unrealized appreciation (depreciation) in fair value of investments. Dividend income is recorded on the ex-dividend date, and interest income is recorded as earned on the accrual basis. Security transactions are recorded on a trade date basis. The cost of marketable securities sold is determined by the specific identification method and realized gains (losses) are reflected in the accompanying consolidated statement of activities.

11. *Property and Equipment*

Property and equipment is recorded at cost for assets purchased and at fair value on the date of donation for assets donated to AmeriCares. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Furniture and equipment are depreciated over five years. Leasehold improvements are amortized over the lesser of the economic life of the assets or the terms of the related leases. Buildings are depreciated over 20 years.

AmeriCares Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
June 30, 2009

NOTE B (continued)

12. *Concentration of Credit Risk*

Cash and investments are exposed to various risks, such as interest rate, market, and credit risks. To minimize such risks, AmeriCares maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits, and in a diversified investment portfolio. AmeriCares' cash and investments were placed with high credit quality financial institutions and, accordingly, AmeriCares does not expect nonperformance.

13. *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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. *Summarized Comparative Information*

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with AmeriCares' audited consolidated financial statements as of and for the year ended June 30, 2008, from which the summarized information was derived.

15. *Reclassifications*

Certain prior year amounts have been reclassified to conform to the current year presentation.

16. *Subsequent Events*

In May 2009, the Financial Accounting Standards Board ("FASB") issued Statement No. 165, "Subsequent Events" ("SFAS No. 165"),

NOTE B (continued)

to incorporate the accounting and disclosure requirements for subsequent events into U.S. generally accepted accounting principles. SFAS No. 165 introduces new terminology, defines a date through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the statement of financial position date. AmeriCares adopted SFAS No. 165 as of June 30, 2009, which was the required effective date.

AmeriCares evaluated its June 30, 2009 consolidated financial statements for subsequent events through October 13, 2009, the date the consolidated financial statements were available to be issued. AmeriCares is not aware of any subsequent events, which would require recognition or disclosure in the consolidated financial statements.

NOTE C - INVESTMENTS

As of July 1, 2008, AmeriCares adopted FASB Statement No. 157, "Fair Value Measurements." This new standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument.

The three levels are based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities include investments for which quoted prices are available but trade less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

AmeriCares Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
June 30, 2009

NOTE C (continued)

AmeriCares did not have any Level 2 or Level 3 investments as of June 30, 2009 and 2008.

AmeriCares' investments, all of which were classified as Level 1 at June 30, 2009 and 2008, consisted of the following, at fair value:

	2009	2008
Fixed income	**$10,953,344**	$25,020,540
Equity securities	**2,506,471**	7,443,791
Total investments	**$13,459,815**	$32,464,331

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions expected to be collected after one year have been discounted using risk free rates of return between 2.8% and 4.68% and are reflected in the accompanying consolidated financial statements at net present value. Contributions receivable, net at June 30, 2009 and 2008, are due as follows:

	2009	2008
Less than one year	**$1,542,634**	$2,416,276
One to five years	**220,000**	280,000
Total contributions receivable	**1,762,634**	2,696,276
Less: allowance for doubtful accounts	**(33,000)**	–
Less: discount to present value	**(12,766)**	(18,047)
Total contributions receivable, net	**$1,716,868**	$2,678,229

At June 30, 2008, contributions due in less than one year included a $400,000 amount for the renovation of space in the new Boehringer Ingelheim AmeriCares Free Clinic of Danbury. Discounts on contributions will be recognized as contribution income in fiscal years 2010 through 2012 as the discount is amortized over the duration of the pledges.

NOTE E - ENDOWMENTS

During the years ended June 30, 2007 and 2006, AmeriCares received donor-restricted endowment contributions of perpetual duration and classified these funds as permanently restricted net assets, with the appreciation available for the general purposes of AmeriCares. To date, AmeriCares has chosen not to appropriate any of these funds for expenditure.

AmeriCares' investment policy requires that endowment funds be invested in Level 1 assets and provides management with an asset allocation guideline, which provides flexibility for management of the portfolio to achieve long term growth, without excessive risk. These guidelines allow for 25% to 80% of the portfolio to be invested in equities of which up to 20% of the portfolio could be held in international equities; 20-65% of the portfolio in fixed income investments of which up to 5% of the portfolio could be in high yield fixed income investments and up to 15% of the portfolio in cash and cash equivalents.

During fiscal 2009, management invested the endowment more heavily in the traditionally more conservative asset classes permitted by the guidelines. At June 30, 2009, the asset allocation of the endowment was: 64% in fixed income (of which 4% was in high yield), 32% in equities (of which 10% was in international equities) and 4% in cash and cash equivalents.

In August 2008, the FASB issued FSP 117-1 "Endowments of Not-for-Profit Organizations" ("FSP 117-1"), which is effective for AmeriCares fiscal year ended June 30, 2009. Among other things, FSP 117-1 addresses the net asset classification of donor-restricted endowment funds for organizations subject to an enacted version of the 2006 Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). A key component of FSP 117-1 is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. In addition, FSP 117-1 requires new disclosures about an organization's donor-restricted and board-designated (quasi) endowment funds. During 2008, Connecticut enacted into law the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Management of AmeriCares has interpreted the Connecticut law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, AmeriCares would classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by AmeriCares in a manner consistent with the standard of prudence prescribed by UPMIFA. At June 30, 2009, AmeriCares did not maintain any board-designated (quasi) endowment funds.

AmeriCares Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
June 30, 2009

NOTE E (continued)

The fair value of assets associated with donor-restricted endowment funds may fall below the level that UPMIFA requires to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature that are reported in unrestricted net assets were approximately $0.2 million as of June 30, 2009.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$ (29,971)	$ –	$1,226,226	**$1,196,255**
Investment return:				
Investment income	–	48,919	–	**48,919**
Unrealized depreciation in fair value of investments	(167,989)	(48,919)	–	**(216,908)**
Endowment assets, end of year	$ (197,960)	$ –	$1,226,226	**$1,028,266**

NOTE F - LOAN PAYABLE

In March 2007, AmeriCares received a $300,000 five-year loan from Royal Bank of Scotland at a below market annual interest rate of 2%. The purpose of the loan was to provide funds toward the renovation of space in the Wheeler Community Center in Bridgeport, Connecticut for a free medical clinic for uninsured low and moderate income individuals. The contribution inherent in the loan has been recorded at fair value, based on an imputed interest rate of 6.2%, which was AmeriCares' assumed bank borrowing rate in 2007. Interest expense of approximately $16 thousand has been reflected in the accompanying consolidated statement of activities in each of the years ended June 30, 2009 and 2008.

AmeriCares entered into a line of credit arrangement in November, 2008 with the Bank of America, which permits a maximum possible borrowing of $1.6 million. The line is available to be drawn until November 30, 2009 at which point any balance owed by AmeriCares will be paid in equal installments over 48 months. The interest rate on the line is variable at the bank's prime lending rate or LIBOR plus 1.25%, at the option of AmeriCares. AmeriCares has not drawn down any part of the line during fiscal 2009. The line of credit is unsecured.

NOTE G - DISCONTINUED OPERATIONS

In June 2009, in an effort to focus more closely on its core work of medical and disaster relief aid, AmeriCares decided to discontinue its sponsorship of two affiliates - AmeriCares HomeFront, Inc. and Camp AmeriKids, Inc. AmeriCares continued its sponsorship of Camp AmeriKids, Inc. through the 2009 summer camp season and incurred an estimated $0.3 million of expenses to support these activities. No significant proceeds or expenses in fiscal 2010 are anticipated in connection with the discontinued sponsorship of AmeriCares HomeFront, Inc.

NOTE H - INCOME TAXES

In July 2008, AmeriCares adopted the provisions of FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes." FIN 48 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. During fiscal 2009, AmeriCares evaluated its tax positions and concluded that it does not have any uncertain tax positions that meet the criteria under FIN 48. Accordingly, implementation of FIN 48 did not have any impact on AmeriCares' accompanying consolidated financial statements.

AmeriCares Foundation, Inc., AmeriCares Free Clinics, Inc., Camp AmeriKids, Inc. and AmeriCares HomeFront, Inc. qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code ("IRC") and are not subject to federal income taxes. Donors of money and/or property are entitled to a charitable contribution deduction as defined in the IRC. Continued qualification of tax exempt status is contingent upon compliance with the requirements of the IRC.

NOTE I - SIGNIFICANT DONORS

Most of AmeriCares' medical, food and other disaster relief supplies ("merchandise") contributions are received from companies in the pharmaceutical industry. For the years ended June 30, 2009 and 2008, the largest contributor accounted for 23% and 31% of total merchandise contributions, respectively. The three largest contributors accounted for 42% and 46% of total merchandise contributions for the years ended June 30, 2009 and 2008, respectively.

AmeriCares Foundation, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)
June 30, 2009

NOTE J - EMPLOYEE BENEFITS

AmeriCares established a defined contribution plan for all eligible employees effective January 1, 1992. As of December 31, 2002, AmeriCares modified the plan to include a company matching program in which AmeriCares would match, on a quarterly basis, each employee's contribution to the 401(k) savings plan up to a maximum of 6% of each employee's salary. During fiscal 2008 and the first half of fiscal 2009, AmeriCares provided this match. Effective January 1, 2009, after modifying the plan, AmeriCares suspended its quarterly match of the employees' contribution to the 401(k) plan indefinitely. Employees enrolling in the 401(k) savings plan after January 1, 2003 become 50% vested in the company match after one year of service and 100% vested after two years. AmeriCares' contributions for the years ended June 30, 2009 and 2008 were $0.2 million and $0.4 million, respectively.

NOTE K - LEASE COMMITMENTS

Future minimum lease commitments under various noncancelable operating leases, primarily for office and warehouse space occupied, are as follows:

Fiscal Year Ending	Minimum Lease Commitments
2010	$ 1,293,453
2011	1,297,213
2012	1,371,137
2013	1,369,671
2014	1,429,807
2015 and beyond	14,302,638
Total lease commitments	$21,063,919

Rent expense for the years ended June 30, 2009 and 2008 were approximately $1.6 million and $1.1 million, respectively.