United Poultry Concerns, Inc.
Financial Statements
December 31, 2008

With Independent Auditors' Report Thereon
United Poultry Concerns, Inc.
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Independent Auditors' Report

To the Board of Directors
United Poultry Concerns, Inc.
Machipongo, Virginia

We have audited the accompanying statement of financial position of United Poultry Concerns, Inc. as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of United Poultry Concerns, Inc. 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. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 United Poultry Concerns, Inc. as of December 31, 2008, and the change in net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

May 31, 2009
Rockville, Maryland

Arkin & Company, Chartered
United Poultry Concerns, Inc.
Statement of Financial Position
December 31, 2008

Assets

Current Assets
  Cash $49,327
  Short-term investments 238,004
  Inventory 14,130

  Total current assets 301,461

Property and Equipment, net

Total Assets $397,843

Liabilities and Net Assets

Current Liabilities
  Accounts payable $7,945
  Payroll tax liabilities 3,586

  Total current liabilities 11,531

Net Assets, Unrestricted 386,312

Total Liabilities and Net Assets $397,843

The accompanying notes are an integral part of the financial statements

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United Poultry Concerns, Inc.
Statement of Activities
For the Year Ended December 31, 2008

Changes in Unrestricted Net Assets:

<table>
<thead>
<tr>
<th>Revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations</td>
<td>$189,064</td>
</tr>
<tr>
<td>Inventory sales</td>
<td>9,487</td>
</tr>
<tr>
<td>Cost of inventory sales</td>
<td>(4,743)</td>
</tr>
<tr>
<td>Investment income</td>
<td>12,476</td>
</tr>
<tr>
<td><strong>Total unrestricted revenue</strong></td>
<td><strong>206,284</strong></td>
</tr>
</tbody>
</table>

Expenses

| Program services               | 243,876 |
| Supporting services:           |       |
| Management and general         | 12,624 |
| Fundraising                     | 17,402 |
| **Total supporting services**  | **30,026** |
| **Total expenses**             | **273,902** |

Decrease in Unrestricted Net Assets

| (67,618) |

Net Assets, Beginning Of Year

| 453,930 |

Net Assets, End Of Year

| $386,312 |
United Poultry Concerns, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2008

Cash Flows From Operating Activities:
  Decrease in net assets $ (67,618)
  Adjustments to reconcile changes in net assets to net cash used in operating activities:
    Depreciation 3,214
    Net unrealized loss on investments 170
  Change in assets and liabilities:
    Increase in inventory (1,180)
    Decrease in accounts payable (3,921)
    Increase in payroll tax liabilities 2,105
  Net Cash Used In Operating Activities (67,230)

Cash Flows From Investing Activities:
  Purchase of property and equipment (1,233)
  Purchase of short-term investments (91,854)
  Sale of short-term investments 140,293
  Net Cash Provided By Investing Activities 47,206

Decrease in Cash (20,024)

Cash at Beginning of Year 69,351

Cash at End of Year $ 49,327

Supplemental Disclosure of Cash Flows Information:
  Interest paid during the year $ 49
  Taxes paid during the year $ -
United Poultry Concerns, Inc.
Notes To Financial Statements

Note 1: Organization

United Poultry Concerns, Inc. (UPC) was incorporated in Maryland in 1990 as a non-profit corporation that addresses the treatment of domestic fowl in food production, science, education, entertainment, and human companionship situations.

United Poultry Concerns seeks to make the public aware of the ways poultry are treated by our society and elsewhere in the world. They assist the public to see how treatment of these birds affects health, ethics, education, occupational safety, and the environment. They inform people about and actively promote alternatives. UPC does this through extensive investigations, their chicken sanctuary, public talks, writings, mailings, conferences, information displays, and film presentations using such sources as public interest groups, animal advocacy organizations, poultry trade publications, government agencies, and scientific journals and proceedings.

Note 2: Expenditures

Of the total costs incurred for the year ended December 31, 2008, UPC incurred 89.04% for program services, 4.61% for administrative operations and 6.35% for fundraising.

Note 3: Summary Of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting.

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying financial statements at their estimated value at the date of receipt. The organization recognizes contributed services to the extent the services received create or enhance non-financial assets or require specialized skills that would be purchased if not provided by donation.
Note 3: Summary Of Significant Accounting Policies (Continued)

Revenues

Revenues from unrestricted contributions are recognized when received. UPC reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Revenue from contracts is recognized as the related qualifying expenses are incurred. Revenue is deferred when funds are received but not yet expended for the contractual purpose.

The organization received a one time donation from a major donor which accounted for the majority of the donations received.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid instruments with original maturities of three months or less. Cash and cash equivalents do not include temporary cash held in custodial accounts or restricted investments.

Inventory

Inventories are stated at the lower of cost, determined by the first-in, first-out basis, or market.

Property and Equipment

Property and equipment are stated at historical cost. The cost of maintenance and repairs is recorded as expense when incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which range from five to 39 years. It is the policy of United Poultry Concerns, Inc. to capitalize all property and equipment acquisitions in excess of $500.
Note 3: Summary Of Significant Accounting Policies (Continued)

Income Taxes

United Poultry Concerns, Inc. is exempt from federal income tax on related income under Section 501(c)(3) of the Internal Revenue Code. The organization is classified as other than a private foundation.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been either directly charged to the programs and supporting services as incurred or allocated based on usage.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 4: Investments

As of December 31, 2008, the aggregate carrying amount of investments by major type is as follows:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposits</td>
<td>$232,253</td>
</tr>
<tr>
<td>Cash and money balances</td>
<td>5,467</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>284</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$238,004</strong></td>
</tr>
</tbody>
</table>

Realized and unrealized gains and losses are included in the statement of activities as part of investment and other income. For the year ended December 31, 2008, net realized gains and losses were $0. Net unrealized losses for the year ended December 31, 2008 were $170.
Note 5: Property and Equipment

Property and equipment at December 31, 2008 consist of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and improvements</td>
<td>83,906</td>
</tr>
<tr>
<td>Land</td>
<td>30,000</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>17,149</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>-34,673</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 96,382</td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended December 31, 2008 amounted to $3,214.

Note 6: Concentration of Credit Risk

United Poultry Concerns, Inc. maintains a bank account at an institution that is insured by Federal Deposit Insurance Corporation (FDIC) up to $250,000. Cash balances at this institution exceeded federally insured limits as of December 31, 2008 by $33,391. United Poultry Concerns, Inc. monitors the risk, does not anticipate any credit losses and has not experienced any credit losses on these financial instruments.