

***WWP, INC.***

***FINANCIAL STATEMENTS***

***FOR THE YEAR ENDED SEPTEMBER 30, 2007***

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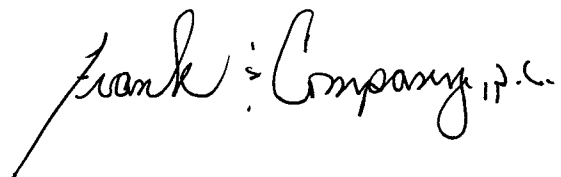
***REPORT OF INDEPENDENT AUDITOR***

To the Board of Directors of  
WWP, Inc.

We have audited the accompanying balance sheet of WWP, Inc. (a nonprofit organization) as of September 30, 2007, 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. 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 WWP, Inc. as of September 30, 2007, 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.

A handwritten signature in black ink that reads "Frank Company, P.C." The signature is written in a cursive, flowing style.

1360 Beverly Road  
Suite 300  
McLean, Virginia 22101  
March 28, 2008

**WWP, INC.**

**BALANCE SHEET**

*AS OF SEPTEMBER 30, 2007*

**ASSETS**

Current assets:

Cash	\$ 5,461,708
Contributions receivable	377,858
Inventory	132,524
Prepaid postage	153,003
Prepaid expense	<u>17,592</u>

Total current assets 6,142,685

Furniture and equipment, net of accumulated depreciation and amortization of \$105,562 532,140

Other assets:

Investments	76,135
Deposit	<u>11,650</u>

Total other assets 87,785

Total assets \$ 6,762,610

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$ 649,955
Accrued expenses	<u>60,500</u>

Total current liabilities 710,455

Net assets:

Unrestricted	5,674,297
Temporarily unrestricted	<u>377,858</u>

Total net assets 6,052,155

Total liabilities and net assets \$ 6,762,610

See accompanying notes to financial statements.

**WWP, INC.**

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue:</b>			
Contributions	\$ 11,261,804	\$ 377,858	\$ 11,639,662
In-kind contributions	7,481,215	-	7,481,215
Interest income and dividends	137,951	-	137,951
Unrealized gain	11,061	-	11,061
Net assets released from restrictions	<u>139,181</u>	<u>(139,181)</u>	<u>-</u>
Total revenue	<u>19,031,212</u>	<u>238,677</u>	<u>19,269,889</u>
<b>Expenses:</b>			
Program services	<u>12,771,713</u>	<u>-</u>	<u>12,771,713</u>
Supporting services:			
Management and general	1,290,794	-	1,290,794
Fundraising	<u>2,166,782</u>	<u>-</u>	<u>2,166,782</u>
Total supporting services	<u>3,457,576</u>	<u>-</u>	<u>3,457,576</u>
Total expenses	<u>16,229,289</u>	<u>-</u>	<u>16,229,289</u>
Change in net assets	2,801,923	238,677	3,040,600
Net assets, beginning	<u>2,872,374</u>	<u>139,181</u>	<u>3,011,555</u>
Net assets, ending	<u>\$ 5,674,297</u>	<u>\$ 377,858</u>	<u>\$ 6,052,155</u>

See accompanying notes to financial statements.

**WWP, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Management and general</b>	<b>Fundraising</b>	
Salaries	\$ 1,031,992	\$ 451,575	\$ 374,272	\$ 1,857,839
Payroll taxes and benefits	235,318	108,081	78,478	421,877
Outside services	113,573	24,961	25,267	163,801
Legal fees	-	35,115	-	35,115
Donated legal services	538,158	-	-	538,158
Accounting and auditing	-	127,255	-	127,255
Contract services	11,965	-	-	11,965
Postage and shipping	99,467	189	202	99,858
Occupancy	38,414	40,975	34,556	113,945
Utilities	1,863	3,054	2,447	7,364
Printing	144,403	3,585	4,632	152,620
Books and subscriptions	14,742	125	50	14,917
Patient and family support	292,673	4,911	-	297,584
Office equipment services	7,673	460	375	8,508
Office supplies	19,539	23,601	16,869	60,009
Direct mail	688,701	199,946	1,332,970	2,221,617
Caging	-	163,227	-	163,227
Memberships and dues	320	-	-	320
Insurance	17,202	297	297	17,796
Taxes and licenses	-	-	16,600	16,600
Bank service charges	-	2,082	-	2,082
Backpacks and transition care packs	275,388	-	-	275,388
Travel	1,154,678	55,245	50,599	1,260,522
Public awareness	7,391,602	6,594	12,254	7,410,450
Adaptive sports	466,253	-	-	466,253
Repairs and maintenance	4,350	63	-	4,413
Audio video production	54,850	-	-	54,850
Telephone	120,283	6,014	5,047	131,344
Depreciation and amortization	32,927	31,958	31,958	96,843
Other	15,379	1,481	179,909	196,769
	<u>\$ 12,771,713</u>	<u>\$ 1,290,794</u>	<u>\$ 2,166,782</u>	<u>\$ 16,229,289</u>

See accompanying notes to financial statements.

**WWP, INC.**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED SEPTEMBER 30, 2007

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 3,040,600
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	96,843
Unrealized gain on investments	(11,061)
Non cash stock donation	(47,013)
Non cash vehicle donation	(6,000)
Change in contributions receivable	(238,677)
Change in prepaid expenses	(24,288)
Change in inventory	(7,627)
Change in accounts payable	428,182
Change in accrued expenses	<u>60,500</u>
Net cash provided by operating activities	<u>3,291,459</u>
<b>Cash flows from investing activities:</b>	
Purchases of equipment	(581,426)
Purchases of investments	(326)
Security deposit	<u>(7,950)</u>
Net cash used in investing activities	<u>(589,702)</u>
Increase in cash	2,701,757
Cash, in the beginning	<u>2,759,951</u>
Cash, at the end	<u>\$ 5,461,708</u>

See accompanying notes to financial statements.

**WWP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2007

**1. Organization and Summary of Significant Accounting Policies**

*Organization* -WWP, Inc. (the Organization) is a not-for-profit corporation organized April 29, 2005, for the purposes of providing vital programs and services to enable veterans and the public to aid and assist each other through rehabilitation and readjustment to civilian life; educating and involving the public in honoring the sacrifices of veterans; providing and delivering packs of necessities and comfort items to wounded or disabled U.S. Servicemen and Servicewomen in military hospitals and elsewhere; providing benefit counselors to wounded and/or disabled U.S. Servicemen and Servicewomen to assist patients as they return to their communities and civilian life; sponsoring disabled U.S. Servicemen and Servicewomen athletes and adaptive sporting events; sponsoring transportation services between home and hospital for wounded or disabled U.S. Servicemen and Servicewomen; providing other forms of support and assistance to wounded or disabled U.S. Servicemen and Servicewomen; and educating the public regarding the sacrifices and needs of wounded or disabled U.S. Servicemen and Servicewomen.

Contributions are received primarily as a result of grants, sponsorships, and solicitations to individuals throughout the country. Contributions are recognized as support when received.

*Financial Statement Presentation* - The Organization follows Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations* for financial statement presentation. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

*Unrestricted Net Assets* - Net assets not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets.



**WWP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2007

**1. Organization and Summary of Significant Accounting Policies (continued)**

The Organization records contributions in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. Under SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization reports gifts of cash and other assets as temporarily or permanently restricted revenue if they are received with donor stipulation that limits 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.

*Functional Expenses* - The costs of providing various program and supporting services have been summarized on a functional basis on the statement of functional expenses. Certain costs have been allocated among program and supporting services as follows:

*Program Services* - Distribution of backpacks to the severely injured U.S. Servicemen and Servicewomen that contain items of comfort and necessity to ease and aid in the rehabilitation process. Providing counseling at the bedside of the wounded U.S. Servicemen and Servicewomen on the availability of government benefits and representation in claims for benefits administered by the Department of Veteran Affairs. Aid in the rehabilitation of the wounded U.S. Servicemen and Servicewomen by sponsoring adaptive sport clinics and events that inspire the newly injured to engage their competitive spirit and achieve their maximum potential. Provides rehabilitative cycling events for severely injured service members. Provides support to ease the financial burden to patients and families, funding transportation to DOD medical facilities, lodging near DOD medical facilities, and providing gift certificates to families who are unable to offset the cost of food, clothing, and other necessities. Raising public awareness and support for the needs of the wounded service members and their families through broadcast media and events held across the country.

*Management and General* - All other operating expenses incurred by the Organization in the accomplishment of its tax exempt purposes.

*Fundraising* - All expenses incurred with the purpose of raising funds.

**WWP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2007

**1. Organization and Summary of Significant Accounting Policies (continued)**

*Contributions receivable* - Contributions receivable are all due within one year. The Organization provides for an allowance for doubtful accounts based upon management's review of the contribution receivables. It is management's policy to charge off uncollected contributions receivable when management determines the receivable will not be collected. At September 30, 2007, all receivables were considered to be collectible.

*Inventories* - Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventories represent undistributed backpacks and transition care packs.

*Property and Equipment* - Property and equipment are stated at cost if purchased or fair value if contributed and are depreciated or amortized on a straight-line basis over their estimated useful lives of eight years. The Organization capitalizes all purchases of property and equipment in excess of \$1,000 and with an estimated useful life greater than one year and all expenditures for repairs, maintenance, and improvements that significantly extend the asset life.

*Income Taxes* - The Organization has received a tax determination letter from the Internal Revenue Service and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, only unrelated business income is subject to income tax. The Organization is not classified as a private foundation.

*Cash* - For purposes of the statement of cash flows, cash consists of demand deposits held in banks.

*Investments* - Investments are stated at fair value. Investment income and gains and losses on investments are reported as increases or decreases to unrestricted net assets unless a donor or a law temporarily or permanently restricts their use.

*Advertising* - Advertising is expensed as incurred. At September 30, 2007, advertising expense was \$7,410,450.

**WWP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2007

**1. Organization and Summary of Significant Accounting Policies (continued)**

*Uses of Estimates* - Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**2. Furniture and Equipment**

At September 30, 2007, furniture and equipment consists of the following:

Furniture	\$ 83,972
Equipment	90,785
Vehicles	73,474
Leasehold improvements	232,346
Website	<u>157,125</u>
	637,702
Less accumulated depreciation and amortization	<u>(105,562)</u>
	<u>\$ 532,140</u>

For the year ended September 30, 2007, depreciation and amortization expense was \$96,843.

**3. Investments**

Long-term investments consisting of equity stock are stated at fair value. The following schedule summarizes the investment return in the statement of activities:

Unrealized gain	\$ 11,061
Dividends	<u>326</u>
	<u>\$ 11,387</u>

**WWP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

SEPTEMBER 30, 2007

**4. Leases**

The Organization has a three year operating lease for office space in Virginia beginning July 1, 2005 and expiring on June 30, 2008, two year operating lease for office space in New York beginning June 1, 2007 and expiring May 31, 2009, and a three year operating lease for office space in Florida beginning October 19, 2006 and ending October 31, 2009. Future minimum lease payments are as follows:

<u>September 30,</u>	<u>Amount</u>
2008	\$ 93,864
2009	<u>52,760</u>
	<u>\$ 146,624</u>

For the year ended September 30, 2007, total rental expense was \$113,945.

**5. Contributions In-Kind**

During the year ended September 30, 2007, the Organization received the following non-cash contributions:

Van	\$ 6,000
Stock	47,013
Legal services	538,158
Advertising	1,812,571
Public service announcements	4,745,374
Other	<u>332,099</u>
	<u>\$ 7,481,215</u>

The contributions were recognized as revenue and expenses, investments, and capital equipment at fair value when received. Donated legal services related to the preparation of a veteran's benefit handbook.

**6. Temporarily Restricted Net Assets**

Net assets have been temporarily restricted for uncollected contributions receivable of \$377,858 at September 30, 2007.

**WWP, INC.**

**NOTES TO FINANCIAL STATEMENTS**

*SEPTEMBER 30, 2007*

**7. Expense Allocation**

The Organization allocates costs between program and supporting services using several methods based on management's best estimate. These methods include how employees spend their time and purpose of services.

**8. Allocation of Joint Costs**

For the year ended September 30, 2007, the Organization incurred joint costs of \$2,221,617 for direct mail informational materials and activities that included fundraising appeals. Of those costs, \$688,701 was allocated to program expenses, \$199,946 was allocated to management and general expenses, and \$1,332,970 was allocated to fundraising expenses. Total fundraising costs were \$2,166,782.

**9. Commitments**

Effective September 1, 2005, the Organization entered into a three year agreement terminating August 31, 2008 with a consulting firm to assist with fundraising and program service activities. Under the agreement, the Organization is required to pay invoices upon receipt.

**10. Retirement Plan**

Beginning January 2007, the Organization has a 401(k) plan in which the Organization may match up to four percent of a participant's eligible compensation. For the fiscal year ended September 30, 2007, the Organization incurred \$13,557 in matching contributions.

**11. Financial Risk**

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist primarily of cash and contributions receivable. The Organization maintains cash balances that may exceed federally insured limits. The Organization does not believe that this practice results in any significant financial risk. At September 30, 2007, 84% of contributions receivable were due from the Combined Federal Campaign (CFC). The Organization considers the amount to be collectible.