

WOUNDED WARRIOR PROJECT, INC.
(A NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2010

WOUNDED WARRIOR PROJECT, INC.

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LBA CERTIFIED PUBLIC ACCOUNTANTS, PA

Report of Independent Certified Public Accountants

To the Board of Directors of
Wounded Warrior Project, Inc.
Jacksonville, Florida

We have audited the accompanying statement of financial position of Wounded Warrior Project, Inc., (a not-for-profit organization) (the "Organization") as of September 30, 2010, 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 Wounded Warrior Project, Inc., as of September 30, 2010, 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.

LBA Certified Public Accountants, P.A.

February 7, 2011

THE LBA GROUP

WOUNDED WARRIOR PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010

Assets:

Current assets:	
Cash	\$ 4,587,962
Investments	10,458,602
Contributions receivable, net	339,006
Other receivables	71,267
Inventory	177,326
Prepaid expenses	<u>161,307</u>
Total current assets	15,795,470
Furniture and equipment, net	1,396,457
Deposits	<u>145,384</u>
Total assets	<u><u>\$ 17,337,311</u></u>

Liabilities:

Current liabilities:	
Accounts payable	\$ 1,850,798
Accrued expenses	<u>920,988</u>
Total current liabilities	<u>2,771,786</u>

Net assets:

Unrestricted	13,458,225
Temporarily restricted	107,300
Permanently restricted	<u>1,000,000</u>
Total net assets	<u>14,565,525</u>
Total liabilities and net assets	<u><u>\$ 17,337,311</u></u>

See accompanying notes to financial statements.

WOUNDED WARRIOR PROJECT, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Revenue and support:				
Contributions	\$ 38,598,809	\$ -	\$ -	\$ 38,598,809
In-kind contributions	34,027,874	-	-	34,027,874
Interest income and dividends, net of investment fees	143,199	31,504	-	174,703
Net realized and unrealized gains on investments	320,021	32,206	-	352,227
Miscellaneous income	553,450	-	-	553,450
Total revenue and support	<u>73,643,353</u>	<u>63,710</u>	<u>-</u>	<u>73,707,063</u>
Net assets released from restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services	54,904,454	-	-	54,904,454
Supporting services:				
Management and general	2,670,656	-	-	2,670,656
Fundraising	9,393,128	-	-	9,393,128
Total expenses	<u>66,968,238</u>	<u>-</u>	<u>-</u>	<u>66,968,238</u>
Change in net assets	6,725,115	13,710	-	6,738,825
Net assets, beginning of year	<u>6,733,110</u>	<u>93,590</u>	<u>1,000,000</u>	<u>7,826,700</u>
Net assets, end of year	<u>\$ 13,458,225</u>	<u>\$ 107,300</u>	<u>\$ 1,000,000</u>	<u>\$ 14,565,525</u>

See accompanying notes to financial statements.

WOUNDED WARRIOR PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2010

	Program Services							
	Benefits Service	Alumni Association	Outreach	Peer Mentoring	Combat Stress Recovery	WWP Packs	Physical Health and Rehabilitation	Soldier Ride
Media ad value	\$ 2,307,198	\$ 5,383,462	\$ 3,076,264	\$ 512,711	\$ 1,794,487	\$ 2,563,553	\$ 1,281,777	\$ 1,794,487
Salaries	696,683	782,012	926,625	186,284	309,224	338,637	214,629	310,473
Advertising	649,750	1,516,084	866,334	144,389	505,361	721,945	360,972	520,318
Consulting and outside services	176,994	802,581	282,366	43,584	367,160	139,191	87,393	139,249
Direct mail	265,480	619,454	353,974	58,996	206,485	294,978	147,489	206,485
Postage and shipping	247,931	575,924	349,636	54,983	192,147	348,071	136,973	209,155
Travel	161,183	225,531	272,740	25,742	84,571	40,559	52,851	292,085
Payroll tax and benefits	148,070	189,951	222,516	34,669	73,391	80,896	51,632	76,041
Meetings and events	14,111	725,558	59,519	15,627	108,082	15,946	15,816	129,848
Promotional items	23,629	59,534	271,568	3,635	17,151	971,346	16,670	69,999
Grants	-	-	57,125	-	-	-	285,000	52,850
Depreciation	51,166	78,641	83,693	7,383	32,142	21,390	28,329	25,237
Occupancy	36,088	48,413	35,889	2,320	24,169	18,869	22,427	16,196
Telephone	23,334	33,601	45,621	4,455	11,206	5,752	9,238	10,841
Miscellaneous	1,227	71,464	6,723	869	1,501	1,796	1,014	2,582
Professional fees	-	-	-	-	-	-	-	-
Office equipment rental and services	15,820	23,364	35,903	2,732	8,513	4,954	7,243	8,120
Supplies	6,360	8,266	25,161	1,266	4,080	5,500	3,259	31,622
Printing	1,985	12,688	29,603	3,731	7,018	2,870	2,201	12,491
Insurance	6,096	9,280	16,020	1,423	3,620	3,190	3,093	3,898
Utilities	3,167	5,259	3,958	266	2,633	2,078	2,444	1,769
Staff education	896	3,447	4,586	540	1,021	1,421	588	1,179
Books & Subscriptions	1,825	2,701	2,292	405	1,434	1,526	748	1,048
Bank service charges	-	-	-	-	-	-	-	-
Organizational membership fees and dues	-	-	-	-	-	-	-	-
	<u>\$ 4,838,993</u>	<u>\$ 11,177,215</u>	<u>\$ 7,028,116</u>	<u>\$ 1,106,010</u>	<u>\$ 3,755,396</u>	<u>\$ 5,584,468</u>	<u>\$ 2,731,786</u>	<u>\$ 3,915,973</u>

WOUNDED WARRIOR PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2010

	Program Services					Supporting Services		Total All Funds
	Family Support Services	Warriors to Work	Transition Training Academy	TRACK	Total Program Services	Management and General	Fundraising	
Media ad value	\$ 1,281,777	\$ 256,355	\$ 1,281,777	\$ 4,101,686	\$ 25,635,534	\$ -	\$ -	\$ 25,635,534
Salaries	246,949	123,277	258,041	646,469	5,039,303	930,546	1,513,904	7,483,753
Advertising	360,972	72,194	360,972	1,155,112	7,234,403	-	933	7,235,336
Consulting and outside services	166,572	64,036	325,864	504,004	3,098,994	284,993	1,989,943	5,373,930
Direct mail	147,489	29,498	147,489	471,965	2,949,782	-	2,209,152	5,158,934
Postage and shipping	137,323	27,766	138,626	438,760	2,857,295	17,605	2,021,931	4,896,831
Travel	163,349	13,013	47,356	114,968	1,493,948	161,134	260,329	1,915,411
Payroll tax and benefits	49,460	26,322	65,184	153,781	1,171,913	211,524	361,265	1,744,702
Meetings and events	50,698	2,170	7,699	40,456	1,185,530	86,159	470,802	1,742,491
Promotional items	15,595	2,150	8,317	27,902	1,487,496	13,185	138,808	1,639,489
Grants	-	-	-	548,046	943,021	-	-	943,021
Depreciation	24,173	17,067	24,415	96,133	489,769	198,168	97,349	785,286
Occupancy	18,370	11,652	17,225	260,380	511,998	144,134	44,232	700,364
Telephone	8,686	6,683	9,177	24,535	193,129	72,623	51,182	316,934
Miscellaneous	1,171	379	1,587	3,663	93,976	91,390	101,601	286,967
Professional fees	-	-	-	-	-	272,188	-	272,188
Office equipment rental and services	6,359	4,830	15,306	21,765	154,909	54,057	32,954	241,920
Supplies	3,715	1,693	3,177	21,897	115,996	22,359	14,283	152,638
Printing	3,733	228	3,295	7,900	87,743	19,731	28,628	136,102
Insurance	2,802	2,055	2,926	8,555	62,958	21,314	13,642	97,914
Utilities	2,005	1,277	1,881	33,658	60,395	15,742	4,896	81,033
Staff education	727	512	1,954	2,918	19,789	16,863	24,561	61,213
Books & Subscriptions	759	271	752	2,812	16,573	10,329	4,733	31,635
Bank service charges	-	-	-	-	-	26,212	-	26,212
Organizational membership fees and dues	-	-	-	-	-	400	8,000	8,400
	<u>\$ 2,692,684</u>	<u>\$ 663,428</u>	<u>\$ 2,723,020</u>	<u>\$ 8,687,365</u>	<u>\$ 54,904,454</u>	<u>\$ 2,670,656</u>	<u>\$ 9,393,128</u>	<u>\$ 66,968,238</u>

See accompanying notes to financial statements.

WOUNDED WARRIOR PROJECT, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2010

Cash flows from operating activities:

Change in net assets	\$ 6,738,825
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	785,286
Bad debt expense	45,856
Net realized and unrealized gains on investments	(352,227)
Net changes in:	
Contributions receivable, net	(47,155)
Other receivables	(52,067)
Inventory	540,361
Prepaid expenses	47,658
Deposits	(119,181)
Accounts payable	507,620
Accrued expenses	480,178
Net cash provided by operating activities	<u>8,575,154</u>

Cash flows from investing activities:

Purchases of equipment	(503,315)
Purchases of investments	(19,405,706)
Proceeds from sale of investments	<u>13,960,513</u>
Net cash used in investing activities	<u>(5,948,508)</u>

Net increase in cash	2,626,646
Cash, beginning	<u>1,961,316</u>
Cash, end	<u>\$ 4,587,962</u>

See accompanying notes to financial statements.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

1. Nature of the Organization

Wounded Warrior Project, Inc., (the “Organization”) (formerly WWP, Inc.) is a not-for-profit 501(c)(3) corporation organized February 23, 2005, for the purpose of providing vital programs and services to severely wounded service members and veterans in order to support their transition to civilian life as well-adjusted citizens, both physically and mentally. The mission of the Organization is to Honor and Empower Wounded Warriors. Our purpose is threefold: to raise awareness and enlist the public’s aid for the needs of severely injured service men and women; to help severely injured service members aid and assist each other; and to provide unique, direct programs and services to meet their needs. Our vision is to foster the most successful and well-adjusted generation of wounded warriors in our nation’s history.

Contributions are received primarily through individual donations and sponsorships.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and accompanying notes are representations of the Organization’s management. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the presentation of the financial statements.

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 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.

Financial Statement Presentation

In accordance with authoritative guidance, 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 – Net assets representing resources generated from operations that are 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 must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

2. Summary of Significant Accounting Policies (Continued)

Investments

Investments are carried at fair value (see Note 4 for fair value measurements). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are reflected in the statement of activities. Interest and dividends are shown net of applicable investment fees that amounted to \$57,405 for the year ended September 30, 2010.

Endowment Investment and Spending Policies

The Organization follows the Uniform Management of Institutional Funds Act of 1972 (UMIFA) and its own governing documents. UMIFA requires the historical dollar amount of donor-restricted endowment funds to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA.

The Board of Directors has determined that the majority of the Organization's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with the Organization.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Organization's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified and prudent asset allocation to achieve its long-term return objectives while maintaining portfolio stability and preserving capital.

Contributions Receivable

Contributions receivable are all due within one year. Management evaluates total contributions receivable, and includes in the allowance for doubtful accounts an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is remote. The allowance for doubtful accounts at September 30, 2010, was \$110,966.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out method. Inventory consists of undistributed backpacks, transition care packs, and promotional items.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

2. Summary of Significant Accounting Policies (Continued)

Furniture and Equipment

Furniture and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or otherwise disposed of, the assets and related accumulated depreciation accounts are eliminated, and any gain or loss is included in operations.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements recorded at the inception of the lease are depreciated over the life of the lease, or the useful life of the improvement, whichever is shorter; for improvements made during the lease term, the depreciation period is the shorter of the useful life or the remaining lease term (including any renewal periods that are deemed to be reasonable assured). Asset lives for financial statement reporting of depreciation are:

Furniture	8 years
Equipment	3 years
Vehicles	7 years
Leasehold improvements	3-7 years
Website	3 years

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restriction. 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.

Income Taxes

The Organization has received a tax determination letter from the Internal Revenue Service and is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively. As such, only unrelated business income is subject to income tax. The Organization is not classified as a private foundation.

Effective October 1, 2010, the Organization adopted authoritative guidance that requires the Organization to evaluate its tax positions for any uncertainties based on the technical merits of the position taken. The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that tax position will be upheld on examination by taxing authorities.

Advertising

Advertising is expensed as incurred. For the year ended September 30, 2010, advertising expense was \$32,870,870. Of this amount, \$25,635,534 was in-kind contributions of public service announcements, \$6,944,205 was in-kind advertising for public awareness campaigns, and \$291,131 was actual advertising costs incurred.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

2. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Organization places its temporary cash investments with FDIC insured financial institutions. At times, the account balances may exceed the FDIC insured limits. The Organization does not believe it is exposed to any significant credit risk with respect to cash.

Functional Expense Allocation

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on how employees spent their time and purpose of services.

Reclassifications

At October 1, 2009, \$79,769 was reclassified from unrestricted net assets to temporarily restricted net assets to conform to appropriate presentation for financial statement purposes.

Subsequent Events

The Organization has evaluated events through the date of the report of independent certified public accountants, the date the financial statements were available to be issued.

3. Investments

Investments are managed under a diversified investment strategy. Investments are comprised of the following at September 30, 2010:

	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 2,378,131	\$ 2,437,913
Common stocks	2,156,046	2,311,157
Fixed income securities	<u>5,612,223</u>	<u>5,709,532</u>
Total investments	<u>\$ 10,146,400</u>	<u>\$ 10,458,602</u>

4. Fair Value Measurements

Authoritative guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the 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). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

4. Fair Value Measurements (Continued)

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies during the year ended September 30, 2010.

- *Mutual funds*: Valued at the net asset value of shares held by the Organization at year end.
- *Common stocks*: Valued at closing price reported on the active market on which the individual securities are traded.
- *Fixed income securities*: Valued using matrix pricing. Matrix pricing is a mathematical technique used without relying exclusively on quoted prices for the specific securities, but rather on the securities' relationship to other benchmark quoted securities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Effective for 2010, the Organization adopted authoritative guidance that expands the disclosures, and requires that the major category for debt and equity securities in the fair value hierarchy table below be determined on the basis of nature and risks of the investment. The guidance is to be applied prospectively. The table is presented using the same descriptions of the nature and risk of the investments that the investment firm provides to the Organization.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

4. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Bond Funds	\$ 1,864,160	\$ -	\$ -	\$ 1,864,160
Money market funds	<u>573,753</u>	<u>-</u>	<u>-</u>	<u>573,753</u>
Total mutual funds	<u>2,437,913</u>	<u>-</u>	<u>-</u>	<u>2,437,913</u>
Common stocks:				
Consumer discretionary	205,401	-	-	205,401
Consumer staples	255,780	-	-	255,780
Energy	309,908	-	-	309,908
Financials	308,774	-	-	308,774
Healthcare	318,057	-	-	318,057
Industrials	220,616	-	-	220,616
IT	474,771	-	-	474,771
Materials	88,476	-	-	88,476
Telecommunications	60,892	-	-	60,892
Utilities	<u>68,482</u>	<u>-</u>	<u>-</u>	<u>68,482</u>
Total common stocks	<u>2,311,157</u>	<u>-</u>	<u>-</u>	<u>2,311,157</u>
Fixed income securities:				
US Treasury notes & bonds	-	2,300,265	-	2,300,265
Mortgage backed securities	-	2,546,804	-	2,546,804
Certificates of deposit	-	106,138	-	106,138
Corporate debentures	<u>-</u>	<u>756,325</u>	<u>-</u>	<u>756,325</u>
Total fixed income securities	<u>-</u>	<u>5,709,532</u>	<u>-</u>	<u>5,709,532</u>
Total assets at fair value	<u>\$ 4,749,070</u>	<u>\$ 5,709,532</u>	<u>\$ -</u>	<u>\$ 10,458,602</u>

5. Endowment Net Assets

Donor Restricted Endowment

As of September 30, 2010, the Organization has one endowment, which is classified as permanently restricted. Under the terms of the governing documents related to this endowment, investment income and gains and losses are to be added to the balance of the endowment. Annually, up to 5% of the fair value of the endowment may be appropriated for expenditure. However, appropriations may not reduce the fair value of the assets to an amount less than the original endowment of \$1,000,000. Changes in

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

5. Endowment Net Assets (Continued)

endowment net assets for the year ended September 30, 2010 were as follows:

Endowment net assets, beginning of year	\$ 1,093,590
Interest income and dividends	42,036
Investment fees	(10,532)
Net realized and unrealized gains	32,206
Amounts appropriated for expenditure	<u>(50,000)</u>
Endowment net assets, end of year	<u>\$ 1,107,300</u>

The endowment net assets are reflected as follows on the statement of financial position at September 30, 2010:

Permanently restricted	\$ 1,000,000
Temporarily restricted	<u>107,300</u>
Endowment net assets, end of year	<u>\$ 1,107,300</u>

6. Furniture and Equipment

Furniture and equipment consisted of the following at September 30, 2010:

Furniture	\$ 463,561
Equipment	1,201,778
Vehicles	102,214
Leasehold improvements	1,302,403
Website	157,125
Construction in process	<u>103,290</u>
Total furniture and equipment	3,330,371
Less: accumulated depreciation	<u>(1,933,914)</u>
Furniture and equipment, net	<u>\$ 1,396,457</u>

7. Operating Leases

The Organization leases office space, storage space, and office equipment under non-cancelable operating leases expiring in various years through 2018. Total rent expense on operating leases for the year ended September 30, 2010 was \$749,915.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2010

7. Operating Leases (Continued)

Future minimum lease payments for operating leases with an initial or remaining lease term of twelve months or more at September 30, 2010 are as follows:

2011	\$ 743,268
2012	774,586
2013	724,506
2014	607,698
2015	578,585
Thereafter	<u>622,993</u>
	<u>\$ 4,051,636</u>

8. Contributions In-Kind

During the year ended September 30, 2010, the Organization received the following non-cash contributions:

Media ad value	\$ 25,635,534
Advertising	6,944,205
Event tickets	533,838
Memberships	319,959
Backpack items	263,612
Other	236,467
Investments	56,268
Equipment	<u>37,991</u>
Total	<u>\$ 34,027,874</u>

9. Retirement Plan

The Organization has a 401(k) plan in which the Organization may match up to four percent of a participant's eligible compensation. Eligible employees shall be entitled to become participants of the plan as soon as administratively feasible. For the year ended September 30, 2010, the Organization incurred \$144,473 in matching contributions.