

WWP, Inc.  
D/B/A Wounded Warrior Project

FINANCIAL REPORT

For the Year Ended  
September 30, 2008

**WWP, Inc.**  
**D/B/A Wounded Warrior Project**

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LBA CERTIFIED PUBLIC ACCOUNTANTS, PA

## **Report of Independent Certified Public Accountants**

To the Board of Directors of  
WWP, Inc.  
Jacksonville, Florida

We have audited the accompanying statement of financial position of WWP, Inc., d/b/a Wounded Warrior Project, (a not-for-profit organization) as of September 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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., d/b/a Wounded Warrior Project, as of September 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*LBA Certified Public Accountants, P.A.*

February 5, 2009

### **THE LBA GROUP**

LBA Certified Public Accountants, PA • LBA Financial Planning Partners, LLC  
LBA Healthcare Consulting Services, LLC • LBA Retirement Plan Services, LLC

**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2008**

**Assets**

Current assets

Cash	\$ 5,865,341
Investments	227,937
Contributions receivable, net	425,491
Inventory	867,107
Prepaid postage	123,610
Prepaid expense	<u>123,105</u>

Total current assets 7,632,591

Furniture and equipment, net 2,189,478

Deposits 11,650

Total assets \$ 9,833,719

**Liabilities and net assets**

Current liabilities:

Accounts payable	\$ 1,400,006
Accrued expenses	<u>150,503</u>

Total current liabilities 1,550,509

Unrestricted net assets 8,283,210

Total liabilities and net assets \$ 9,833,719

See accompanying notes and report of independent certified public accountants.

**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue:</b>			
Contributions	\$ 18,500,707	\$ -	\$ 18,500,707
In-kind contributions	23,164,881	-	23,164,881
Interest income and dividends	91,719	-	91,719
Net realized and unrealized gain on investments	11,160	-	11,160
Loss on disposal of assets	<u>(5,048)</u>	<u>-</u>	<u>(5,048)</u>
 Total revenue	 <u>41,763,419</u>	 <u>-</u>	 <u>41,763,419</u>
 <b>Net assets released from restrictions</b>	 <u>377,858</u>	 <u>(377,858)</u>	 <u>-</u>
<b>Expenses:</b>			
Program services	32,620,179	-	32,620,179
Supporting services:			
Management and general	2,183,073	-	2,183,073
Fundraising	<u>4,729,112</u>	<u>-</u>	<u>4,729,112</u>
 Total expenses	 <u>39,532,364</u>	 <u>-</u>	 <u>39,532,364</u>
 Change in net assets	 2,608,913	 (377,858)	 2,231,055
 Net assets, beginning of year	 <u>5,674,297</u>	 <u>377,858</u>	 <u>6,052,155</u>
 Net assets, end of year	 <u>\$ 8,283,210</u>	 <u>\$ -</u>	 <u>\$ 8,283,210</u>

See accompanying notes and report of independent certified public accountants.

**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2008**

	<u>WWP Packs</u>	<u>Benefits Service</u>	<u>Alumni Association</u>	<u>Adaptive Sports</u>	<u>Soldier Ride</u>	<u>WWP Outdoors</u>	<u>Patient/Family Service</u>	<u>Peer Mentoring</u>	<u>Combat Stress Recovery</u>
PSA Ad Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,500
Direct mail	-	-	-	-	-	-	-	-	-
Salaries	69,887	941,222	252,930	69,887	133,107	124,324	148,308	123,493	81,976
Marketing and public awareness	-	-	56,911	2,565	16,475	236	-	-	-
Consulting and outside services	10,666	31,172	28,064	237,676	79,639	10,664	15,214	38,235	174,973
Travel	21,620	131,826	258,623	105,352	515,600	200,954	232,097	34,509	113,703
Meetings and events	-	2,540	188,872	606,358	17,518	217,168	46,700	6,570	38,019
Promotional items	426,296	3,497	34,557	56,804	37,912	5,581	2,634	325	2,746
Payroll taxes and benefits	15,379	218,142	58,084	15,379	30,110	27,963	33,363	27,941	16,327
Grants	-	-	-	616,934	-	-	-	-	-
Depreciation expense	7,539	7,539	7,539	7,539	7,539	7,539	7,539	7,539	7,539
Supplies	-	108	10,308	742	58,579	6,261	72,068	-	-
Printing	54,550	7,393	11,735	9,288	11,587	10,767	7,271	8,500	7,092
Postage and shipping	29,739	15,070	19,550	13,129	27,590	16,024	12,726	12,500	12,460
Telephone	10,383	11,995	10,428	10,383	11,032	10,382	10,383	10,382	10,383
Occupancy	2,731	12,911	2,731	2,731	2,731	2,725	2,731	2,731	2,731
Legal	-	-	-	-	-	-	-	-	-
Internship	-	-	-	-	-	-	-	-	-
Staff education	783	1,283	3,283	783	783	783	783	783	783
Accounting and auditing	-	-	-	-	-	-	-	-	-
Office supplies	1,816	4,654	5,341	1,816	2,198	1,815	1,816	1,828	1,816
Housing	-	-	6,676	-	-	-	-	-	-
Books and subscriptions	952	3,868	952	952	952	952	952	952	952
Insurance	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036	1,036
Miscellaneous	(3,127)	-	-	-	-	-	-	-	-
Office equipment rental and services	682	682	698	682	750	682	682	682	682
Utilities	305	305	305	305	305	305	305	305	305
Organizational membership fees and dues	-	-	-	-	-	-	-	-	-
Repairs and maintenance	361	635	361	538	541	361	361	361	361
Student education	-	-	-	-	-	-	-	-	-
Bank service charges	-	-	-	-	-	-	-	-	-
	<u>\$ 651,598</u>	<u>\$ 1,395,878</u>	<u>\$ 958,984</u>	<u>\$ 1,760,879</u>	<u>\$ 955,984</u>	<u>\$ 646,522</u>	<u>\$ 596,969</u>	<u>\$ 278,672</u>	<u>\$ 510,384</u>

**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
STATEMENT OF FUNCTIONAL EXPENSES (Continued)  
YEAR ENDED SEPTEMBER 30, 2008

	Veterans Policy	Public Awareness	Warriors to Work	Transition Train. Acad.	TRACK	Total Program Services	Supporting Services		Totals
							Management and General	Fundraising	
PSA Ad Value	\$ -	\$ 17,416,955	\$ -	\$ -	\$ -	\$ 17,453,455	\$ -	\$ -	\$ 17,453,455
Direct mail	-	1,533,398	-	-	-	1,533,398	350,491	2,440,366	4,324,255
Salaries	404,465	69,774	80,013	22,799	60,485	2,582,670	497,371	608,802	3,688,843
Marketing and public awareness	3,060	3,360,197	-	143	1,326	3,440,913	195	42,109	3,483,217
Consulting and outside services	116,613	34,082	24,487	315,172	212,840	1,329,497	257,078	757,940	2,344,515
Travel	49,800	15,835	30,178	51,578	11,642	1,773,317	239,427	159,146	2,171,890
Meetings and events	294	924	24,914	2,500	4,846	1,157,223	81,376	285,748	1,524,347
Promotional items	325	264,870	925	476	10,355	847,303	24,883	14,503	886,689
Payroll taxes and benefits	92,961	15,348	17,840	4,415	14,743	587,995	136,731	150,462	875,188
Grants	-	-	-	-	31,033	647,967	-	-	647,967
Depreciation expense	7,539	7,539	7,539	7,539	-	98,007	95,120	95,115	288,242
Supplies	-	-	-	105,723	6,030	259,819	58	16,812	276,689
Printing	7,356	24,239	7,002	7,489	8,134	182,403	24,043	37,269	243,715
Postage and shipping	12,660	20,573	12,459	12,980	594	218,054	3,824	9,260	231,138
Telephone	10,639	10,383	10,382	10,715	-	137,870	41,065	24,823	203,758
Occupancy	2,731	2,877	2,731	2,731	42,873	88,696	53,471	53,114	195,281
Legal	-	-	-	-	-	-	184,055	-	184,055
Internship	-	-	116,361	-	-	116,361	-	-	116,361
Staff education	783	2,533	783	783	488	15,417	58,246	18,220	91,883
Accounting and auditing	-	-	-	-	-	-	73,250	-	73,250
Office supplies	2,242	1,816	1,830	1,892	9,586	40,466	22,810	-	63,276
Housing	-	-	-	-	34,197	40,873	-	-	40,873
Books and subscriptions	10,640	952	952	952	529	25,509	2,792	360	28,661
Insurance	1,036	1,036	1,036	1,036	-	13,468	9,818	-	23,286
Miscellaneous	-	-	-	-	-	(3,127)	11,013	10,500	18,386
Office equipment rental and services	682	682	682	682	1,046	9,996	5,653	2,602	18,251
Utilities	305	305	305	305	9,127	13,092	2,847	(165)	15,774
Organizational membership fees and dues	459	-	-	-	40	499	4,795	2,126	7,420
Repairs and maintenance	361	361	361	361	-	5,324	180	-	5,504
Student education	-	-	-	-	3,714	3,714	-	-	3,714
Bank service charges	-	-	-	-	-	-	2,481	-	2,481
	<u>\$ 724,951</u>	<u>\$ 22,784,679</u>	<u>\$ 340,780</u>	<u>\$ 550,271</u>	<u>\$ 463,628</u>	<u>\$ 32,620,179</u>	<u>\$ 2,183,073</u>	<u>\$ 4,729,112</u>	<u>\$ 39,532,364</u>

**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2008**

**Cash flows from operating activities:**

Changes in net assets	\$ 2,231,055
Adjustments to reconcile the change in net assets to net cash provided by operations:	
Depreciation	288,242
Bad debt expense	86,534
Net realized and unrealized gain on investments	(11,160)
Loss on disposal of assets	5,048
Donated investments	(1,193,251)
Donated capital items	(754,368)
Net changes in:	
Contributions receivable	(134,167)
Prepaid expenses	(76,120)
Inventory	(734,583)
Accounts payable	750,051
Accrued expenses	<u>90,003</u>
Net cash provided by operating activities	<u>547,284</u>
 <b>Cash flows from investing activities:</b>	
Purchases of equipment	(1,196,260)
Purchases of investments	(143,590)
Proceeds from sales of investments	<u>1,196,199</u>
Net cash used in investing activities	<u>(143,651)</u>
Increase in cash	403,633
Cash, beginning of year	<u>5,461,708</u>
Cash, end of year	<u><u>\$ 5,865,341</u></u>

See accompanying notes and report of independent certified public accountants.



**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Nature of the Organization**

WWP, Inc., d/b/a Wounded Warrior Project, (the Organization) is a not-for-profit 501 (c)(3) corporation organized February 23, 2005, for the purposes 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 the Wounded Warrior through MIND, BODY, and SPIRIT. 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.

Contributions are received primarily through individual donations and sponsorships.

**2. Summary of Significant Accounting Policies**

Financial Statement Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

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. No temporary restrictions remained on net assets as of September 30, 2008.

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 as of September 30, 2008.

Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less, at the date of acquisition, to be cash equivalents. There were no cash equivalents at September 30, 2008.

Investments

In accordance with Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments held by Not-for-Profit Organizations*, the Organization is required to report all investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies (Continued)**

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, 2008, was \$59,632.

Inventory

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

Furniture and Equipment

Furniture 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. The Organization capitalizes all purchases of furniture and equipment in excess of \$1,000 that have an estimated useful life greater than one year, and all expenditures for repairs, maintenance, and improvements that significantly extend the asset life.

Contributions

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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.

**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies (Continued)**

Advertising

Advertising is expensed as incurred. For the year ended, September 30, 2008, advertising expense was \$20,907,731. Of this amount, \$17,453,455 were in-kind contributions of public service announcements, \$2,818,556 was in-kind advertising for public awareness campaigns, and \$664,660 was actual advertising costs incurred.

Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization places its cash and temporary cash investments with high credit quality institutions. At times such investments may be in excess of the FDIC insurance limits. The Organization does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

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.

Financial Statement Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. Investments**

Investments are comprised of the following at September 30, 2008:

Stocks	\$ 83,026
Money market fund	144,097
Mutual funds – equity	<u>814</u>
Total investments	<u>\$ 227,937</u>

**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

**4. Furniture and Equipment**

Major classes of furniture and equipment and accumulated depreciation are as follows at September 30, 2008:

Furniture	\$ 353,089
Equipment	1,095,113
Vehicles	73,474
Leasehold improvements	897,278
Website	<u>157,125</u>
	2,576,079
Less: Accumulated depreciation	<u>(386,601)</u>
	<u>\$ 2,189,478</u>

**5. Operating Leases**

The Organization leases various buildings and office equipment under non-cancelable operating leases expiring in various years through 2013. Total rent expense on operating leases for the year ended September 30, 2008 was \$195,283.

As of September 30, 2008, the future minimum lease payments under these operating leases having initial or remaining terms in excess of one year are as follows:

2009	\$ 69,590
2010	17,677
2011	9,534
2012	2,496
2013	<u>416</u>
	<u>\$ 99,713</u>

**WWP, INC.**  
**D/B/A WOUNDED WARRIOR PROJECT**  
**NOTES TO FINANCIAL STATEMENTS**

**6. Contributions In-Kind**

During the year ended September 30, 2008, the Organization received the following non-cash contributions:

Equipment	\$ 754,368
Investments	1,193,251
Advertising	2,794,000
Public service announcements	17,453,455
Other	<u>969,807</u>
Total	<u>\$ 23,164,881</u>

The contributions were recognized as revenue and expenses, investments, and capital equipment at fair value when received.

**7. Allocation of Joint Costs**

For the year ended September 30, 2008, the Organization incurred joint costs of \$4,324,255 for direct mail informational materials and activities that included fundraising appeals. Of those costs, \$1,533,398 was allocated to program expenses, \$350,491 was allocated to management and general expenses, and \$2,440,366 was allocated to fundraising expenses.

**8. 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 following the completion of 1,000 hours of service and the attainment of age twenty-one. For the fiscal year ended September 30, 2008, the Organization incurred \$57,567 in matching contributions.

