Consolidated Financial Statements and
Report of Independent Certified Public Accountants

Wounded Warrior Project, Inc. and Subsidiary

For the Year Ended September 30, 2020

Wounded Warrior Project, Inc. and Subsidiary
Table of Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Wounded Warrior Project, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Wounded Warrior Project, Inc. and Subsidiary, collectively, the “Organization”, which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility
Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wounded Warrior Project, Inc. and Subsidiary as of September 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Iselin, New Jersey
January 15, 2021

Wounded Warrior Project, Inc. and Subsidiary
Consolidated Statement of Financial Position
As of September 30, 2020

Assets:		
Cash and cash equivalents	$	38,407,501
Investments		433,658,467
Contributions receivable, net		7,269,902
Prepaid expenses		5,473,243
Property and equipment, net		1,703,456
Other assets		1,512,295
Right-of-use lease assets, net		19,143,080
Total assets	$	507,167,944
Liabilities:		
Accounts payable and accrued liabilities	$	41,232,458
Right-of-use lease liabilities		20,723,808
Total liabilities		61,956,266
Net assets:		
Without donor restrictions		
Undesignated		95,842,127
Wounded Warrior Project Long Term Support Trust		118,779,559
Board-Designated Risk Reserve Fund		107,386,014
Board-Designated Strategic Fund		116,894,046
Total without donor restrictions		438,901,746
With donor restrictions		6,309,932
Total net assets		445,211,678
Total liabilities and net assets	$	507,167,944

Wounded Warrior Project, Inc. and Subsidiary
Consolidated Statement of Activities
For the Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 264,708,236	$ 5,105,710	$ 269,813,946
In-kind contributions	110,350,879	-	110,350,879
Interest and dividends, net of investment fees	10,683,327	75,329	10,758,656
Net realized and unrealized gain on investments	15,159,929	115,924	15,275,853
Other revenue	3,522,108	-	3,522,108
Net assets released from restrictions	5,888,447	(5,888,447)	-
Total revenue and support	410,312,926	(591,484)	409,721,442
Program expenses:	305,618,158	-	305,618,158
Total program expenses	305,618,158	-	305,618,158
Supporting expenses:			
Management and general	14,821,835	-	14,821,835
Fundraising	64,561,810	-	64,561,810
Total supporting expenses	79,383,645	-	79,383,645
Total expenses	385,001,803	-	385,001,803
Change in net assets	25,311,123	(591,484)	24,719,639
Net assets, beginning of year	413,590,623	6,901,416	420,492,039
Net assets, end of year	$ 438,901,746	$ 6,309,932	$ 445,211,678

Wounded Warrior Project, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2020

	Program Expenses								Supporting Expenses			
	Connection Programs	Physical Health and Wellness Programs	Mental Health and Wellness Programs	Financial Wellness Programs	Independence Program	Government Relations	Community Partnerships	Total Program Expenses	Management and General	Fundraising	Total Supporting Expenses	Total Expenses
Public service announcements	$ 16,242,995	$ 16,242,995	$ 24,359,215	$ 24,348,660	$ 8,116,220	$ 8,116,220	$ 8,116,223	$ 105,542,528	$ -	$ -	$ -	$ 105,542,528
Compensation and benefits	16,047,524	5,340,768	15,538,764	17,546,274	2,642,737	2,757,176	1,545,909	61,419,152	4,877,786	9,334,256	14,212,042	75,631,194
Direct response mail and television	3,081,491	3,081,489	4,621,235	4,619,223	1,539,739	1,539,743	1,539,743	20,022,663	-	46,076,347	46,076,347	66,099,010
Grants	33,731	-	30,851,645	1,280,000	660,521	-	10,483,645	43,309,542	-	-	-	43,309,542
Professional services	1,308,495	706,087	5,498,821	1,456,157	15,049,315	794,735	327,868	25,141,478	1,264,862	6,125,452	7,390,314	32,531,792
Warrior and caregiver financial assistance	84,191	7,834	98,231	12,976,382	1,855,978	831	796	15,024,243	-	-	-	15,024,243
Advertising and promotion	1,761,016	1,720,130	2,604,736	2,605,371	859,647	857,840	854,737	11,263,477	103,703	146,531	250,234	11,513,711
Warrior program events	7,536,755	846,813	2,705,446	84,622	90,258	11,075	10,325	11,285,294	-	-	-	11,285,294
Rent, depreciation and utilities	1,478,525	492,243	1,293,414	1,331,737	249,073	209,061	140,475	5,194,528	2,044,454	977,101	3,021,555	8,216,083
Contribution processing	-	-	-	-	-	-	-	-	4,644,629	-	4,644,629	4,644,629
Travel	637,690	130,173	370,999	254,355	73,439	44,994	30,758	1,542,408	36,752	112,859	149,611	1,692,019
Other	1,498,245	605,881	1,463,932	1,478,666	306,124	297,222	222,775	5,872,845	1,849,649	1,789,264	3,638,913	9,511,758
Total Expenses	**$ 49,710,658**	**$ 29,174,413**	**$ 89,406,438**	**$ 67,981,447**	**$ 31,443,051**	**$ 14,628,897**	**$ 23,273,254**	**$ 305,618,158**	**$ 14,821,835**	**$ 64,561,810**	**$ 79,383,645**	**$ 385,001,803**

Wounded Warrior Project, Inc. and Subsidiary
Consolidated Statement of Cash Flows
For the Year Ended September 30, 2020

Cash flows from operating activities:	
Change in net assets	$ 24,719,639
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,197,129
Right-of-use lease amortization	5,148,983
Net realized and unrealized gain on investments	(15,275,853)
Provision for losses on contributions receivable	108,006
Changes in operating assets and liabilities:	
Contributions receivable	(3,024,146)
Prepaid expenses	(617,204)
Other assets	218,766
Accounts payable and accrued liabilities	7,363,780
Right-of-use lease liabilities	(5,129,567)
Net cash provided by operating activities	14,709,533
Cash flows from investing activities:	
Capital expenditures	(501,084)
Purchases of investments	(352,648,263)
Proceeds from sales of investments	346,576,883
Net cash used in investing activities	(6,572,464)
Net increase in cash	8,137,069
Cash and cash equivalents, beginning of year	30,270,432
Cash and cash equivalents, end of year	$ 38,407,501

1. ORGANIZATION

Wounded Warrior Project, Inc. ("WWP" or "Wounded Warrior Project") is a not-for-profit §501(c)(3) corporation organized February 23, 2005, in the state of Virginia, for the purpose of serving veterans and service members who incurred a physical or mental injury, illness, or wound, co-incident to their military service on or after September 11, 2001. The consolidated financial statements include Wounded Warrior Project, Inc. and Wounded Warrior Project Long Term Support Trust (collectively, the "Organization").

The mission of Wounded Warrior Project is to honor and empower wounded warriors. WWP empowers warriors to live life on their own terms, mentor fellow warriors, and embody the WWP logo by carrying their peers towards recovery.

The Wounded Warrior Project Long Term Support Trust (the "Trust") was established as a supporting organization on September 27, 2013, to help provide the financial support necessary to maintain severely wounded warriors in settings that are as independent as possible, and to assist them with long term care needs in the event of the warrior's separation from his or her caregiver.

Impact of COVID-19 on Mission and Programs

In March 2020, the World Health Organization classified the outbreak and spread of the COVID-19 virus ("COVID") as a global pandemic. COVID has had a profound negative impact on the mental, physical and financial wellbeing of the world population. Wounded and injured veterans and service members are at even greater risk from the negative impacts of COVID due to pre-pandemic conditions including weakened immune systems, excessive isolation and financial hardships. Therefore, in order to address heightened warrior needs, and to comply with Center for Disease Control COVID guidelines, WWP expanded its program offerings to include virtual events and to provide additional financial support.

Programs and Services

Warriors never pay for the Organization's programs and services because they paid their dues on the battlefield. The Organization delivers free direct programs and services in the following areas:

Connection Programs

These programs focus on connecting warriors and families with peers, programs, and communities, providing a path to recovery and resilience. Through these important interactions, WWP program staff build trust with warriors, help identify their reintegration needs, bring them out of isolation, and then guide them to internal programs and external resources. WWP provides the following Connection programs:

Alumni: The Alumni program provides support and camaraderie for wounded warriors and their family members through communication, connection events and networking. It offers a wide range of activities including skill building educational sessions, sporting events, personal and professional development summits and recreational events that provide individuals a chance to engage with other wounded warriors and family members.

The Alumni program also provides bedside care, comfort, and backpacks to wounded service members arriving at U.S. Military Treatment Facilities and VA Polytrauma Rehabilitation Centers. WWP backpacks contain clothing and comfort items to make a warrior's hospital stay more comfortable, as well as an entry point into WWP's programs as they transition through care. Warriors who are injured overseas and evacuated from field hospitals to larger military treatment facilities abroad receive a Transitional Care Pack ("TCP"), which includes clothing and toiletries for their immediate comfort.

International Support: Landstuhl Regional Medical Center ("LRMC") is one of the first locations warriors are medically evacuated to when injured overseas, especially from combat zones in the Middle East region of the world and Afghanistan. Most of the time their belongings are not transported with them. WWP endeavors to make their hospital stay and travel back to the United States as comfortable as possible. WWP has dedicated personnel and resources at LRMC that distribute TCPs, provide support for events and visitation, and educate warriors and families on WWP's free programs and services.

Peer Support: Peer Support is the programmatic embodiment of WWP's logo, fostering enduring relationships that enable warriors to help other warriors through the recovery process. WWP peer led groups meet on a regular basis across the United States, providing camaraderie and opportunities for warriors to engage with other warriors who can share their understanding and perspective.

Soldier Ride®: WWP's Solder Ride is a unique three to five-day program for warriors to use cycling and the bonds of service to overcome physical, mental and emotional wounds. Warriors of all ability levels can cycle on adaptive hand cycles, trikes and bicycles. In addition to the physical benefits, Soldier Ride helps raise public awareness of the challenges wounded warriors face today. Warriors have the opportunity to take part in annual events, including rides initiating from the south lawn of the White House to those held in local communities across the nation.

Physical Health & Wellness Programs

WWP envisions injured warriors living well-adjusted active, healthy lives. Inactivity, weight gain, physical disabilities, and sleep issues seriously affect a warrior's quality of life. Through WWP's Physical Health & Wellness ("PH&W") programs, warriors regain their physical independence and well-being.

PH&W uses coaching, skill building, education, and physical training to reduce stress, combat depression, and promote an overall healthy and active lifestyle. PH&W has something to offer warriors in every stage of recovery. Three primary areas of program delivery are fitness, nutrition, and wellness.

PH&W also offers an adaptive sports program that teaches physically injured warriors new skills using adaptive equipment and techniques for activities such as wheelchair basketball, skiing, surfing and sled hockey. In addition, WWP connects warriors with local community adaptive sports leagues and resources to increase their network of support.

Mental Health & Wellness Programs

Through WWP's Mental Health & Wellness programs, WWP honors its commitment to be there for this generation of wounded, ill or injured service members – no matter how long or difficult their road to recovery. Interactive programs, rehabilitative retreats, and professional services provide warriors with the tools to develop and maintain healthy, meaningful relationships, set goals for the future, and build resilience without the barriers or stigmas associated with mental health issues. WWP provides the following Mental Health & Wellness programs:

Combat Stress Recovery Program ("CSRP"): This program addresses the mental health and cognitive needs of service members dealing with the invisible wounds of war, namely Post Traumatic Stress Disorder ("PTSD") and Traumatic Brain Injury ("TBI"). CSRP challenges warriors to set goals and understand their "new normal." Many warriors begin their recovery journey with WWP's Project Odyssey®, an outdoor, rehabilitative retreat that promotes peer connection, challenging experiences, and healing with other combat veterans. CSRP provides licensed mental health counselors at Project Odyssey events. CSRP also provides post-retreat continued care services to improve warrior resiliency and long-term psychological well-being. This is accomplished through the establishment of goals, consistent follow-up and the identification and use of community-based resources.

WWP Talk: This program provides a non-clinical telephonic, emotional support program for warriors, their families and caregivers, which helps bridge the gap that may prevent participation in other programs. This mental health support line was created for wounded service members living with PTSD, depression, combat stress, and other mental health conditions. Together, the warrior, family member or caregiver and WWP Talk teammates develop coping strategies to help the warrior overcome challenges and learn to thrive again despite invisible wounds.

Warrior Care Network®: WWP's Warrior Care Network provides treatment for PTSD and TBI through an integrated care model. The Warrior Care Network consists of WWP's oversight and funding of four leading national academic medical centers ("AMCs") that provide warriors and their families with world-class, evidence-based mental health care. These AMCs provide warriors with an individualized multi-week, intensive outpatient program and post discharge care, as well as traditional outpatient therapy. Innovation and data sharing are the cornerstones of the Warrior Care Network. WWP issues monetary grants to the AMCs to fund this program (see Note 9).

Complex Case Coordination: Complex Case Coordination is a specialized program designed to assist warriors in specific crisis situations. WWP works with government and private organizations to facilitate the appropriate level of care and support for these warriors based on their specific needs.

Financial Wellness Programs

An important component of successful transition to civilian life for wounded service members is the opportunity to pursue a meaningful career, achieve financial stability, and provide for his or her family. WWP provides the following Financial Wellness programs:

Benefits Service: The Benefits Service program ensures that warriors and their families have information and advocacy to access their earned government benefits and community resources necessary for successful transition to life after injury. A key part of this program is WWP's team of highly trained personnel that are accredited by the U.S. Department of Veteran Affairs to represent warriors and advocate on their behalf. WWP personnel represent warriors in their filing of claims for benefits with the U.S. Department of Veteran Affairs and U.S. Department of Defense. WWP personnel work closely with each agency so they can walk warriors through every step of the process. When a claim is filed, WWP makes sure it is processed correctly the first time and guides injured service members through this crucial part of their transition.

Warriors to Work®: WWP's Warriors to Work is one of the cornerstones of its efforts to achieve the goal of financially empowered wounded warriors. This program assists wounded warriors with their transition to the civilian workforce. It offers a complete package of career guidance and support services including resume writing assistance, interviewing skills, networking, job training, and job placement. The program staff provide on-going individual counseling and personal support to all program participants as they strive to build a career in the civilian workforce.

Emergency Financial Assistance: WWP's Emergency Financial Assistance ("EFA") program provides financial assistance to warriors and immediate family members who encounter emergent situations that impact their life, safety, or shelter. This program also provides financial education to help warriors and their family with long-term financial stability.

Independence Program

WWP's Independence Program is designed for the most severely wounded, ill, or injured veterans who must rely on their families and caregivers due to moderate to severe TBI, spinal-cord injury, or other neurological conditions. Oftentimes, these severely injured warriors' cognitive or physical challenges require extensive, continuous care.

The program provides critical services and support to allow wounded warriors to remain as independent as possible and supported in-home. Services include training in important life skills and enable involvement in meaningful social and recreational wellness activities, as well as alternative therapies, such as equine, music and art therapy. The program also provides family and caregiver respite and support to help relieve the daily demands and stress experienced in providing continuous care.

The Independence Program is a team effort, bringing together the warrior and his or her full support team to develop an individualized plan that is focused on goals that provide a future with purpose and is designed as a comprehensive long-term partnership intended to adapt to the warriors' ever-changing needs.

Long Term Support Trust

The purpose of the Trust is to provide the economic means to maintain severely wounded, ill or injured warriors in settings that are as independent as possible, and to assist with long term care needs in the event of a warrior's separation from their caregiver. Specifically, the Trust provides funds to ensure home care, transportation, residential options and other necessary services remain available to these warriors, who upon the loss of their caregiver, are at risk for institutionalization. WWP is responsible for identifying the warriors who are members of the charitable class of persons served by the Trust. The Trust will generally make approved distributions directly to service providers to provide for the needs of warriors. Distributions for the benefit of a specific warrior take into account his or her health, financial needs, care requirements, provision for a decent standard of living, ability to live independently, community-based resources available, and in general, the requirements to alleviate the suffering that results from the injuries or illness suffered by the warrior. Further, WWP takes into consideration the availability of government benefits and other forms of public funding and resources that may provide for some or all of the needs of the warrior.

Trust net assets of $118,779,559 are separately presented on the accompanying consolidated statement of financial position as part of net assets without donor restrictions. The Trust is consolidated in accordance with authoritative guidance because, among other factors, WWP has the power to remove the Trustee and appoint a successor Trustee, and the Trust is operated, supervised, and controlled by WWP, its supported organization. All funds held by the Trust must be used for the purposes defined by the Trust and will not be returned to WWP unless the Trust is terminated. The Organization does not have any plans to terminate the Trust. The Trust is a Type I supporting organization. Based on its defined purpose, the Organization began making distributions from the Trust in fiscal year 2020, primarily to begin development of individual warrior life care plans. Distributions for the fiscal year ending September 30, 2020 totaled $48,122.

Government Relations

One of WWP's strategic priorities is to improve the lives of veterans by expanding its impact through advocacy and collaboration. WWP has dedicated resources for these efforts. WWP's Government Relations team advocates for legislation and policy that positively impact the lives of service members, veterans, and families, as well as future veterans. WWP also educates veterans and their families about the programs and services available from the federal government, enabling them to utilize the benefits and entitlements they've earned.

Community Partnerships

WWP understands that the needs of wounded warriors and their families cannot be met by one organization. WWP has a dedicated Community Partnerships team that engages and amplifies the network of support for warriors and their families through relationships and investments in innovative, similarly focused not-for-profit organizations, including issuance of monetary grants (see Note 9).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of significant accounting policies of the Organization is presented to assist in understanding the accompanying consolidated financial statements. The consolidated 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 ("US GAAP") and have been consistently applied in the presentation of the accompanying consolidated financial statements.

Basis of Presentation

The accompanying consolidated financial statements reflect the accounts of the Organization and have been prepared on the accrual basis of accounting in accordance with US GAAP. All material intercompany accounts and transactions have been eliminated in consolidation.

Net Assets

Net assets, and revenue and support, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions may also be designated for specific purposes by the Organization's Board of Directors or may be limited by legal or contractual agreements with outside parties, and include the net assets of the Trust (see Note 1), the Board-Designated Risk Reserve Fund and Board-Designated Strategic Fund (see Note 4).

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such assets be maintained in perpetuity. 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.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

The Organization places its cash and cash equivalents with Federal Deposit Insurance Corporation ("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 such cash accounts.

Investments

Investments are carried at fair value (see Note 5 for fair value measurements). Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses on investments are reflected in the consolidated statement of activities. 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

Management evaluates total contributions receivable based upon a review of account balances, including the age of the balance and historical collection experience with donors, and reduces the carrying value of contributions receivable by an allowance for doubtful accounts to reflect an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection to be remote, and any amounts subsequently collected are recorded as income in the period received. The allowance for doubtful accounts totaled $17,623 as of September 30, 2020.

Beneficial Interest in Trust

The Organization is a beneficiary of an irrevocable charitable lead annuity trust held by a bank trustee. As of September 30, 2020, the balance of the Organization's beneficial interest in this trust, which is included in contributions receivable in the accompanying consolidated statement of financial position, totals $526,830 and is reported at fair value, which is based on the present value of the scheduled annuity payments to be received.

Prepaid Expenses

Prepaid expenses primarily consist of postage purchased in advance of, and to be used for future direct mail campaigns, as well as advance payments for program events and other services.

Property and Equipment

Property and equipment with an individual value of $10,000 or more, or a capital project with a total value of $10,000 or more, is capitalized at historical cost, or if donated, at fair value at date of receipt. Historical cost is defined as the amount paid to acquire an asset. 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 resulting gain or loss is included in the consolidated statement of activities.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are recorded at the inception of the lease and are depreciated over the remaining 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 of the improvement, or the remaining lease term (including any renewal periods that are deemed to be reasonably assured), generally three to five years. Construction in progress, primarily for future leasehold improvements, is recorded at cost and is transferred to property and equipment accounts and depreciated when useable or placed in service. Property and equipment estimated useful lives, other than leasehold improvements, are as follows:

Furniture and fixtures	5 years
Program equipment	3 - 5 years
Vehicles and trailers	3 years
Information technology equipment	3 - 5 years

The Organization's policy is to periodically review the estimated useful lives of its property and equipment to ensure such estimates align with the actual service periods of such asset classes.

Endowment

The Organization has adopted investment and spending policies, approved by its Board of Directors, for endowment assets that attempt to provide a supplementary source of funding for operations, and capital projects for the benefit of the Organization, while seeking to maintain the purchasing power of these endowment assets over the long-term. As of September 30, 2020, the Organization had one endowment with investments, at fair value, totaling $1,353,536.

The Organization's Board of Directors has interpreted VA Code § 64.2-1100, et seq., referred to as the Virginia Uniform Prudent Management of Institutional Funds Act ("VUPMIFA"), as requiring the preservation of the original value of any donor-restricted gift, as of the gift date, absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restrictions: (1) the original value of gifts donated to its endowment fund, (2) the original value of subsequent gifts to its endowment fund, (3) accumulations to its endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (4) any remaining portion of the donor-restricted endowment fund until such amounts are appropriated for expenditure by the Organization in a manner consistent with the standard for expenditure prescribed by VUPMIFA.

In accordance with VUPMIFA, the Organization considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Organization and its endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected income and appreciation of endowment investments;
6. Other resources of the Organization; and
7. The investment policies of the Organization.

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or VUPMIFA requires the Organization to retain as a fund of perpetual duration. As of September 30, 2020, there were no such deficiencies of this nature.

Revenue Recognition

Upon receipt of contributions or pledges, the Organization evaluates whether a transfer of assets is (1) a contribution or (2) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred. If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Organization is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

Unrestricted contributions and in-kind contributions are recognized and reported as increases to net assets without donor restrictions in the consolidated statement of activities in the fiscal year in which the donor makes an unconditional promise to give to the Organization. Contributions and in-kind contributions that are restricted by the donor as to their specified purpose or time period for use are recognized and reported as increases to net assets with donor restrictions in the consolidated statement of activities in the fiscal year in which the donor makes a promise to give to the Organization. When a donor restriction expires or is satisfied, the related assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities.

The Organization early adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), on October 1, 2019, using the modified retrospective method. In accordance with ASC 606, the Organization recognizes revenue when control of the promised goods or services are transferred to the recipient in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

The Organization performed an analysis of all applicable revenue streams, per the authoritative guidance, using Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to distinguish contributions (nonreciprocal transactions) within the scope of ASC 958, *Not-for-Profit Entities*, from exchanges (reciprocal transactions) subject to ASC 606. Accordingly, the Organization has identified certain revenues from its' annual Courage Awards & Benefit Dinner®, its Carry Forward® 5k events, and WWP Shop, its online merchandise store, all of which are included within other revenue on the consolidated statement of activities, as exchange transactions subject to ASC 606. The Organization recognizes revenue for these categories at the point in time the events occur or items are sold, which coincides with the satisfaction of the related performance obligation.

The Organization used the portfolio approach as a practical expedient applied to revenue channels with similar characteristics such that revenue streams would not be materially different than if they were evaluated on an individual or contract-by-contract basis. The adoption of this standard did not result in a material change to the Organization's historical revenue recognition policies and there were no significant adjustments that required a cumulative adjustment to net assets upon transition.

Unpaid volunteers have made significant contributions of their time to the Organization. No amounts have been reflected in the accompanying consolidated financial statements for these contributed services since such contributed services did not meet the criteria for recognition.

Joint Costs

In accordance with ASC 958, *Not-for-Profit Entities*, the Organization allocates joint advertising costs that meet the criteria for purpose, audience and content between fundraising expenses and program expenses. Accordingly, the Organization allocates joint costs that benefit program services and include a fundraising appeal. The programmatic component of these activities includes the education and recruitment of wounded veterans and service members that have not yet engaged with the Organization, a call to action to enlist the publics aid in identifying wounded veterans and service members that would benefit from the Organization's free programs and services, and an opportunity to thank wounded warriors for their sacrifices in serving our country. These joint costs are incurred through direct response television and certain direct mail campaigns. The cost of conducting these activities included a total of $30,435,230 of joint costs for the year ended September 30, 2020. Of these costs, $20,022,663 was allocated to program expenses and $10,412,567 was allocated to fundraising expenses.

Functional Expenses

The costs of providing program services and supporting activities have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. The Organization incurs expenses that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting activities (i.e., fundraising and management and general activities). These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited, based on either financial or nonfinancial data, such as headcount or estimates of time and effort incurred by personnel.

Grant Expense

Upon making grants, the Organization evaluates whether the transfer of assets is (1) a grant or (2) an exchange transaction in which the Organization is receiving commensurate value in return for the resources transferred. If the transfer of assets is determined to be a grant, the Organization evaluates whether the grant is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the recipient is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of the Organization's obligation to transfer assets.

Grant expense is recognized at the time of grant commitment, provided that the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense in the period in which the grantee meets the terms of the conditions, as acknowledged by WWP. See Note 9 for additional information on the Organization's issuance of grants.

Leases

In accordance with ASU No. 2016-02, *Leases (Topic 842)*, the Organization, as lessee, accounts for lease agreements by recording on its consolidated statement of financial position a Right-of-Use ("ROU") lease asset and liability to reflect the rights and obligations of the lease agreements, respectively. The Organization elected the short-term lease practical expedient and accordingly, does not record ROU lease assets or lease liabilities with terms less than 12 months. The Organization also elected the practical expedient not to separate the non-lease components of a contract from the lease component to which they relate for all asset classes. In addition, the Organization utilizes the portfolio approach to group leases with similar characteristics.

Income Taxes

The Organization is exempt from federal income taxation under §501(c)(3) of the Internal Revenue Code ("Code"), but is subject to tax on income unrelated to its exempt purpose, unless that income is excluded by the Code. The Organization has processes in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions where it has nexus, and to identify and evaluate other matters that may be considered tax positions.

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the consolidated financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the accompanying consolidated financial statements. In addition, the Organization has determined that it has not generated material unrelated business income and, therefore, no income tax provision is required.

New Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The Organization is currently evaluating this standard as it relates to contributed nonfinancial assets, but does not believe it will have a material impact on its consolidated financial statements.

3. NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2020, the Organization had $4,956,396 of contributions restricted by donors for either future periods of time or for specified purposes. Purpose restrictions are generally specific to a certain program or use in a specific geographic region.

As of September 30, 2020, the Organization had one donor-restricted endowment, the earnings from which are to be used in support of the Independence Program (see description in Note 1). As required by US GAAP, the net assets associated with this endowment fund are classified and reported based on the donor-imposed restriction.

Net assets with donor restrictions are restricted for the following purposes or periods as of September 30, 2020:

Subject to purpose restrictions	$	3,079,559
Subject to time restrictions		1,876,837
Total subject to purpose and time restrictions	$	4,956,396
Endowment fund:		
Corpus	$	1,000,000
Accumulated unspent earnings with purpose restriction		353,536
Total endowment fund	$	1,353,536
Total net assets with donor restrictions	$	6,309,932

4. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets consist of cash and cash equivalents, investments, and net contributions receivable. The following represents the Organization's financial assets as of September 30, 2020, reduced by amounts not available for general use within one year of September 30, 2020 because of contractual or donor-imposed restrictions, as well as the Board-Designated Risk Reserve Fund, the Board-Designated Strategic Fund and investments held in the Trust:

Financial assets as of September 30, 2020	$	479,335,870
Less those unavailable for general expenditures within one year, due to contractual, board, or donor-imposed restrictions:		
Wounded Warrior Project Long Term Support Trust		(118,779,559)
Board-Designated Risk Reserve Fund		(107,386,014)
Board-Designated Strategic Fund		(116,894,046)
Restricted by donors		(6,309,932)
Financial assets available to meet cash needs for general expenditures within one year	$	129,966,319

The Organization has an investment management and oversight policy authorized by the Board of Directors that provides governance and guidance on the management of cash and cash equivalents, and investments. The policy provides that the Organization maintain an adequate level of cash to meet its on-going operational requirements. In addition, the policy sets forth the structure for investment of excess cash based on the financial needs of the Organization, the time horizon of those needs and the Board of Directors' investment philosophy.

The Board of Directors has designated a Risk Reserve Fund to ensure the long-term sustainability of the mission, programs, and ongoing operations of the Organization. The Risk Reserve Fund serves as an internal resource that enables the Organization to respond to varying conditions and events that negatively impact its financial position, such as a sudden and significant decrease in donor contributions, a sudden and significant increase in expenses, or a significant uninsured/underinsured loss. Board of Directors approval is required for any requested use of the Risk Reserve Fund. The Risk Reserve Fund minimum and maximum balance is established in accordance with the WWP Risk Reserve Policy.

The Board of Directors has designated a Strategic Fund for investment in strategic initiatives and innovation that enable and support WWP's mission. Use of the Strategic Fund may include research and development, pilot programs, third-party grants, and capacity expansion, technology and infrastructure investments. Board of Directors approval is required for any requested use of the Strategic Fund. The Strategic Fund minimum balance is established in accordance with the WWP Strategic Fund Policy.

Prior to June 2020, the Organization's financial assets included the Board-Designated Strategic Operating Reserve Fund. During fiscal year 2020, the Board of Directors implemented the WWP Risk Reserve Policy and the WWP Strategic Fund Policy, and all funds from the Strategic Operating Reserve Fund were transferred to these two new funds in accordance with their respective policy.

5. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Authoritative guidance provides the 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The three levels of the fair value hierarchy are described as follows:

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

Level 2 Inputs to the valuation methodology include: quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable for the asset, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset. These investments include positions that are not traded in active markets and/or are subject to transfer restrictions. Valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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

The Organization also measures certain investments using the net asset value ("NAV") practical expedient, which is exempted from categorization within the fair value hierarchy and related disclosures described above.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes "observable" requires significant judgment by the Organization. There have been no changes in the valuation methodologies used by the Organization at September 30, 2020 as compared to prior years. The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Government and Corporate Fixed Income Securities: Valued using matrix pricing or valued at the closing price reported on the active market on which similar individual investments trade. Matrix pricing is a mathematical technique used without relying exclusively on quoted prices for the specific investments, but rather on the investments' relationship to other benchmark quoted investments.

Mutual Funds: Valued using the NAV calculation method with the market value reflected on an active market, once, at the end of the trading day.

Common and Preferred Stocks: Valued at the closing price reported on the active market on which the individual investments trade.

Structured Notes: Debt instruments with returns tied to the performance of an equity market index. Valuations for structured notes represent the current price at which the underwriter or one of its affiliates was prepared to execute a transaction up to an indicative bid size as of the close at the end of the period.

Private Equity: Investments in funds, partnerships, and investment holding companies that directly invest in other equity interests such as private companies, private credit markets and related alternative strategies, non-traditional secondary markets, and other diversified private investments in a variety of industries. These investments are measured using NAV per share and are determined by the respective general partner or investment manager using the fair value of the underlying assets or other valuation methods that it determines, in its discretion, are fair and reasonable, including the use of independent third-parties.

The Organization believes that the reported fair value of its investments in government and corporate fixed income securities, structured notes and private equity is a reasonable estimate of their fair value. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets reported at fair value as of September 30, 2020:

	Level 1	Level 2	Level 3	Net Asset Value	Total
Government fixed income securities	$ 23,278,656	$ 86,935,914	$ -	$ -	$ 110,214,570
Corporate fixed income securities	519,191	74,130,361	-	-	74,649,552
Mutual funds	190,096,854	-	-	-	190,096,854
Common and preferred stocks	36,404,366	-	-	-	36,404,366
Structured notes	-	21,762,175	-	-	21,762,175
Private equity	-	-	-	530,950	530,950
Total investments at fair value	$ 250,299,067	$ 182,828,450	$ -	$ 530,950	$ 433,658,467

There were no significant transfers of assets between levels during the year ended September 30, 2020.

The Organization's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the amounts reported in the consolidated financial statements. On a regular basis, the Organization, in collaboration with its investment advisors, monitors its investments and associated risks. The Organization believes this process helps manage investment risk.

As discussed in Note 2, the Organization is the beneficiary of an irrevocable charitable lead annuity trust held by a bank trustee. The investments in that trust are similarly exposed to the risks identified above.

6. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at September 30, 2020:

Furniture and fixtures	$ 16,265,453
Leasehold improvements	6,601,859
Information technology equipment	3,612,367
Vehicles and trailers	1,168,827
Program equipment	390,026
Construction in progress	2,810
Gross property and equipment	28,041,342
Less: Accumulated depreciation	(26,337,886)
Property and equipment, net	$ 1,703,456

7. LEASES

The Organization leases office space, storage space and office equipment primarily under non-cancelable operating leases. These lease agreements provide for increases in scheduled rent, operating expenses, and real estate taxes attributable to the leased property, but do not contain any residual value guarantees or material restricted covenants.

The value of a ROU lease liability is based on the present value of future lease payments. The Organization uses a risk-free rate as the discount rate in calculating the ROU lease liability value. For purposes of valuation at September 30, 2020, the Organization used a weighted average discount rate of 2.6% and an overall weighted average remaining lease term of 4.7 years. Office space leases generally include an option to extend the lease term. The Organization does not include these options in its ROU lease liability valuation, as it is not reasonably certain that it will exercise such options.

Cash paid for amounts included in the measurement of lease liabilities included in operating cash flows totaled $5,098,354 for the year ended September 30, 2020. ROU assets obtained in exchange for lease obligations totaled $2,530,855 for the year ended September 30, 2020.

Right of use lease amortization for the year ended September 30, 2020 totaled $5,148,983. The Organization did not have any short-term lease cost during the period.

Future minimum lease payments for operating leases with an initial or remaining lease term of twelve months or more at September 30, 2020 are as follows:

2021	$ 5,125,900
2022	4,743,073
2023	4,176,615
2024	3,930,676
2025	2,519,693
Thereafter	1,579,442
Total minimum lease payments	22,075,399
Less: Imputed interest	(1,351,591)
ROU lease liabilities	$ 20,723,808

8. IN-KIND CONTRIBUTIONS

The Organization's consolidated financial statements include the following in-kind contributions revenue and support, and associated expense:

<u>Public Service Announcements</u>

Public service announcements ("PSAs") help improve the American public's awareness and understanding of the needs of wounded warriors and their family members, while also making warriors and their families aware of the free programs and services available to them through the Organization. The Organization produces and distributes public service television, radio, internet, and newspaper announcements that focus attention on the programs and services the Organization provides. These PSAs are broadcasted or delivered nationwide, at no charge to the Organization, to assist in the achievement of its mission. These PSAs are recognized as in-kind contributions at fair value, with a corresponding PSA expense allocated to the programs benefitted, as they are delivered to the public. The Organization contracts with independent outside agencies to track and estimate the fair value of each PSA based on the date, time, and market in which it is displayed.

Advertising and Promotion

The Organization receives free advertising through billboard, magazine, and rental truck advertisements that serve as platforms to market and brand its mission. These donated advertisements are recognized as in-kind contributions at fair value, with a corresponding expense allocated to the programs benefitted, as they are delivered to the public.

Professional Services

The Organization receives donated professional services that would typically be purchased if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered.

Other

Other in-kind contributions consist primarily of event tickets and recreation activities which are used to defray program costs, or as part of fundraising events. These items are recognized as in-kind contributions at fair value, with a corresponding expense, as they are used. The Organization values these items at either face value or fair value on the date received depending on the nature of the item.

During the year ended September 30, 2020, the Organization received the following in-kind contributions:

Public service announcements	$ 105,542,528
Advertising and promotion	2,853,460
Professional services	449,626
Other	1,505,265
Total in-kind contributions	$ 110,350,879

9. GRANTS

In order to amplify and expand the network of support available for warriors and their families, WWP invests in similarly focused organizations through the issuance of monetary grants. WWP also issues monetary grants to AMCs in the Warrior Care Network (see Note 1). Grant expense for the year ended September 30, 2020 totaled $43,309,542, including $30,054,145 granted to the Warrior Care Network AMCs.

WWP's Warrior Care Network grant agreements have significant future conditions, and accordingly, a portion of the expense for those grants will not be recognized until specific conditions are satisfied. As of September 30, 2020, future conditional payments on these grant agreements are estimated to be paid as follows:

	Warrior Care Network
2021	$ 24,645,112
2022	28,778,286
2023	26,165,695
2024	3,324,500
Total	$ 82,913,593

10. WARRIOR AND CAREGIVER FINANCIAL ASSISTANCE

During the year ended September 30, 2020, through its EFA program (see Note 1), WWP issued individual $1,000 emergency assistance payments, $11,113,000 in total, to qualified Warriors in financial distress due to COVID. In addition, due to the heightened challenges that COVID created for warriors and caregivers in the Independence Program (see Note 1), WWP provided individual $3,000 relief assistance payments, $1,830,000 in total, to qualified caregivers.

11. RETIREMENT PLAN

WWP has a 401(k) plan (the "Plan") that is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Each year, participants may contribute up to 80% of eligible compensation, as defined by the Plan, subject to certain Code limitations. WWP provides a matching contribution of 100% of the first 3% and 50% of the next 2% of eligible compensation that a participant contributes to the Plan. For the year ended September 30, 2020, WWP provided $1,640,913 in matching contributions, which is included in compensation and benefits in the accompanying consolidated statement of functional expenses.

12. CONTINGENCIES

The Organization may be subject to legal actions or claims in the ordinary course of its business. Management is not aware of any current legal matters pending which would have a material adverse impact on the consolidated financial statements of the Organization.

13. IMPLICATIONS OF COVID-19

The spread of COVID is impacting worldwide economic activity and financial markets. Management has considered the consequences of COVID and determined that there is no current material uncertainty identified that would affect its ability to continue its mission of serving warriors and their family support members. However, there is significant uncertainty around the breadth and duration of business disruptions related to COVID, as well as its impact on the U.S. and international economies and, as such, the Organization is unable to determine if it will have a future material negative impact on its operations or financial condition.

14. SUBSEQUENT EVENTS

The Organization has evaluated events through January 15, 2021, the date the consolidated financial statements were available to be issued. The Organization is not aware of any material events that require recognition or disclosure in the accompanying consolidated financial statements.