

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

FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2012

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, 2012, 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 the Organization, as of September 30, 2012, 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 6, 2013

WOUNDED WARRIOR PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012

Assets:

Current assets:

Cash	\$ 14,465,663
Investments	72,095,703
Contributions receivable, net	1,838,423
Inventory	1,658,623
Prepaid expenses	<u>1,930,555</u>

Total current assets 91,988,967

Furniture and equipment, net 8,712,364

Deposits 737,520

Total assets \$ 101,438,851

Liabilities:

Current liabilities:

Accounts payable	\$ 9,016,031
Accrued expenses	<u>2,185,067</u>

Total current liabilities 11,201,098

Net assets:

Unrestricted	89,053,080
Temporarily restricted	184,673
Permanently restricted	<u>1,000,000</u>

Total net assets 90,237,753

Total liabilities and net assets \$ 101,438,851

See accompanying notes to financial statements.

WOUNDED WARRIOR PROJECT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and support:				
Contributions	\$ 143,656,305	\$ -	\$ -	\$ 143,656,305
In-kind contributions	53,440,289	-	-	53,440,289
Interest income and dividends, net of investment fees	829,197	25,046	-	854,243
Net realized and unrealized gain on investments	1,397,094	163,308	-	1,560,402
Miscellaneous income, net	1,097,965	-	-	1,097,965
Total revenue and support	<u>200,420,850</u>	<u>188,354</u>	<u>-</u>	<u>200,609,204</u>
Net assets released from restrictions	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services	114,817,090	-	-	114,817,090
Supporting services:				
Management and general	5,412,693	-	-	5,412,693
Fundraising	20,499,112	-	-	20,499,112
Total expenses	<u>140,728,895</u>	<u>-</u>	<u>-</u>	<u>140,728,895</u>
Change in net assets	59,741,955	138,354	-	59,880,309
Net assets, beginning of year	<u>29,311,125</u>	<u>46,319</u>	<u>1,000,000</u>	<u>30,357,444</u>
Net assets, end of year	<u>\$ 89,053,080</u>	<u>\$ 184,673</u>	<u>\$ 1,000,000</u>	<u>\$ 90,237,753</u>

See accompanying notes to financial statements.

WOUNDED WARRIOR PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2012

	Program Services								
	Benefit Services	Alumni Association	International Services	Peer Mentoring	Combat Stress Recovery	WWP Packs	Physical Health & Rehabilitation	Soldier Ride	Family Support Services
Media ad value	\$ 1,129,588	\$ 4,518,351	\$ 1,129,588	\$ 1,129,588	\$ 6,777,527	\$ 1,882,646	\$ 4,141,822	\$ 4,141,822	\$ 2,259,176
Consulting and outside services	582,466	2,083,577	285,813	286,088	1,775,748	361,853	2,478,441	1,114,379	1,092,575
Salaries	1,731,561	3,540,378	329,312	374,342	1,783,840	188,623	1,072,269	908,573	657,078
Meetings and events	266,486	3,471,440	99,225	198,813	1,078,325	73,096	1,014,413	1,109,620	675,264
Direct mail	120,258	683,481	120,258	120,258	721,549	200,430	440,946	464,833	240,516
Postage and shipping	153,983	694,572	197,405	103,231	625,022	236,040	390,750	409,207	221,748
Advertising	226,559	902,236	222,231	222,230	1,337,700	370,382	819,165	818,810	448,782
Grants	13,500	834,200	1,784,000	23,500	431,046	15,000	370,088	37,500	661,250
Payroll tax and benefits	461,747	1,007,947	85,074	98,548	511,247	52,275	321,070	270,780	176,008
Program Travel	393,657	876,065	75,369	87,297	488,829	35,698	243,949	378,092	164,763
Promotional items	56,809	723,259	758,421	24,816	174,902	1,189,200	222,844	290,643	69,718
Occupancy	131,419	351,108	98,195	35,890	171,194	46,043	111,387	87,835	58,275
Office equipment and services	55,880	223,991	20,285	14,960	70,463	13,704	107,524	438,027	63,393
Miscellaneous	22,190	84,935	5,667	8,192	29,723	4,310	22,658	29,131	20,755
Organizational membership fees	443	1,576,140	148	97	464	71	1,667	1,103	161
Depreciation	97,905	257,212	35,909	35,292	127,170	23,820	84,565	74,648	46,840
Supplies	29,098	622,854	17,765	8,514	53,047	48,063	44,193	67,065	53,908
Telephone	71,739	191,604	29,148	19,591	93,452	18,176	60,804	47,948	31,811
Professional fees	-	-	-	-	-	-	-	-	-
Printing	30,823	110,379	2,323	2,080	36,733	2,265	32,855	28,951	29,320
Education and development	10,207	30,906	22,800	3,216	31,505	3,113	16,486	9,976	5,142
Insurance	13,071	33,268	14,145	4,348	16,708	3,045	12,239	9,085	7,297
Utilities	4,744	12,671	1,833	1,296	6,180	1,202	4,021	3,171	2,104
Books and subscriptions	7,908	10,103	393	426	9,049	362	2,692	1,447	3,472
Bank service charge	-	-	-	-	-	-	-	-	-
	<u>\$ 5,612,041</u>	<u>\$ 22,840,677</u>	<u>\$ 5,335,307</u>	<u>\$ 2,802,613</u>	<u>\$ 16,351,423</u>	<u>\$ 4,769,417</u>	<u>\$ 12,016,848</u>	<u>\$ 10,742,646</u>	<u>\$ 6,989,356</u>

	Program Services					Supporting Services		Total All Funds	
	Warriors to Work	Transitional Training Academy	TRACK	Campus Services	Warriors Speak	Total Program Services	Management and General		Fundraising
Media ad value	\$ 4,518,351	\$ 1,882,646	\$ 1,882,646	\$ 2,259,176	\$ -	\$ 37,652,927	\$ -	\$ -	\$ 37,652,927
Consulting and outside services	1,013,524	1,262,330	599,557	451,410	227,654	13,615,415	712,017	6,681,489	21,008,921
Salaries	1,177,510	577,312	771,488	365,134	416,871	13,894,291	1,092,332	1,487,040	16,473,663
Meetings and events	214,523	63,344	158,504	67,723	21,840	8,512,616	173,469	951,778	9,637,863
Direct mail	481,032	200,430	200,430	240,516	-	4,234,937	-	4,596,661	8,831,598
Postage and shipping	415,367	171,151	183,707	197,100	9,004	4,008,287	102,450	3,689,795	7,800,532
Advertising	915,107	370,383	372,938	444,457	2	7,470,982	32	146,298	7,617,312
Grants	115,500	19,500	800,694	422,500	-	5,528,278	-	-	5,528,278
Payroll tax and benefits	317,582	180,876	209,370	94,321	98,225	3,885,070	278,501	398,276	4,561,847
Program Travel	231,254	195,837	132,359	85,784	260,210	3,649,163	183,207	253,539	4,085,909
Promotional items	57,239	50,925	44,953	18,650	13,993	3,696,372	66,566	292,629	4,055,567
Occupancy	104,082	56,264	391,825	27,844	38,449	1,709,810	553,285	227,100	2,490,195
Office equipment and services	43,101	295,685	46,609	12,174	15,069	1,420,865	479,353	88,941	1,989,159
Miscellaneous	22,827	9,351	17,403	7,133	3,394	287,669	233,062	1,125,900	1,646,631
Organizational membership fees	826	150	187	57	132	1,581,646	1,895	-	1,583,541
Depreciation	79,529	46,413	53,032	25,482	26,985	1,014,802	388,319	169,703	1,572,824
Supplies	46,671	52,830	86,208	6,024	6,450	1,142,690	86,555	161,855	1,391,100
Telephone	56,817	30,714	36,698	15,199	20,989	724,690	302,029	123,970	1,150,689
Professional fees	-	-	-	-	-	-	631,675	-	631,675
Printing	22,149	3,774	17,889	3,229	2,781	325,551	9,289	39,302	374,142
Education and development	13,451	6,418	7,613	3,264	2,450	166,547	41,597	31,924	240,068
Insurance	10,571	6,198	7,200	3,599	3,516	144,290	50,596	20,768	215,654
Utilities	3,757	2,031	28,755	1,005	1,388	74,158	19,974	8,198	102,330
Books and subscriptions	4,268	30,565	1,756	3,274	319	76,034	3,151	3,946	83,131
Bank service charge	-	-	-	-	-	-	3,339	-	3,339
	<u>\$ 9,865,038</u>	<u>\$ 5,515,127</u>	<u>\$ 6,051,821</u>	<u>\$ 4,755,055</u>	<u>\$ 1,169,721</u>	<u>\$ 114,817,090</u>	<u>\$ 5,412,693</u>	<u>\$ 20,499,112</u>	<u>\$ 140,728,895</u>

See accompanying notes to financial statements.

WOUNDED WARRIOR PROJECT, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2012

Cash flows from operating activities:

Change in net assets	\$ 59,880,309
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	1,572,824
Net realized and unrealized gain on investments	(1,560,402)
Other	323,232
Net changes in:	
Contributions receivable, net	693,492
Inventory	(737,739)
Prepaid expenses	(1,628,686)
Deposits	(181,828)
Accounts payable	4,267,717
Accrued expenses	898,236
Net cash provided by operating activities	63,527,155

Cash flows from investing activities:

Purchases of furniture and equipment	(3,797,958)
Purchases of investments	(93,304,247)
Proceeds from sale of investments	43,974,658
Net cash used in investing activities	(53,127,547)
Net increase in cash	10,399,608
Cash, beginning	4,066,055
Cash, ending	\$ 14,465,663

See accompanying notes to financial statements.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

1. Nature of the Organization

Wounded Warrior Project, Inc., (the “Organization”) 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.

Basis of Presentation

In accordance with authoritative guidance, the Organization reports 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 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, 2012

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 \$118,314 for the year ended September 30, 2012.

Endowment Investments and Spending Policies

The State of Florida enacted the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”) effective July 1, 2012, the provisions of which apply to endowment funds existing on or established after that date. The Organization’s permanently restricted net assets meet the definition of endowment funds under FUPMIFA.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a supplementary source of funding for operations, infrastructure redevelopment, and other capital projects for the benefit of the Organization and the programs it supports, 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, 2012, was \$278,411.

Inventory

Inventory is stated at the lower of average cost or market. Inventory consists of undistributed backpacks, transition care packs and promotional items.

Furniture and Equipment

Furniture and equipment with values of \$10,000 or more, and a useful life longer than one year are recorded at cost, or if donated, at their estimated fair market value. Donations of property and equipment are recorded as contributions at their estimated fair market value. Maintenance and repairs

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

2. Summary of Significant Accounting Policies (Continued)

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 reasonably assured), generally three to seven years. Asset lives for financial statement reporting of depreciation are:

Furniture and fixtures	5 – 8 years
Computers	3 years
Program equipment	3 years
Vehicles	3 – 7 years
Website and software	3 years

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of assets other than cash are recorded at their estimated fair value at the date received. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation.

Contribution of Services

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization. No amounts have been reflected in the statements for these contributed services since the contribution of these services did not create or enhance non-financial assets or require specialized skills. When professional services are provided, in-kind values are recorded as contributions.

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

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

2. Summary of Significant Accounting Policies (Continued)

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.

The Organization follows authoritative guidance which 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 the tax position will be upheld on examination by taxing authorities. As of September 30, 2012, the Organization does not believe it has any uncertain tax positions.

Advertising

Advertising is expensed as incurred. For the year ended September 30, 2012, advertising expense was \$45,270,239. Of this amount, \$37,652,927 was donated in-kind contributions of public service announcements, \$7,564,419 was donated in-kind advertising for public awareness campaigns, and \$52,893 was actual disbursements for advertising costs.

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 benefitted based on how employees spent their time and purpose of services.

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, 2012:

	<u>Cost</u>	<u>Market Value</u>
Mutual funds	\$ 70,761,215	\$ 71,218,709
Common stocks	631,626	690,051
Fixed income securities	<u>181,212</u>	<u>186,943</u>
Total investments	<u>\$ 71,574,053</u>	<u>\$ 72,095,703</u>

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

4. Fair Value Measurements

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 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 as follows:

- 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.

- 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 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.

There have been no changes in the methodologies used at September 30, 2012. Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds: Valued at the net asset value of the units reported on the active market on which the individual investments are traded.

Common stocks: Valued at the closing price reported on the active market on which the individual investments 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 investments, but rather on the investments' relationship to other benchmark quoted investments.

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.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

4. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value at September 30, 2012:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Bond funds	\$ 52,477,543	\$ -	\$ -	\$ 52,477,543
Index funds	11,526,439	-	-	11,526,439
Money market funds	6,972,546	-	-	6,972,546
Other funds	242,181	-	-	242,181
Total mutual funds	<u>71,218,709</u>	<u>-</u>	<u>-</u>	<u>71,218,709</u>
Common stocks:				
Consumer discretionary	81,908	-	-	81,908
Consumer staples	71,613	-	-	71,613
Energy	78,473	-	-	78,473
Financials	85,890	-	-	85,890
Healthcare	95,003	-	-	95,003
Industrials	61,248	-	-	61,248
IT	131,511	-	-	131,511
Materials	35,856	-	-	35,856
Other	10,514	-	-	10,514
Telecommunications	23,042	-	-	23,042
Utilities	14,993	-	-	14,993
Total common stocks	<u>690,051</u>	<u>-</u>	<u>-</u>	<u>690,051</u>
Fixed income securities:				
Mortgage backed securities	-	132,944	-	132,944
US Treasury notes and bonds	-	53,999	-	53,999
Total fixed income securities	<u>-</u>	<u>186,943</u>	<u>-</u>	<u>186,943</u>
Total assets at fair value	<u>\$ 71,908,760</u>	<u>\$ 186,943</u>	<u>\$ -</u>	<u>\$ 72,095,703</u>

There were no transfers between Level 1, Level 2 or Level 3 assets during the year ended September 30, 2012

5. Endowment Net Assets

At September 30, 2012, the Organization had one donor restricted 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 five percent 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.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

5. Endowment Net Assets (Continued)

Changes in endowment net assets during the year ended September 30, 2012 were as follows:

Endowment net assets, beginning of year	\$ 1,046,319
Interest income and dividends	30,744
Investment fees	(5,698)
Net realized and unrealized gains	163,308
Amounts appropriated for expenditure	<u>(50,000)</u>
Endowment net assets, end of year	<u>\$ 1,184,673</u>

The endowment net assets are reflected as follows on the statement of financial position at September 30, 2012:

Permanently restricted	\$ 1,000,000
Temporarily restricted	<u>184,673</u>
Endowment net assets, end of year	<u>\$ 1,184,673</u>

6. Furniture and Equipment

Furniture and equipment consisted of the following at September 30, 2012:

Furniture	\$ 5,594,754
Equipment	1,593,711
Vehicles	337,414
Leasehold improvements	3,882,181
Website	422,782
Construction in process	<u>782,220</u>
Total furniture and equipment	12,613,062
Less: accumulated depreciation	<u>(3,900,698)</u>
Furniture and equipment, net	<u>\$ 8,712,364</u>

7. Operating Leases

The Organization leases office space, storage space and office equipment under non-cancelable operating leases expiring in various years through 2022. Total rent expense on operating leases for the year ended September 30, 2012 was \$2,681,803.

WOUNDED WARRIOR PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2012

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, 2012 are as follows:

2013	\$ 1,938,530
2014	1,917,899
2015	1,986,285
2016	1,959,419
2017	1,489,261
Thereafter	<u>2,439,892</u>
	<u>\$ 11,731,286</u>

8. Contributions In-Kind

During the year ended September 30, 2012, the Organization received the following non-cash contributions:

Media ad value	\$ 37,652,927
Advertising	7,564,419
Equipment	1,900,584
Other	1,710,400
Events and tickets	1,214,921
Memberships	1,174,621
Supplies	864,502
Investments	571,023
Backpack items	513,265
Promotional items	<u>273,627</u>
Total	<u>\$ 53,440,289</u>

9. Allocation of Joint Costs

The Organization conducted fundraising activities during the current year that included requests for contributions and program components. Those activities included direct mail, online and direct response campaigns. The cost of conducting these activities included a total of \$25,576,675 of joint costs for the year ended September 30, 2012. Of these costs, \$14,212,790 was allocated to program services and \$11,363,885 was allocated to fundraising costs.

10. 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 are entitled to become participants of the plan as soon as administratively feasible. For the year ended September 30, 2012, the Organization incurred \$340,649 in matching contributions.

