

## FINANCIAL STATEMENTS



FOR THE YEAR ENDED DECEMBER 31, 2011

# HOPE FOR THE WARRIORS

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**GELMAN, ROSENBERG & FREEDMAN**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Hope for the Warriors  
Annandale, Virginia

We have audited the accompanying statement of financial position of Hope for the Warriors (H4W) as of December 31, 2011, and the related statements of activities and change in net assets and cash flows for the year then ended. These financial statements are the responsibility of H4W'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of H4W's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 H4W as of December 31, 2011, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Gelman Rosenberg & Freedman*

July 23, 2012

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**HOPE FOR THE WARRIORS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2011**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 780,854
Contributions receivable	140,971
Other current assets	<u>4,549</u>
Total current assets	<u>926,374</u>

**FIXED ASSETS**

Furniture	36,699
Computer equipment	23,520
Vehicles	<u>96,440</u>
	156,659
Less: Accumulated depreciation and amortization	<u>(66,153)</u>
Net fixed assets	<u>90,506</u>

**OTHER ASSETS - Statues**

289,758

**TOTAL ASSETS**

**\$ 1,306,638**

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 95,519
Deferred revenue	1,250
Accrued salaries and related benefits	<u>67,668</u>
Total current liabilities	<u>164,437</u>

**NET ASSETS**

Unrestricted	726,862
Temporarily restricted (Note 2)	<u>415,339</u>
Total net assets	<u>1,142,201</u>

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 1,306,638**

## HOPE FOR THE WARRIORS

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions	\$ 3,195,625	\$ 53,194	\$ 3,248,819
Special events and other income	278,406	-	278,406
Interest income	1,772	-	1,772
Contributed services and materials (Note 3)	178,531	-	178,531
Net assets released from donor restrictions (Note 2)	<u>75,194</u>	<u>(75,194)</u>	<u>-</u>
Total revenue	<u>3,729,528</u>	<u>(22,000)</u>	<u>3,707,528</u>
<b>EXPENSES</b>			
Program Services:			
Above and Beyond	151,932	-	151,932
Family Support	166,208	-	166,208
Hope and Morale	150,597	-	150,597
Outdoor Adventures	213,024	-	213,024
Immediate Needs	502,451	-	502,451
Public Education and Awareness	134,547	-	134,547
Scholarships	82,660	-	82,660
Team Hope	509,747	-	509,747
Warrior House	62,087	-	62,087
Warriors Wish	192,470	-	192,470
WW Unit Support	86,947	-	86,947
Family Reintegration	57,514	-	57,514
SOCOM	33,617	-	33,617
Other Programs	<u>785,216</u>	<u>-</u>	<u>785,216</u>
Total program services	<u>3,129,017</u>	<u>-</u>	<u>3,129,017</u>
Supporting Services:			
Management and General	242,779	-	242,779
Fundraising	<u>47,782</u>	<u>-</u>	<u>47,782</u>
Total supporting services	<u>290,561</u>	<u>-</u>	<u>290,561</u>
Total expenses	<u>3,419,578</u>	<u>-</u>	<u>3,419,578</u>
Change in net assets	309,950	(22,000)	287,950
Net assets at beginning of year	<u>416,912</u>	<u>437,339</u>	<u>854,251</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 726,862</u></b>	<b><u>\$ 415,339</u></b>	<b><u>\$ 1,142,201</u></b>

See accompanying notes to financial statements.

**HOPE FOR THE WARRIORS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 287,950
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	27,662
(Increase) decrease in:	
Contributions receivable	(84,853)
Other current assets	5,384
Increase (decrease) in:	
Accounts payable	60,759
Deferred revenue	(9,965)
Accrued salaries and related benefits	<u>5,061</u>
Net cash provided by operating activities	<u>291,998</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of fixed assets	<u>(7,133)</u>
Net cash used by investing activities	<u>(7,133)</u>
Net increase in cash and cash equivalents	284,865
Cash and cash equivalents at beginning of year	<u>495,989</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 780,854</u></b>

**HOPE FOR THE WARRIORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

Hope for the Warriors (H4W) is a non-profit organization, incorporated in the State of North Carolina. H4W's mission is to enhance the quality of life for United States Service Members and their families who have been adversely affected by injuries or death in the line of duty. H4W began in Jacksonville, NC - the home of Camp Lejeune Marine Corp Base. H4W serves all branches of the United States Armed Forces. H4W's support comes primarily from individual donors' contributions.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

H4W considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) - insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). H4W maintains a portion of its cash balances at financial institutions in noninterest-bearing accounts; thereby, all of these cash balances are protected by the FDIC under this Act.

At times during the year, H4W maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Contributions receivable -

Contributions receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally five to ten years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended December 31, 2011 totaled \$27,662.

Income taxes -

H4W is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. H4W is not a private foundation.

**HOPE FOR THE WARRIORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the year ended December 31, 2011, H4W has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Advertising -

Advertising costs are expensed when incurred.

Deferred revenue -

Deferred revenue consists of event registrations. H4W recognizes event revenue when the related event has occurred.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of H4W and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of H4W and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions -

Unrestricted and temporarily restricted contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions is recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.



HOPE FOR THE WARRIORS

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consisted of the following at December 31, 2011:

Warrior Wishes	\$ 25,810
Warrior Hope and Care Center	<u>389,529</u>
	<b><u>\$ 415,339</u></b>

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Warrior Wishes	\$ 53,194
Warrior Hope and Care Center	<u>22,000</u>
	<b><u>\$ 75,194</u></b>

3. **CONTRIBUTED SERVICES AND MATERIALS**

During the year ended December 31, 2011, H4W was the beneficiary of donated goods and services, which allow H4W to provide greater resources towards various programs.

To properly reflect total program expenses, the following donations have been included in revenue and expenses for the year ended December 31, 2011.

Donated rent	\$ 100,000
Other items	48,811
Adaptive equipment	<u>29,720</u>
	<b><u>\$ 178,531</u></b>

H4W leases office space under a four-year agreement, which originated in February 2010. Base rent is \$28,800 per year, plus a proportionate share of expenses.

**HOPE FOR THE WARRIORS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**3. CONTRIBUTED SERVICES AND MATERIALS (Continued)**

The following is a schedule of the future minimum lease payments:

**Year Ended December 31,**

2012	\$ 28,800
2013	28,800
2014	<u>29,664</u>
	<b><u>\$ 87,264</u></b>

Rent expense for the year ended December 31, 2011 was \$192,192, which includes \$31,200 of office rent and \$160,992 of rent support for returning service members meeting financial needs.

**4. SUBSEQUENT EVENTS**

In preparing these financial statements, H4W has evaluated events and transactions for potential recognition or disclosure through July 23, 2012, the date the financial statements were issued.



**GELMAN, ROSENBERG & FREEDMAN**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL  
FINANCIAL INFORMATION**

To the Board of Directors  
Hope for the Warriors  
Annandale, Virginia

We have audited the financial statements of Hope for the Warriors (H4W) as of and for the year ended December 31, 2011, and have issued our report thereon dated July 23, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Gelman Rosenberg & Freedman*

July 23, 2012

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**HOPE FOR THE WARRIORS**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Program Services</b>						
	<b>Above and Beyond</b>	<b>Family Support</b>	<b>Hope and Morale</b>	<b>Outdoor Adventures</b>	<b>Immediate Needs</b>	<b>Public Education and Awareness</b>	<b>Scholarships</b>
Personnel costs	\$ 97,424	\$ 56,012	\$ 35,279	\$ 95,450	\$ 202,125	\$ 91,528	\$ 32,554
Professional fees	8,978	5,381	5,381	4,862	5,520	-	3,840
Occupancy	3,466	14,503	3,466	-	153,369	-	2,474
Travel and meals	23,755	32,600	101,870	48,327	70,088	8,389	69
Insurance	-	-	81	-	-	-	-
Advertising	-	-	106	-	-	14,016	-
Awards	-	-	-	-	-	-	-
Telecommunications	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Donated goods and services	-	-	1,000	196	-	-	-
Office expense	8,766	1,994	2,303	5,051	9,210	7,537	1,223
Technology	-	708	-	-	17	1,278	-
Bank and credit card fees	-	32	-	3,380	32	-	-
Miscellaneous expenses	5,956	38,657	110	4,452	12,905	410	-
Program expense	3,587	16,321	1,001	51,306	49,185	11,389	42,500
<b>TOTAL</b>	<b>\$ 151,932</b>	<b>\$ 166,208</b>	<b>\$ 150,597</b>	<b>\$ 213,024</b>	<b>\$ 502,451</b>	<b>\$ 134,547</b>	<b>\$ 82,660</b>

<b>Team Hope</b>	<b>Warrior House</b>	<b>Warriors Wish</b>	<b>WW Unit Support</b>	<b>Family Reintegration</b>	<b>SOCOM</b>	<b>Other Programs</b>	<b>Total Program Services</b>
\$ 198,869	\$ 28,497	\$ 42,053	\$ 30,256	\$ 14,873	\$ 8,425	\$ 11,319	\$ 944,664
3,840	3,840	3,840	24,807	500	-	5,363	76,152
2,474	2,474	2,474	2,474	-	-	-	187,174
70,382	23,771	11,376	18,140	39,340	24,272	202,285	674,664
-	-	-	2,500	-	-	9,946	12,527
69	-	-	-	-	-	7,957	22,148
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
36,720	-	-	-	-	-	139,915	177,831
21,116	1,538	3,495	3,060	1,908	920	74,536	142,657
-	-	-	-	-	-	66,266	68,269
19,598	-	149	-	-	-	27,268	50,459
30,856	94	124,852	372	193	-	25,246	244,103
125,823	1,873	4,231	5,338	700	-	215,115	528,369
<b>\$ 509,747</b>	<b>\$ 62,087</b>	<b>\$ 192,470</b>	<b>\$ 86,947</b>	<b>\$ 57,514</b>	<b>\$ 33,617</b>	<b>\$ 785,216</b>	<b>\$ 3,129,017</b>

**HOPE FOR THE WARRIORS**

**SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Supporting Services**

	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	<b>Total Expenses</b>
Personnel costs	\$ 70,924	\$ 27,521	\$ 98,445	\$ 1,043,109
Professional fees	27,597	5,023	32,620	108,772
Occupancy	5,018	-	5,018	192,192
Travel and meals	9,566	23	9,589	684,253
Insurance	8,183	-	8,183	20,710
Advertising	385	-	385	22,533
Awards	-	-	-	-
Telecommunications	-	-	-	-
Depreciation	27,662	-	27,662	27,662
Donated goods and services	700	-	700	178,531
Office expense	38,424	7,339	45,763	188,420
Technology	33,092	7,876	40,968	109,237
Bank and credit card fees	449	-	449	50,908
Miscellaneous expenses	816	-	816	244,919
Program expense	19,963	-	19,963	548,332
<b>TOTAL</b>	<b>\$ 242,779</b>	<b>\$ 47,782</b>	<b>\$ 290,561</b>	<b>\$ 3,419,578</b>