

HOPE FOR THE WARRIORS
FINANCIAL STATEMENT AND
INDEPENDENT AUDITOR'S REPORT
THEREON

JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hope for the Warriors

We have audited the accompanying statements of financial position of Hope for the Warriors (H4W) as of June 30, 2008 and the related statements of activities 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. The 2007 financial statements of Hope for the Warriors were audited by other auditor, whose report dated August 31, 2007, expressed an unqualified opinion on those financial statements in accordance with accounting principles generally accepted in the United States in America.

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 provide 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 Hope for the Warriors, as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respect in relation to the basic financial statements taken as a whole.



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Reston, Virginia
December 22, 2008

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**HOPE FOR THE WARRIORS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 494,358	\$ 532,668
Non-Current Assets		
Property and Equipment, Net	<u>91,270</u>	<u>25,373</u>
Total Assets	<u>\$ 585,628</u>	<u>\$ 558,041</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 17,815	\$ -
Payroll Liabilities	<u>2,712</u>	<u>-</u>
Total Current Liabilities	<u>20,527</u>	<u>-</u>
Net Assets		
Unrestricted	230,376	316,756
Temporarily Restricted	<u>334,725</u>	<u>241,285</u>
Total Net Assets	<u>565,101</u>	<u>558,041</u>
Total Liabilities and Net Assets	<u>\$ 585,628</u>	<u>\$ 558,041</u>

The accompanying notes are an integral part of these financial statements

**HOPE FOR THE WARRIORS
STATEMENTS OF ACTIVATES
YEARS ENDED JUNE 30, 2008 AND 2007**

	2008		2007			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Contributions	\$ 185,089	\$ 620,032	\$ 805,121	\$ 371,740	\$ 383,095	\$ 754,835
Special Events	169,917	-	169,917	29,346	29,624	58,970
Interest	20,144	-	20,144	5,703	-	5,703
In-Kind-Rent	38,694	-	38,694	-	-	-
Net Assets Released From Restriction	526,592	(526,592)	-	171,434	(171,434)	-
Total Revenues	<u>940,436</u>	<u>93,440</u>	<u>1,033,876</u>	<u>578,223</u>	<u>241,285</u>	<u>819,508</u>
Expenses						
Program Services						
Immediate Needs Grants	289,873	-	289,873	38,552	-	38,552
Warriors Wish	246,278	-	246,278	67,042	-	67,042
Scholarships and Education	131,927	-	131,927	28,721	-	28,721
Warrior House and Care Center	79,862	-	79,862	37,275	-	37,275
Other Program Services	66,604	-	66,604	13,366	-	13,366
Total Program Services	<u>814,544</u>	<u>-</u>	<u>814,544</u>	<u>184,956</u>	<u>-</u>	<u>184,956</u>
Supporting Services						
Special Events	67,248	-	67,248	50,947	-	50,947
Fundraising	59,664	-	59,664	-	-	-
General and Administration	85,360	-	85,360	25,564	-	25,564
Total Supporting Services	<u>212,272</u>	<u>-</u>	<u>212,272</u>	<u>25,564</u>	<u>-</u>	<u>76,511</u>
Total Expenses	<u>1,026,816</u>	<u>-</u>	<u>1,026,816</u>	<u>261,467</u>	<u>-</u>	<u>261,467</u>
Change in Net Assets	(86,380)	93,440	7,060	316,756	241,285	558,041
Net assets, Beginning	<u>316,756</u>	<u>241,285</u>	<u>558,041</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, Ending	<u>\$ 230,376</u>	<u>\$ 334,725</u>	<u>\$ 565,101</u>	<u>\$ 316,756</u>	<u>\$ 241,285</u>	<u>\$ 558,041</u>

The accompanying notes are an integral part of these financial statements

**HOPE FOR THE WARRIORS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Increase in Net Assets	\$ 7,060	\$ 558,041
Adjustments to Reconcile Increase in Net Assets to Net Cash From Operating Activities		
Depreciation	3,038	691
Change in Assets and Liabilities		
Increase in Accounts Payable	17,815	-
Increase in Payroll Liabilities	<u>2,712</u>	<u>-</u>
Net Cash Flow From Operating Activities	30,625	558,732
Cash Flow From Investing Activities		
Acquisition of Property and Equipment	<u>(68,935)</u>	<u>(26,064)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(38,310)	532,668
Cash and Cash Equivalents, Beginning	<u>532,668</u>	<u>-</u>
Cash and Cash Equivalents, Ending	<u>\$ 494,358</u>	<u>\$ 532,668</u>

The accompanying notes are an integral part of these financial statements

**HOPE FOR THE WARRIORS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 1 – Organization

Hope For The Warriors (H4W) is a nonprofit organization whose 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 plan to serve all branches of the United States Armed Forces. H4W's support comes primarily from individual donors' contributions.

H4W is a non-profit organization as detailed in Section 501(c)(3) of the Internal Revenue code and is exempt from federal and state income taxes.

NOTE 2 – Significant Accounting Policies

Basis of Accounting

H4W prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expense is recognized when the obligation is incurred.

Basis of Presentation

H4W follows Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," and SFAS No. 116, Accounting for Contributions Received and Contributions Made. Under SFAS No. 117, H4W is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted Net Assets, Temporarily Restricted Net Assets, and Permanently Restricted Net Assets, as applicable.

Public Support and Revenue

H4W recognizes revenue from contributions when notification of the funding commitment is received from the donor. H4W reports contributions of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with restriction that expire within the same fiscal year are recorded as restricted upon receipt.

Property and Equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at their estimated fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets of five to ten years based on cost. Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is reported in the statement of activities, as appropriate.

**HOPE FOR THE WARRIORS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

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

Fair Value of Financial Instruments

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," and SFAS No. 157 "Fair Value Measurements" requires disclosure of fair value information about financial instruments, whether or not recorded in the statement of financial condition. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques.

Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments.

Fair value estimates are based on existing financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

Cash - the carrying amounts reported in the statement of financial position approximate their fair value because of the short maturities of those instruments.

NOTE 3 – Concentration of Credit Risk

H4W maintains different bank accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. As of June 30, 2008 and 2007 cash and cash equivalents exceeding the Federal insurance limits amounted to \$461,011 and \$419,255, respectively. As of October 3, 2008 the FDIC raised the insured limit to \$250,000.

NOTE 4 – Donated Services

H4W receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

**HOPE FOR THE WARRIORS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

NOTE 5 – Property and Equipment

A summary of property and equipment as of June 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Furniture and Fixtures	\$ 36,699	\$ 24,500
Computers	3,300	1,564
Building-in-Progress	<u>55,000</u>	<u>-</u>
Total Property and Equipment	94,999	26,064
Less Accumulated Depreciation	<u>(3,729)</u>	<u>(691)</u>
Property and Equipment, Net	<u><u>\$ 91,270</u></u>	<u><u>\$ 25,373</u></u>

Building-in-progress

In 2007, H4W started collecting donations towards the Warrior Hope and Care Center to be built at Marine Corps Base Camp Lejeune. H4W collected \$127,009 in fiscal year 2008 and \$222,748 in fiscal year 2007. All donations received towards the Warrior Hope and Care Center are restricted. In 2008, H4W spent \$55,000 in architect fees for the building design that were capitalized as building-in-progress. The building is expected to be complete in spring/summer 2013, with an estimated total cost of about \$20 million.

Depreciation expense

Depreciation expense for the years ended June 30, 2008 and 2007 was \$3,038 and \$691, respectively.

NOTE 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Scholarships and Education	\$ 22,571	\$ 10,109
Warrior Wishes	44,715	8,403
Warrior Hope and Care Center	266,214	222,748
Other	<u>1,225</u>	<u>25</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 334,725</u></u>	<u><u>\$241,285</u></u>

**HOPE FOR THE WARRIORS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007**

Net assets were released from donor restrictions by incurring expense satisfying the purpose or time restrictions specified by donors are as follows:

	<u>2008</u>	<u>2007</u>
Scholarships and Education	\$ 46,338	\$28,721
Warrior Wish	201,028	67,042
Warrior House and Care Center	87,109	36,662
Immediate Needs	138,077	5,225
Other	54,040	4,160
Fundraising/Special Events	-	29,624
Total Restrictions Released	<u>\$ 526,592</u>	<u>\$171,434</u>

NOTE 7 – In-Kind-Rent

In-kind-rent is the estimated rental value of three donated residences at Camp Lejeune.

NOTE 8 – Reclassification

Certain amounts of 2007 have been reclassified to conform to the 2008 presentation.

Supplemental Information

HOPE FOR THE WARRIORS
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2008

	Program Services					Supporting Services				Total	
	Immediate Needs Grants	Warrior Wish	Scholarships and Education	Warrior House and Care Center	Other Program Services	Total Program Expenses	Special Events	Fundraising	General and Administrative		Total Supporting Expenses
Morale Events	\$ 14,582	\$ 315	\$ 4,662	\$ -	\$ 6,517	\$ 26,076	\$ -	\$ -	\$ -	\$ -	\$ 26,076
Operation Real Transition	-	-	19,690	-	-	19,690	-	-	-	-	19,690
Other Miscellaneous Expenses	-	-	7,740	2,765	1,855	12,360	180	-	110	290	12,650
Depreciation	-	-	-	-	-	-	-	-	3,038	3,038	3,038
Grants	171,071	191,241	40,000	-	-	402,313	-	-	-	-	402,313
Travel	16,905	101	3,364	1,543	13,865	35,778	-	-	-	-	40,720
Publications	-	-	15,000	-	-	15,000	-	-	-	-	15,000
Fleet Week Expenses	-	-	-	-	12,377	12,377	-	-	-	-	12,377
Payroll and Taxes	23,683	14,533	3,606	4,414	21,207	67,443	-	12,777	28,342	41,119	108,562
Supplies	1,549	53	-	1,165	4,498	7,265	7,250	13	10,504	17,767	25,032
Immediate Needs Wounded Warrior West	25,508	-	-	-	-	25,508	-	-	-	-	25,508
Medical Equipment/special equipment	15,311	37,059	-	-	-	52,370	-	-	-	-	52,370
Advertising	-	509	-	24,061	-	24,569	4,114	36,468	38	40,620	65,189
Fees & Licenses	-	-	-	-	-	-	1,635	239	769	2,643	2,643
Gifts	-	-	-	-	-	-	-	15	639	654	654
Insurance	-	-	-	-	-	-	-	-	1,558	1,558	1,558
Outside Computer Service	-	-	-	-	-	-	-	-	1,875	1,875	1,875
Postage, Shipping, Delivery	1,668	153	-	-	90	2,672	2,113	103	4,125	6,341	9,013
Printing and Copying	-	-	-	-	-	-	-	844	2,079	2,923	2,923
Telephone	-	-	-	1,802	-	1,802	-	-	13,634	13,634	15,436
Professional Fees	17,417	2,314	972	285	-	20,988	336	2,831	7,897	11,064	32,052
Temporary Help	-	-	-	-	-	-	-	-	2,042	2,042	2,042
R4W Camp Lejeune Expenses	-	-	-	-	-	-	11,119	1,677	-	12,796	12,796
Shirts	-	-	-	-	-	-	25,357	-	-	25,357	25,357
Awarded Scholarships	-	-	26,225	-	-	26,225	-	-	-	-	26,225
Application/Entry Fees	-	-	-	-	-	-	11,535	-	-	11,535	11,535
Auto Gas	-	-	-	548	-	548	-	-	-	-	548
Cable	-	-	-	919	-	919	-	-	-	-	919
Warrior House Cleaning	-	-	-	3,542	-	3,542	-	-	130	130	3,672
In-Kind-Rent	-	-	-	38,694	-	38,694	-	-	-	-	38,694
Other	2,178	-	10,000	31	6,195	18,404	3,609	289	8,046	11,944	30,348
Totals	\$ 289,873	\$ 246,278	\$ 131,927	\$ 79,862	\$ 66,604	\$ 814,544	\$ 67,248	\$ 59,664	\$ 85,360	\$ 212,272	\$ 1,026,816

**HOPE FOR THE WARRIORS
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED 30, 2007**

	Program Services					Supporting Services			Total
	Immediate Needs Grants	Scholarships	Warrior Wish	Warriors House	Other Programs	Total Program Expenses	Special Events	General & Administrative	
Grants	\$ -	\$ 25,000	\$ 36,031	\$ -	\$ -	\$ 61,031	\$ -	\$ -	\$ 61,031
Specific Assistance	13,921	-	28,776	-	3,225	45,922	-	-	25,922
Childcare for Volunteers	-	-	-	-	-	-	-	2,681	2,681
Accounting Fees	-	-	-	-	-	-	-	1,600	1,600
Legal Fees	-	-	-	-	-	-	-	69	69
Supplies	7,622	1,039	770	4,199	765	14,395	38,275	2,115	40,390
Telephone	-	-	-	352	-	352	-	1,497	1,497
Postage & Shipping	-	-	154	-	-	154	127	1,266	1,393
Printing & Publications	-	-	17	90	-	107	26	1,984	2,010
Travel	15,223	2,374	452	495	2,500	21,044	520	699	1,219
Depreciation	-	-	-	613	-	613	-	78	78
Meals	-	308	-	-	647	955	1,439	211	1,650
Morale Event Expense	1,786	-	842	-	6,229	8,857	-	-	8,857
Cleaning & Maintenance	-	-	-	745	-	745	-	-	745
Upgrades & Furnishings	-	-	-	30,781	-	30,781	-	-	30,781
Fees & Licenses	-	-	-	-	-	-	10,560	2,500	13,060
Advertising	-	-	-	-	-	-	-	6,328	6,328
Bank Charges & Merchant Fee	-	-	-	-	-	-	-	1,978	1,978
Liability Insurance	-	-	-	-	-	-	-	2,156	2,156
Dues	-	-	-	-	-	-	-	281	281
Other	-	-	-	-	-	-	-	121	121
Totals	\$ 38,552	\$ 28,721	\$ 67,042	\$ 37,275	\$ 13,366	\$ 184,956	\$ 50,947	\$ 25,564	\$ 76,511
									\$ 261,467