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Independent Auditors' Report

To the Board of Directors
Hope For The Warriors

We have audited the accompanying statement of financial position of Hope For The Warriors (a nonprofit organization) as of June 30, 2007, 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 Hope For The Warriors as of June 30, 2007, 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.



C. Gary Lanvermeier, P.A.

Jacksonville, NC
August 31, 2007

HOPE FOR THE WARRIORS
Statement of Activities
For the Year Ended June, 30, 2007

	Unrestricted	Temporarily Restricted	Total
Public Support, Revenues, and Reclassifications			
Contributions	\$ 371,740	\$ 383,095	\$ 754,835
Special Events	29,346	29,624	58,970
Interest	5,703	-	5,703
Net assets released from restriction (note 2)	<u>171,434</u>	<u>(171,434)</u>	<u>-</u>
 Total Public Support, Revenues and Reclassifications	 <u>578,223</u>	 <u>241,285</u>	 <u>819,508</u>
 Expenses			
Programs			
Specific Assistance	1,486	-	1,486
Scholarships	28,721	-	28,721
Warriors Wish	67,042	-	67,042
Warriors House	37,275	-	37,275
Barracks Support	11,880	-	11,880
Immediate Needs Grants	38,552	-	38,552
Run for the Warriors	37,445	-	37,445
Team Wounded Warrlor	12,293	-	12,293
Poker Run	<u>1,209</u>	<u>-</u>	<u>1,209</u>
 Total Programs	 235,903	 -	 235,903
Administration	23,064	-	23,064
Organization Expense	<u>2,500</u>	<u>-</u>	<u>2,500</u>
 Total Expenses	 <u>261,467</u>	 <u>-</u>	 <u>261,467</u>
 Change in net assets	 316,756	 241,285	 558,041
 Net assets beginning of year	 -	 -	 -
 Net assets end of year	 <u>\$ 316,756</u>	 <u>\$ 241,285</u>	 <u>\$ 558,041</u>

See Report of Independent Auditor.

The accompanying notes are an integral part of this financial statement.

HOPE FOR THE WARRIORS
Statement of Functional Expenses
For the Year Ended June 30, 2007

	Program Expenses										Supporting Service		Total
	Specific Assistance	Scholarships	Warriors Wish	Warriors House	Barracks Support	Immediate Needs Grants	Run For The Warriors	Team Wounded Warrior	Poker Run	General & Administrative	Organization Expense		
Grants	\$ -	\$ 25,000	\$ 36,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,031
Specific Assistance	1,486	-	28,776	-	1,739	13,921	-	-	-	-	-	-	45,922
Childcare for Volunteers	-	-	-	-	-	-	-	-	-	2,681	-	-	2,681
Accounting Fees	-	-	-	-	-	-	-	-	-	1,600	-	-	1,600
Legal Fees	-	-	-	-	-	-	-	-	-	69	-	-	69
Supplies	-	1,039	770	4,199	765	7,622	34,590	2,515	1,170	2,115	-	-	54,785
Telephone	-	-	-	352	-	-	-	127	-	1,497	-	-	1,849
Postage & Shipping	-	-	154	90	-	-	-	26	-	1,266	-	-	1,547
Printing & Publications	-	-	17	495	2,500	15,223	520	-	-	1,984	-	-	2,117
Travel	-	2,374	452	613	-	-	-	-	-	699	-	-	22,263
Depreciation	-	-	-	-	-	-	1,400	-	39	78	-	-	691
Meals	-	308	-	-	647	-	-	-	-	211	-	-	2,605
Morale Event Expense	-	-	842	-	6,229	1,786	-	-	-	-	-	-	8,857
Cleaning & Maintenance	-	-	-	745	-	-	-	-	-	-	-	-	745
Upgrades & Furnishings	-	-	-	30,781	-	-	-	-	-	-	-	-	30,781
Fees & Licenses	-	-	-	-	-	-	935	9,625	-	-	-	-	13,060
Advertising	-	-	-	-	-	-	-	-	-	6,328	-	-	6,328
Bank Charges & Merchant Fees	-	-	-	-	-	-	-	-	-	1,978	-	-	1,978
Liability Insurance	-	-	-	-	-	-	-	-	-	2,156	-	-	2,156
Dues	-	-	-	-	-	-	-	-	-	281	-	-	281
Other	-	-	-	-	-	-	-	-	-	121	-	-	121
Totals	\$ 1,486	\$ 28,721	\$ 67,042	\$ 37,275	\$ 11,880	\$ 38,552	\$ 37,445	\$ 12,293	\$ 1,209	\$ 23,064	\$ 2,500	\$ -	\$ 261,467

See Report of Independent Auditor

The accompanying notes are an integral part of this financial statement

HOPE FOR THE WARRIORS
Statement of Financial Position
June 30, 2007

ASSETS

Current Assets

Cash and cash equivalents \$ 532,668

Fixed Assets, at cost or donated value

Office Equipment \$ 1,564
Warrior House Furnishings 24,500

Total Fixed Assets 26,064
Less Accumulated Deposits (691)

Net Fixed Assets 25,373

Total Assets \$ 558,041

LIABILITIES AND NET ASSETS

Net Assets

Unrestricted net assets 316,756
Temporarily restricted net assets 241,285

Total Net Assets 558,041

Total Liabilities and Net Assets \$ 558,041

See Report of Independent Auditor.

The accompanying notes are an integral part of this financial statement.

HOPE FOR THE WARRIORS
Statement of Cash Flows
For the Year Ended June 30, 2007

Operating Activities		
Change in net assets	\$ 558,041	
Depreciation expense	<u>691</u>	
Net cash provided by operating activities		\$ 558,732
Investing Activities		
Acquisition of Fixed Assets		(26,064)
Financing Activities		<u>-</u>
Net increase in cash and cash equivalents		532,668
Cash and cash equivalents as of beginning of year		<u>-</u>
Cash and cash equivalents as of end of year		<u><u>\$ 532,668</u></u>
Supplemental information;		
Taxes Paid		-
Interest Paid		-

See Report of Independent Auditor.

The accompanying notes are an integral part of this financial statement.

HOPE FOR THE WARRIORS
Notes to Financial Statements
June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Hope For The Warriors 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. The organization began in Jacksonville, NC – The home of Camp LeJeune Marine Corp Base. They plan to serve all branches of the United States Armed Forces. The organization's support comes primarily from individual donors' contributions.

Hope For The Warriors 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.

Public Support and Revenue

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The

HOPE FOR THE WARRIORS
Notes to Financial Statements (continued)
June 30, 2007

Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

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.

NOTE 2: TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets are available for the following purposes after June 30, 2007

Scholarships	\$ 10,109
Warrior Wishes	8,403
Warrior House	222,748
Other	<u>25</u>
Total temporarily restricted net assets	<u>\$241,285</u>

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

Scholarships	\$ 28,721
Warrior Wishes	67,042
Warrior House	36,662
Immediate Needs	5,225
Run 4 Warriors	29,624
Barrack/Support Group	<u>4,160</u>
Total restrictions released	<u>\$171,434</u>

NOTE 3: DONATED SERVICES

The Organization 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 (continued)
June 30, 2007

NOTE 4: CONCENTRATION OF CREDIT RISK

Hope For The Warriors maintains several accounts at one financial institution. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Cash at the institution exceeded Federally insured limits by \$419,255 at June 30, 2007.