Wounded Warrior Project, Inc.
and Subsidiary

Consolidated Financial Statements
For the Year Ended September 30, 2013

The report accompanying these Consolidated Financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S.
member of BDO International Limited, a UK company limited by guarantee.

Wounded Warrior Project, Inc. and Subsidiary

Contents

Tel: 305-381-8000
Fax: 305-374-1135
www.bdo.com

Sabadell Financial Center
1111 Brickell Avenue,
Suite 2801
Miami, FL 33131

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Wounded Warrior Project, Inc. and its Subsidiary (collectively the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2013, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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 entity'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 entity'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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Wounded Warrior Project, Inc. and its Subsidiary, as of September 30, 2013, and the change in their net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

April 16, 2014 Certified Public Accountants

Wounded Warrior Project, Inc. and Subsidiary

Consolidated Statement of Financial Position
September 30, 2013

Assets:		
Current assets:		
Cash	$	17,294,937
Investments		147,615,276
Contributions receivable, net		2,651,949
Inventory		2,387,786
Prepaid expenses		7,912,091
Total current assets		177,862,039
Furniture and equipment, net		12,226,754
Deposits		974,932
Beneficial interest in trust		874,279
Total assets	$	191,938,004
Liabilities:		
Current liabilities:		
Accounts payable	$	12,277,664
Accrued expenses		4,162,320
Total current liabilities		16,439,984
Commitments and contingencies (Note 11)		
Net assets:		
Unrestricted		174,255,390
Temporarily restricted		242,630
Permanently restricted		1,000,000
Total net assets		175,498,020
Total liabilities and net assets	$	191,938,004

See accompanying notes to the consolidated financial statements.

Wounded Warrior Project, Inc. and Subsidiary

Consolidated Statement of Activities and Changes in Net Assets

For the Year Ended September 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Revenue and support:				
Contributions	$ 224,063,935	$ -	$ -	$ 224,063,935
In-kind contributions	77,628,877	-	-	77,628,877
Interest income and dividends, net of investment fees	2,535,708	18,781	-	2,554,489
Net realized and unrealized (loss) gain on investments	(705,457)	97,103	-	(608,354)
Miscellaneous income, net	594,472	-	-	594,472
Net assets released from restrictions	57,927	(57,927)	-	-
Total revenue and support	304,175,462	57,957	-	304,233,419
Expenses:				
Program services	175,009,142	-	-	175,009,142
Supporting services:				
Management and general	9,199,900	-	-	9,199,900
Fundraising	34,764,110	-	-	34,764,110
Total expenses	218,973,152	-	-	218,973,152
Change in net assets	85,202,310	57,957	-	85,260,267
Net assets, beginning of year	89,053,080	184,673	1,000,000	90,237,753
Net assets, end of year	$ 174,255,390	$ 242,630	$ 1,000,000	$ 175,498,020

See accompanying notes to the consolidated financial statements.

Wounded Warrior Project, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2013

	Program Services									
	Benefit Services	Alumni Association	International Services	Peer Support	Combat Stress Recovery	WWP Packs	Physical Health & Rehabilitation	Soldier Ride	Family Support Services	Independence Program
Media ad Value	$ 1,768,371	$ 17,978,437	$ 1,178,914	$ 589,457	$ 12,083,867	$ 1,473,642	$ 5,305,112	$ 7,368,212	$ 2,357,828	$ -
Consulting and Outside Services	690,185	5,674,382	2,339,063	288,930	3,339,094	301,053	2,053,015	1,823,927	772,080	1,545,746
Salaries	2,052,072	4,747,290	403,370	657,502	2,786,144	152,170	1,366,073	1,048,456	999,140	334,485
Meetings and Events	340,120	7,419,747	164,800	368,030	1,882,372	34,566	1,580,082	1,760,009	1,231,309	41,077
Postage & Shipping	262,212	2,551,006	221,916	91,157	1,618,376	214,040	719,654	976,827	326,525	7,728
Direct Mail	229,335	2,331,576	152,890	76,445	1,567,125	191,113	688,006	955,564	305,781	-
Advertising	242,178	2,481,516	161,452	80,726	1,661,120	201,815	732,769	1,015,311	329,139	-
Grants	9,000	2,374,319	176,000	103,000	1,877,181	7,500	608,920	45,000	992,000	-
Payroll Tax and Benefits	543,507	1,390,039	163,119	188,857	828,261	46,536	394,577	322,577	292,109	80,144
Program Travel	460,171	1,439,144	200,237	192,656	821,581	41,163	396,989	403,898	309,642	71,536
Occupancy	259,990	624,408	127,208	146,963	433,776	41,093	243,607	137,381	137,791	62,508
Promotional Items	71,488	1,151,185	507,389	44,890	216,133	473,342	259,820	333,136	109,422	32,231
Miscellaneous	12,756	84,375	4,557	7,360	35,152	2,684	22,457	34,742	17,153	2,427
Professional Fees	-	-	-	-	-	-	-	-	-	5,797
Office Equipment and Services	75,265	172,615	55,697	39,664	119,505	11,308	63,759	640,435	35,091	20,677
Depreciation	128,724	291,182	40,739	75,725	201,049	19,268	109,058	72,489	63,384	34,755
Telephone	116,916	265,742	60,381	62,747	184,361	18,184	97,505	56,460	54,309	33,249
Supplies	35,224	567,929	36,964	17,930	76,966	34,385	108,121	146,995	24,794	6,663
Education and Development	13,045	46,592	20,211	6,454	39,764	2,569	18,066	17,649	7,121	3,212
Printing	6,320	87,900	6,477	3,108	33,806	1,434	24,469	24,840	22,252	977
Insurance	14,459	32,665	17,320	8,025	23,040	2,204	12,315	15,539	7,103	4,688
Membership Fees	601	175,129	204	305	1,187	120	2,129	687	328	160
Books and Subscriptions	10,118	23,343	2,245	3,448	31,964	1,191	14,028	5,064	5,769	1,785
Utilities	6,839	15,545	2,268	3,670	10,785	1,064	5,704	3,303	3,177	1,945
Bank service charge	-	-	-	-	-	-	-	-	-	-
	$ 7,348,896	**$ 51,926,066**	**$ 6,043,421**	**$ 3,057,049**	**$ 29,872,609**	**$ 3,272,444**	**$ 14,826,235**	**$ 17,208,501**	**$ 8,403,247**	**$ 2,291,790**

See accompanying notes to consolidated financial statements.

Wounded Warrior Project, Inc.

Consolidated Statement of Functional Expenses
For the Year Ended September 30, 2013

	Program Services							Support Services			
	WWP Talk	Warriors to Work	Transitional Training Academy	TRACK	Education Services	Warriors Speak	Total Program Services	Management and General	Fundraising	Total Support Services	Total All
Media ad Value	$ -	$ 3,831,470	$ 1,768,371	$ 2,652,556	$ 589,457	$ -	$ 58,945,694	$ -	$ -	$ -	$ 58,945,694
Consulting and Outside Services	287,263	1,109,273	1,365,489	823,267	213,702	133,471	22,759,940	1,626,562	9,455,478	11,082,040	33,841,980
Salaries	306,256	1,784,315	859,058	734,730	412,592	636,595	19,280,248	1,339,269	1,859,460	3,198,729	22,478,977
Meetings and Events	35,033	310,211	84,837	217,783	70,350	77,410	15,617,736	195,115	1,026,298	1,221,413	16,839,149
Postage & Shipping	9,479	532,954	247,758	363,152	83,842	14,312	8,240,938	108,301	6,868,952	6,977,253	15,218,191
Direct Mail	-	496,893	229,335	344,003	76,445	-	7,644,511	-	6,829,489	6,829,489	14,474,000
Advertising	-	530,954	242,178	369,502	80,726	-	8,129,386	-	3,023,804	3,023,804	11,153,190
Grants	-	789,500	209,000	853,365	493,000	-	8,537,785	65,000	-	65,000	8,602,785
Payroll Tax and Benefits	85,164	487,395	281,800	201,937	118,366	159,716	5,584,104	349,380	492,820	842,200	6,426,304
Program Travel	61,011	447,020	224,850	136,639	141,999	340,073	5,688,609	272,248	416,586	688,834	6,377,443
Occupancy	92,353	253,758	175,522	527,389	59,692	123,898	3,447,337	1,032,660	483,052	1,515,712	4,963,049
Promotional Items	34,073	116,649	56,789	57,056	41,038	21,969	3,526,610	166,036	341,343	507,379	4,033,989
Miscellaneous	2,983	33,442	9,545	17,851	5,188	3,803	296,475	98,067	3,047,969	3,146,036	3,442,511
Professional Fees	-	-	-	-	-	-	5,797	2,396,865	-	2,396,865	2,402,662
Office Equipment and Services	25,375	146,447	365,468	33,352	18,644	32,741	1,856,043	305,866	165,701	471,567	2,327,610
Depreciation	42,652	119,404	91,941	57,905	37,042	55,034	1,440,351	487,673	237,458	725,131	2,165,482
Telephone	40,804	107,651	75,557	49,017	29,407	52,649	1,304,939	466,580	218,254	684,834	1,989,773
Supplies	8,141	343,095	70,260	38,024	18,435	24,009	1,557,935	87,197	151,972	239,169	1,797,104
Education and Development	3,860	16,794	13,381	17,770	3,951	6,987	237,426	42,471	49,575	92,046	329,472
Printing	1,558	25,231	4,229	20,047	1,639	2,600	266,887	10,001	38,123	48,124	315,011
Insurance	5,415	13,451	9,584	6,491	4,087	6,206	182,592	55,001	27,880	82,881	265,473
Membership Fees	191	605	393	297	170	368	182,874	40,539	1,396	41,935	224,809
Books and Subscriptions	2,186	9,009	45,687	6,525	4,104	2,825	169,291	24,886	15,172	40,058	209,349
Utilities	2,387	6,297	4,420	33,430	1,720	3,080	105,634	27,293	12,767	40,060	145,694
Bank service charge	-	-	-	-	-	-	-	2,890	561	3,451	3,451
	$ 1,046,184	**$ 11,511,818**	**$ 6,435,452**	**$ 7,562,088**	**$ 2,505,596**	**$ 1,697,746**	**$ 175,009,142**	**$ 9,199,900**	**$ 34,764,110**	**$ 43,964,010**	**$218,973,152**

See accompanying notes to consolidated financial statements.

Wounded Warrior Project, Inc.
Consolidated Statement of Cash Flows
For the Year Ended September 30, 2013

Cash flows from operating activities:		
Change in net assets	$	85,260,267
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation		2,165,482
Contributed furniture and equipment		(2,145,884)
Net realized and unrealized loss on investments		608,354
Change in value of beneficial interest in trust		(874,279)
Change in allowance for doubtful accounts		406,134
Changes in assets and liabilities:		
Contributions receivable		(1,219,660)
Inventory		(729,162)
Prepaid expenses		(5,981,535)
Deposits		(237,412)
Accounts payable		3,261,634
Accrued expenses		1,977,253
Net cash provided by operating activities		82,491,192
Cash flows from investing activities:		
Purchases of furniture and equipment		(3,533,989)
Sales of investments		22,939,440
Purchases of investments		(99,067,369)
Net cash used in investing activities		(79,661,918)
Net increase in cash		2,829,274
Cash, beginning of year		14,465,663
Cash, end of year	$	17,294,937

See accompanying notes to consolidated financial statements.

1. Nature of the Organization

Wounded Warrior Project, Inc. ("WWP"), 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 WWP is to Honor and Empower Wounded Warriors. WWP's 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. WWP's 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.

The consolidated financial statements include Wounded Warrior Project, Inc. and Wounded Warrior Project Long Term Support Trust, (collectively the "Organization"). Wounded Warrior Project Long Term Support Trust (the "Trust") was established as a supporting organization on September 27, 2013 to carry out and support the general charitable purposes of Trust. The Trust was consolidated in accordance with authoritative guidance due to the fact that WWP has the power to remove and appoint a successor Trustee. In addition, the Trust will be operated, supervised, and controlled by the Settlor, WWP, and the Trust is a Type 1 supporting organization, and WWP, the Settlor, is its supported organization. On September 27, 2013, WWP transferred $9.1 million to the Trust. The Trust accounts are included in the consolidated financial statements.

The nature and purpose of the Organization's primary program services are as follows:

Benefit Services

The Benefit Services program provides support, education, and claims representation services to Wounded Warriors. This includes advising warriors on benefits and providing information on how to access them through various U.S. governmental agencies.

Alumni Association

The Alumni Association program offers assistance and communication for Wounded Warriors as they continue life beyond injury. WWP alumni stay engaged and active through WWP programs and events. The alumni association program offers a wide range of activities including educational sessions and sporting and social events that provide individuals a chance to connect with other Wounded Warriors. The alumni association program also identifies, trains, and challenges leaders within the Wounded Warrior population to represent their peers in their continued path toward physical health and well-being.

International Services

The International Services program is the initial contact Wounded Warriors have with WWP while in Germany at Landstuhl Regional Medical Center and Ramstein Air Base. WWP provides comfort items (clothing, blankets, etc.) to the warriors before they return to the United States. For warriors stationed at the warrior transition units in Europe, WWP has multiple programs in place including benefits counseling, transition training academy, soldier ride and combat stress recovery.

1. Nature of the Organization (Continued)

Peer Support

Peer Support is the programmatic embodiment of WWP's logo, fostering relationships that enable one warrior to help another through the recovery process. The WWP peer support program mentors are trained to be resources, listeners, and "hospital buddies," who can share their understanding and perspective.

Combat Stress Recovery

The Combat Stress Recovery program ("CSRP") was developed to address the mental health and cognitive needs of returning service members and those that have already made the transition back to civilian life. The CSRP responds to the mental health needs of our warriors by addressing several key issues linked to combat stress including the stigma attached to mental health, access to care, and interpersonal relationship challenges.

WWP Packs

WWP Packs contain essential care and comfort items including clothing, toiletries, playing cards, and more, all designed to make a warrior's hospital stay more comfortable. Backpacks are provided to wounded service members arriving at military trauma centers across the United States.

Physical Health & Rehabilitation

The Physical Health & Rehabilitation program has three strategic objectives: 1) provide comprehensive recreation and sports programs to optimize physical and psychological well-being of warriors; 2) develop physical health promotion strategies to improve warriors' physical health; 3) ensure warriors with severe physical injuries have access to secondary physical rehabilitation and the latest technology to maximize their independence. The program is inclusive of all warriors including those with amputations, spinal cord injuries, burns, visual impairments, traumatic brain injuries, post-traumatic stress disorder, and other cognitive and mental health conditions.

Soldier Ride

Solider Ride provides adaptive cycling opportunities across the country for Wounded Warriors. The rides are typically three to five days long and are geared towards warriors of all abilities. Adaptive and standard cycling equipment is provided to warriors based on the type of injury. In addition to the physical benefit, soldier ride helps raise public awareness of the challenges warriors face today through events held throughout the ride, warriors will have the opportunity to take part in annual events from the south lawn of the White House to local communities across the nation that will challenge them physically and mentally.

Family Support Services

The Family Support Services program provides support and respite programs for a Wounded Warrior's family members and/or caregiver. When a service member is wounded, the injury places tremendous stress on the individual's family members, many of whom face a new role as full-time caregiver and advocate for their recovery. These caregivers are integral to the warrior's successful recovery and, as such, need special programs and services to address their unique concerns and needs.

1. Nature of the Organization (Continued)

Independence Program

Independence Program is a program for warriors who depend on their families and caregivers due to a moderate to severe traumatic brain injury (TBI), spinal–cord injury, or other neurological conditions. The Independence Program works with the warrior and their full support team while creating an individualized plan for each warrior focusing on goals that provide a future with purpose at no cost to the warrior and his or her support team. The services covered can include a literacy tutor, life skills coach, community support worker, rehabilitative care, etc. The grant to the Long-Term Support Trust provides funds to ensure services including life-skills training, home care, transportation, residential options, etc. remain available to the severely wounded, who upon the loss of their caregiver, is at risk for institutionalization. The goal is to empower each warrior to live as independently as possible, with the highest quality of life and finest, most compassionate care possible.

WWP Talk

WWP Talk provides telephonic, emotional support to Wounded Warrior Project Alumni and helps bridge the gap that may prevent participation in other programs. This helpline was created for wounded service members living with PTSD, depression, combat stress, or other mental health conditions. Together, the warrior and WWP Talk teammates develop coping strategies to overcome challenges and learn to thrive again despite invisible wounds.

Warriors to Work

Warriors to Work is one of the cornerstones of WWP's efforts to achieve its strategic goal of economically empowering Wounded Warriors. This program assists Wounded Warriors with their transition to the workforce. It offers a complete package of employment assistance services including resume assistance, interviewing skills, networking, job training, and job placement. The program staff provides continued individual counseling and personal support to all program participants as they strive to build a career in the civilian workforce.

Transitional Training Academy

Transition Training Academy (“TTA”) provides innovative information technology training to Wounded Warriors who are still on active duty. TTA classes are taught in a modified classroom setting with flexible class schedules to accommodate participants' medical and duty requirements during rehabilitation in military treatment facilities.

TRACK

TRACK is the first education center in the nation designed specifically for Wounded Warriors. TRACK is focused on providing college and employment access to Wounded Warriors and is an intensive and holistic training experience for the mind, body, and spirit. It is a 12-month program with dual emphasis on college preparation and job preparedness.

Education Services

The Education Services program prepares warriors for success by helping them achieve their educational goals. Wounded Warriors have different needs than typical students because of the institutional and social obstacles they might face due to combat stress, accessibility to learning models, and social instability because of social experiences.

1. Nature of the Organization (Continued)

Warriors Speak

Warriors Speak program is a prestigious group of Wounded Warriors and caregivers who have been selected to share their personal, inspirational stories of courage and integrity with the public. The speakers also describe how WWP has aided them in the recovery process and helped them transition back to civilian life. Participants are trained to become effective spokespersons through the warriors speak course, which includes tools to help them organize thoughts, compose presentations and communicate successfully. The training provides important life skills that help warriors succeed socially, at their workplace, and as community leaders.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of the Organization is presented to assist in understanding the 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 and have been consistently applied in the presentation of the consolidated financial statements.

Basis of Presentation

The accompanying consolidated financial statements reflect the accounts of Wounded Warrior Project, Inc. and Wounded Warrior Project Long Term Support Trust. All material intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis for Consolidation

The Organization's consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America.

Net Assets

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

In accordance with authoritative guidance, the Organization reports information regarding its consolidated 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.

2. Summary of Significant Accounting Policies (Continued)

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.

Classified Statement of Financial Position

The Organization's statement of financial position has current and long-term classifications based on the nature of those related assets and liabilities.

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.

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 and changes in net assets. Interest and dividends are shown net of applicable investment fees that amounted to $150,624 for the year ended September 30, 2013.

Endowment

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.

2. Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Trust

As of December 6, 2012, the Organization became the beneficiary of an irrevocable charitable lead annuity trust held by a bank trustee. The beneficial interest in the trust is reported at its present value, which is based on the scheduled annuity payments. Distributions of income from the trust assets are unrestricted and are reported as an increase in unrestricted net assets. The value of the beneficial interest in the trust is adjusted annually for the change in the present value.

Accounts and Contributions Receivable

Accounts and contributions receivable are all due within one year. Management evaluates total accounts and 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 was $684,545 as of September 30, 2013.

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 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. Construction in progress is recorded at cost and is transferred to other furniture and equipment accounts when useable. Leasehold improvements are recorded at the inception of the lease and 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 consolidated 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

2. Summary of Significant Accounting Policies (Continued)

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.

Advertising

Advertising is expensed as incurred. For the year ended September 30, 2013, advertising expense was $70,098,886. Of this amount, $58,945,694 was donated in-kind contributions of public service announcements, $11,053,515 was donated in-kind advertising for public awareness campaigns, and $99,677 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.

2. Summary of Significant Accounting Policies (Continued)

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

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 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, 2013, the Organization does not believe it has any uncertain tax positions. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed Internal Revenue Service Form 990 tax returns as required and all other applicable returns in those jurisdictions where it is required. The Organization believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2010. However, the Organization is still open to examination by taxing authorities from fiscal year 2010 forward. No interest or penalties have been recorded in the consolidated financial statements related to any uncertain tax positions.

Wounded Warrior Project Long Term Support Trust has applied for tax exempt status but not yet received a tax determination letter from the Internal Revenue Service. The Trust is operating in anticipation of receiving a determination letter declaring it to be exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes, respectively.

Subsequent Events

The Organization has evaluated events through, April 16, 2014, which was the date the consolidated financial statements were available to be issued.

2. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In May 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04—*Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU-2011-04),* for fair value measurements intended to achieve common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards. ASU 2011-04 modifies the existing standard to include disclosure of all transfers between Level 1 and Level 2 asset and liability fair value categories. In addition, it provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The guidance requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The guidance is effective for interim and annual reporting periods beginning after December 15, 2012, with early adoption prohibited. This guidance is not expected to have an impact on the Organization's consolidated financial statements.

In October 2012, the FASB released ASU 2012-05—*Statement of Cash Flows (Topic 230): Not-for-Profit Entities (NFP): Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows (ASU 2012-05)*. ASU 2012-05 requires that cash receipts from the sale of donated financial assets that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately into cash, should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case, those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the NFP. This guidance is effective prospectively for interim and annual reporting periods beginning after June 15, 2013. The guidance implementation will have no impact on the Organization's consolidated financial statements.

In October 2012, the FASB released ASU 2012-04—*Technical Corrections and Improvements (ASU 2012-04)*. The amendments in ASU 2012-04 cover a wide range of Topics in the Codification, which are generally non-substantive in nature.

In December 2012, FASB issued ASU 2011-11—*Balance Sheet (Topic 820): Disclosures about Offsetting Assets and Liabilities (ASU 2011-11)* to provide enhanced disclosures that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements on an entity's financial position. This includes the effect or potential effect of rights of setoff associated with an entity's recognized assets and recognized liabilities within the scope of this Update. The amendments of ASU 2011-11 require enhanced disclosures by requiring improved information about financial instruments and derivative instruments that are either (1) offset in accordance with either Section 210-20-45 or Section 815-10-45 or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset in accordance with either Section 210-20-45 or Section 815-10-45. The guidance is effective for interim and annual reporting periods beginning on or after January 1, 2013.

3. Investments

Investments are managed under a diversified investment strategy. Investments are comprised of the following at September 30, 2013:

	Fair Value
Exchange traded funds	$ 47,344,406
Corporate fixed income	43,312,050
Mutual funds	25,017,919
Government fixed income	21,987,563
Money market funds	9,100,000
Common stock	853,338
Total investments	$147,615,276

The following schedule summarizes investment return for the year ended September 30, 2013:

Interest and dividends	$ 2,705,113
Realized and unrealized loss	(608,354)
Investment fees	(150,624)
Total investment return	$ 1,946,135

4. Fair Value Measurements

According to FASB Accounting Standards Codification (ASC) 820-10, *Fair Value Measurements*, fair value is defined as the price the Organization would receive to sell an investment or pay to transfer a liability in an orderly transaction with an independent counter-party in the principal market or in the absence of a principal market, the most advantageous market for the investment or liability. 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.

4. Fair Value Measurements (Continued)

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, 2013. The 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.

Exchange Traded Funds and 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.

Beneficial Interest in Trust: Fair value is derived principally from inputs that are corroborated by observed market data by correlation or other means that the Organization has the ability to access.

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.

4. Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2013:

	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total
Exchange traded funds	$ 47,344,406	$ -	$	$ 47,344,406
Corporate fixed income	43,312,050	-	-	43,312,050
Mutual funds	25,017,919	-	-	25,017,919
Government fixed income	-	21,987,563	-	21,987,563
Money market funds	9,100,000	-	-	9,100,000
Common stocks	853,338	-	-	853,338
Total assets at fair value	$ 125,627,713	$ 21,987,563	$	$ 147,615,276
Beneficial interest in trust	$ -	$ -	$ 874,279	$ 874,279

There were no significant transfers between Level 1 and Level 2 assets during the year ended September 30, 2013.

Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position. The Organization, through its investment advisor, monitors the Organization's investments and the risks associated on a regular basis, wherein the Organization believes that this process minimizes those risks.

The following table presents additional information about Level 2 assets measured at fair value. Changes in Level 2 assets measured at fair value for the year ended September 30, 2013 are as follows:

Year ended September 30, 2013	Beginning Balance	Net Purchases/ Net (Sales)	Net Unrealized Gains (Losses)/ Distributions	Total
Government fixed income	$ 186,943	$ 21,848,134	$ (47,514)	**$21,987,563**

4. Fair Value Measurements (Continued)

The following table presents additional information about Level 3 assets measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Organization has classified within the Level 3 category. As a result, the unrealized gains and losses for assets within the Level 3 category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs. Changes in Level 3 assets measured at fair value for the year ended September 30, 2013 are as follows:

Year ended September 30, 2013	Beginning Balance	Contributions	Net Unrealized Gains (Losses)/ Distributions	Total
Beneficial interest in trust	$ -	$ 874,279	$ -	**$ 874,279**

5. Endowment Net Assets

As of September 30, 2013, the Organization had one donor restricted endowment, which is classified as permanently restricted, as required by GAAP, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The Organization's Board of Trustees interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is characterized as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard for expenditure prescribed by UPMIFA.

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

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

5. Endowment Net Assets (Continued)

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 UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occurred shortly after newly restricted contributions were received. As of September 30, 2013, there were no such deficiencies of this nature.

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 as described above. 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.

As of September 30, 2013, endowment net assets consist of the following:

	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment fund	**$ 242,630**	**$ 1,000,000**	**$ 1,242,630**

Changes to endowment net assets for the year ended September 30, 2013 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, September 30, 2012	$ 184,673	$ 1,000,000	$ 1,184,673
Endowment investment return:			
Interest and dividends	31,731	-	31,731
Investment fees	(12,950)	-	(12,950)
Realized and unrealized gains	97,103	-	97,103
Total endowment investment return	115,884	-	115,884
Appropriation of endowment for expenditures	(57,927)	-	(57,927)
Endowment net assets September 30, 2013	**$ 242,630**	**$ 1,000,000**	**$ 1,242,630**

6. Furniture and Equipment

Furniture and equipment consisted of the following at September 30, 2013:

Furniture and fixtures	$ 9,442,204
Leasehold improvements	4,614,926
Computers and program equipment	1,604,093
Construction in process	1,471,737
Vehicles	718,063
Website and software	441,912
Total furniture and equipment	18,292,935
Less: accumulated depreciation	(6,066,181)
Furniture and equipment, net	$ 12,226,754

7. Operating Leases

The Organization leases office space, storage space and office equipment under non-cancelable operating leases. The leases provide for increases in scheduled rent, operating expenses, and real estate taxes attributable to the leased property. The leases expire in various years through 2022. Scheduled rent increases are being recognized over the term of the lease on a straight-line basis. Total rent expense for the year ended September 30, 2013 was $4,963,049.

Future minimum lease payments for operating leases with an initial or remaining lease term of twelve months or more at September 30, 2013 are as follows:

2014	$ 3,170,690
2015	3,192,735
2016	3,144,638
2017	2,637,059
2018	1,745,519
Thereafter	2,139,745
Total	$ 16,030,386

8. Contributions In-Kind

During the year ended September 30, 2013, the Organization received the following non-cash contributions:

Media ad value	$ 58,945,694
Advertising	11,053,515
Supplies	2,226,499
Furniture and equipment	2,145,884
Events and tickets	1,649,788
Discounts	949,497
Other	658,000
Total	$ 77,628,877

8. Contributions In-Kind (Continued)

The Organization's consolidated financial statements include the following contributions in-kind:

Media Ad and Advertising - includes Public Service Announcements, Radio, Internet, and Newspaper Announcements and Billboard, Magazines, and Trucks

The Organization produces and distributes public service television, radio, internet, and newspaper announcements that focus attention on the programs the Organization provides for Wounded Warriors. These public service announcements are distributed to television stations, radio stations, internet, and newspapers nationwide that then provide airtime and print space to deliver announcements to assist the Organization's in its mission, free of charge. The Organization receives printed advertising which appear on billboard, magazines, and U-Haul trucks which serves as a platform to market the mission of the Organization. The Organization has contracted with independent outside agencies to track the date and time that each public service announcement is run and to estimate the value of the announcement and printed advertisement based on the date, time, and market. For certain advertising, the Organization internally obtains the estimated value of the advertisement based on the length of time, date, and market. For the year ended September 30, 2013, the Organization recorded $58,945,694 and $11,053,515 for Media Ad value and Advertising, respectively.

Supplies

The Organization uses donated supplies which the Organization received valuation support for the donor and compares to average market prices. For the year ended September 30, 2013, the Organization recorded $2,226,499 for supplies.

Furniture, equipment, events and tickets

The Organization receives items such as furniture, equipment, events, and tickets that are to be used for fundraisers or donated to a Wounded Warrior Veteran; these items are valued at fair value at the date received by the Organization. For the year ended September 30, 2013, the Organization recorded $2,145,884 and $1,649,788, respectively for donated furniture and equipment and events and tickets.

Discounts

The Organization receives discounts from third parties for several services, supplies, activities and club memberships purchased or spent by the Organization for Wounded Warriors. The value of these discounts is recorded based on comparison to the fair market value of these items. For the year ended September 30, 2013, the Organization recorded $949,497 for discounts received.

8. Contributions In-Kind (Continued)

Other

The Organization receives other contributions in-kind that represent all other types of in kind donations such as rental of trucks, gala auction items, etc. The other contributions in-kind are valued based on fair value at the date received by the Organization. For the year ended September 30, 2013, the Organization recorded $658,000 for other contributions in-kind.

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 $42,930,194 of joint costs for the year ended September 30, 2013. Of these costs, $25,978,111 was allocated to program services and $16,952,083 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, 2013, the Organization incurred $492,470 in matching contributions.

11. Commitments and Contingencies

The Organization may be subject to legal actions or claims in the ordinary course of its business. There are no current matters pending which would impact the financial position or change in net assets of the Organization.