

WALL STREET WARFIGHTERS FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	2 - 3
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Statement of Functional Expenses	7
Notes to Financial Statements	8 - 12

JOHN E. McGOVERN & ASSOCIATES, P.C.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Wall Street Warfighters Foundation
Philadelphia, Pennsylvania 19103

We have audited the accompanying financial statements of Wall Street Warfighters Foundation (a Non-Profit Organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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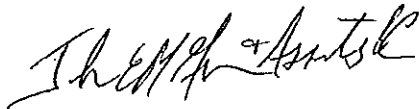
JOHN E. McGOVERN & ASSOCIATES, P.C.

Certified Public Accountant

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wall Street Warfighters Foundation as of December 31, 2012, and the statements of activities, cash flows, and functional activities for the year then ended in accordance with accounting principles generally accepted in the United States of America.



November 14, 2013

TAX COMPLIANCE~ACCOUNTING & AUDITING~MANAGEMENT ADVISORY SERVICES~PERSONAL FINANCIAL PLANNING

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WALL STREET WARFIGHTERS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012

ASSETS

Current Assets:

Cash - unrestricted	\$ 275,922
Prepaid expenses	<u>1,009</u>
Total current assets	<u>276,931</u>

Fixed assets:

Equipment	37,705
Furniture	24,646
Truck	10,495
Leasehold improvements	<u>386,160</u>
Total	459,006
Less accumulated depreciation	<u>(23,570)</u>
Total fixed assets	<u>435,436</u>

Other assets:

Loan receivable	<u>6,000</u>
Total other assets	<u>6,000</u>

Total assets \$ 718,367

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts and credit card payables	\$ 7,384
Current portion of Long-term debt	<u>41,982</u>
Total current liabilities	<u>49,366</u>

Long-term liabilities:

Note Payable - St. Agnes MOB	<u>190,914</u>
Total long-term liabilities	<u>190,914</u>

Total liabilities 240,280

Net assets, unrestricted 478,087

Total Liabilities and Net Assets \$ 718,367

WALL STREET WARFIGHTERS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Foundation grants	\$ 342,000	\$ -0-	\$ 342,000
Contributions:			
Corporate	94,582		94,582
Individual	92,689		92,689
In-kind contributions:			
Truck	10,495		10,495
Education materials and instruction	50,000	-0-	50,000
Total contributions	<u>589,766</u>		<u>589,766</u>
Interest	<u>450</u>	<u>-0-</u>	<u>450</u>
Total Revenue	<u>590,216</u>	<u>-0-</u>	<u>590,216</u>
Program expenses	960,667		960,667
Management and general	<u>14,393</u>	<u>-0-</u>	<u>14,393</u>
Total expenses	<u>975,060</u>	<u>-0-</u>	<u>975,060</u>
Change in net assets	(384,844)		(384,844)
Net assets as of beginning of year	<u>862,931</u>	<u>-0-</u>	<u>862,931</u>
Net assets as of end of year	<u>\$ 478,087</u>	<u>\$ -0-</u>	<u>\$ 478,087</u>

WALL STREET WARFIGHTERS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

Cash flows from operating activities:	
Change in total net assets	\$(384,844)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	16,258
(Increase) decrease in assets:	
Prepaid expenses	13,306
Refundable deposits	3,489
Loan receivable	(6,000)
Increase (decrease) in liabilities:	
Accrued liabilities and expenses	<u>(8,962)</u>
Net Cash provided by Operating Activities	<u>(366,753)</u>
 Cash flows from investing activities	
Acquisition of equipment, furniture, and leasehold improvements	<u>(439,967)</u>
Net Cash used by investing activities	<u>(439,967)</u>
 Cash flows from financing activities	
Loan from St. Agnes MOB	<u>232,896</u>
Net Cash used from financing activities	<u>232,896</u>
 Net increase (decrease) in cash	(573,824)
 Cash and cash equivalents, beginning	<u>849,746</u>
 Cash and cash equivalents, ending	<u><u>\$ 275,922</u></u>
 Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ -0-</u>
Taxes paid	<u><u>\$ -0-</u></u>

WALL STREET WARFIGHTERS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Awareness Program</u>	<u>Education & Retraining Program</u>	<u>2nd Mission Program</u>	<u>Total Program Expenses</u>	<u>Management & General</u>	<u>Total Expenses</u>
Stipends and hardship grants				\$ 273,716		\$ 273,716
Accounting and auditing		\$ 198,366	\$ 75,350	\$ 2,977	\$ 5,430	8,407
Postage		2,977			925	925
Bank and tax fees				3,604	1,102	1,102
Contract services		3,604		134,169	128	3,732
Facilities and residential rent		134,169		22,436		134,169
Supplies	\$ 5,265	17,171		76,786		22,436
Travel		76,786		16,258	6,808	83,594
Depreciation		16,258		7,090		16,258
Interest		7,090		64,533		7,090
Program manager wages		64,533		5,340		64,533
Payroll taxes		5,340		91,000		5,340
Executive Director fees		91,000		95,877		91,000
Compensation for professional services		95,877		60,294		95,877
Educational support		60,294		8,582		60,294
Marketing & promotions		8,582		7,821		8,582
Insurance		7,821		5,709		7,821
Telecommunications		5,709		6,238		5,709
Utilities		6,238		37,614		6,238
Business attire		37,614		13,871		37,614
Meals		13,871		25,804		13,871
Program fees		25,804		948		25,804
Professional fees	-0-	948	-0-	-0-	-0-	948
Total expenses	<u>\$ 5,265</u>	<u>\$ 880,052</u>	<u>\$ 75,350</u>	<u>\$ 960,667</u>	<u>\$ 14,393</u>	<u>\$ 975,060</u>

See accompanying notes to financial statements

WALL STREET WARFIGHTERS FOUNDATION
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

The significant accounting policies of the Wall Street Warfighters Foundation are as follows:

Note 1 Nature of Organization

Wall Street Warfighters Foundation (WSWF) is an organization focused on benefiting "Service Disabled Veterans". Its mission is to identify, develop and place disabled veterans in long-term professions in the financial services industry following their military service.

Wall Street Warfighters Foundation was formed as a Commonwealth of Pennsylvania charitable organization and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Service Code.

Note 2 Background and Programs

The organization believes the community of veterans is a pillar of the free market, a cornerstone of the business community, and a foundation of healthy neighborhoods and households. The organization had three programs it focused on during 2012.

Wall Street Warfighters Foundation (WSWF) retrains disabled veterans for careers in the financial services industry. The program is a six-month in-residence course which includes class work, field work, exam preparation and testing, mentorship, and internship, all designed to expose these veterans to the broad aspects of the financial services industry and to help them gain access to rewarding careers. Corporate partners benefit by adding proven problem solvers to their organization's workforce and are enriched through the mentorship and leadership opportunities the program offers.

The organization gives direct hardship "2nd Mission" grants to military veterans with severe cases of financial need. These grants provide direct and immediate support for the basic living needs of the veteran.

In 2012 WSWF established the Non-Residency Program which allows the applicant to participate in the program from his/her present location. WSWF has online educational access to telephone and video conferencing, tutorials, and sample tests. WSWF staff continues to mentor the student via email and telephone to ensure success in the program.

The foundation also operates events. These awareness events include recruiting, training, and public awareness.

Note 3 Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The financial statements are presented in accordance with the Statement of Financial Accounting Standards (SFAS), *Financial Statements of Not-for-Profit Organizations*, issued by the Financial Accounting Standards Board (FASB) of the American Institute of Certified Public Accountants, requiring financial statements to be presented on the basis of unrestricted, temporary restricted and permanently restricted net assets.

WALL STREET WARFIGHTERS FOUNDATION
NOTES TO FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

Note 3 Summary of Significant Accounting Policies (Continued)

Basis of Accounting

WSWF's policy is to prepare its financial statements on the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when earned and expenses in the period incurred, regardless of when cash is received or disbursed. WSWF's accounting policies conform to generally accepted accounting principles.

Cash and Cash Equivalents

Cash and cash equivalents consist of a checking account, money market, and PayPal accounts.

Concentration

The Organization receives approximately 90% of its support from grants and contributions.

Restricted and Unrestricted Support

The Organization follows the FASB ASC 958 in recording contributions received. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Tax Status

The Organization is incorporated in the Commonwealth of Pennsylvania and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is registered as required with the Pennsylvania Bureau of Charitable Organizations.

In September 2009, the FASB issued ASU No. 2009-06, Income Taxes (Topic 740), Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities Taxes (formerly FASB Interpretation No. 48 and Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*). FASB ASC 740 prescribes guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions. Tax positions must meet a more-likely-than-not recognition threshold at the effective date to be recognized upon adoption of this standard which has been adopted by the Organization as of January 1, 2009, as required.

The adoption of this standard did not require any adjustments to the Organization's financial statements. There were no tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease within the next year. Tax years since 2008 remain subject to examination by major tax jurisdictions.

Subsequent Events

FASB ASC 855-10 *Subsequent Events* (formerly SFAS No. 165) is effective for interim or annual financial periods ending after June 15, 2009 and establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before the date the financial statements are available and issued. This standard was adopted for the year ended December 31, 2009. Subsequent events have been evaluated through October 31, 2013, the date that the financial statements were available to be issued.

WALL STREET WARFIGHTERS FOUNDATION
NOTES TO FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

Note 3 Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

The Organization recognizes donated services that creates or enhances nonfinancial assets or that requires specialized skills and is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of the donated services included in the financial statement and the corresponding expense for the year ended December 31, 2012 is \$60,495, which includes Kaplan University of \$50,000 of educational support, and Bradley Banga of \$10,495 of a vehicle. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization; however these services do not meet the criteria for recognition as contributed services.

The Organization records the value of donations in kind when there is an objective basis available to measure its value. Donations in kind are reflected as revenue in the accompanying statements at its estimated market value at the date of receipt.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Revenue Recognition

WSWF complies with SFAS *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Permanently restricted and temporarily restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When a 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 as net assets released from restrictions.

WSWF is generally supported through grants and from contributions from individuals and corporations.

Contributed Equipment

The Statement of Financial Accounting Standards (SFAS) *Accounting for Contributions received and Contributions Made* requires that the donation vehicles and equipment should be recorded at the fair market value as of the date received.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Accordingly, actual results could differ from those estimates.

Equipment and Improvements

Assets are stated at cost. The cost of the equipment and improvements is depreciated over the estimated useful lives of the related assets on a straight-line basis.

WALL STREET WARFIGHTERS FOUNDATION
NOTES TO FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

Note 3 Summary of Significant Accounting Policies (Continued)

Investment

Investments in marketable securities are reported at their fair value in the statement of financial position pursuant to FASB ASC 820 *Fair Value Measurements and Disclosures* (formerly SFAS No. 157). Fair value is defined as the price that the Organization would receive to sell an investment with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market. FASB ASC 820 establishes a three-tier hierarchy based on quoted prices in the active markets (Level 1), other observable inputs (Level 2), or unobservable inputs (Level 3).

At December 31, 2012, marketable securities consisting of common stock are all at Level 1.

Leases

Beginning September 17, 2012, the organization has a long term lease on the 4th floor of the Victory Building at 1930 S. Broad Street (formerly St Agnes Hospital.) The facility is 9,500 square feet and includes 13 "dorm" style suites with private baths and many ADA attributes. The facility includes an organizational office and the following common-use areas: a large classroom/boardroom, kitchen, dining area, family room, and laundry room, with fitness center on site. The cost of build-out/renovation, furnishings, and appliances is approximately \$400,000. Base rent for the facility is \$14,000 monthly, which includes all utilities. The initial lease is for five years, with the option of extending the lease for two additional five-year terms

Prior to September 17, 2012 the organization was located at 2000 Market Street, Suite 780 Philadelphia, Pennsylvania 19103. During 2012, WSWF leased residential program space at The Marine Club and two residential apartments at 329 South 19th Street.

5 Year Lease Schedule

<u>Year</u>	<u>Total</u>
2013	\$ 173,998
2014	177,478
2015	181,027
2016	184,648
2017	<u>188,341</u>
Total	<u>\$ 905,492</u>

WALL STREET WARFIGHTERS FOUNDATION
NOTES TO FINANCIAL STATEMENT (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2012

Note 4 Related Party Transactions and Disclosures

WSWF paid Colonel Haddock a professional fee of \$91,000 as Executive Director for 2012. This amount represents 13 monthly payments of \$7,000 (12 for 2012, and one in advance for January of 2013).

S. Brooks Hulitt (Vice President and Treasurer of WSWF) serves as Vice President of Strategic Contracting Corp. WSWF paid Strategic Contracting program professional fees of \$78,000 in 2012. This amount represents 13 monthly payments of \$6,000 (12 for 2012, and one in advance for January of 2013).

Drexel Hamilton, LLC paid for Financial Industry Regulatory Authority (FINRA) testing fees and was reimbursed by WSWF. Lawrence Doll, Chairman and Co-Founder of Drexel Hamilton, is a board member of WSWF.

Note 5 Subsequent Events

Management has evaluated events through the date of the audit report, the date which the financial statements were available for issue. In October 2013, Wall Street Warfighters Foundation celebrated their 5 year anniversary.