

Audited Financial Statements
BOB WOODRUFF FAMILY FOUNDATION, INC.
December 31, 2008

Bob Woodruff Family Foundation, Inc.

Contents

<i>Independent Auditor's Report</i>	1
<i>Financial Statements</i>	
Statement of financial position	2
Statement of activities	3
Statement of functional expense	4
Statement of cash flows	5
Notes to the financial statements	6 - 11

T A T E



T R Y O N

A Professional Corporation

Certified Public

Accountants
and Consultants

Independent Auditor's Report

To the Board of Directors
Bob Woodruff Family Foundation, Inc.

We have audited the accompanying statements of financial position of Bob Woodruff Family Foundation, Inc. (BWF) as of December 31, 2008, and the related statements of activities and cash flows for the period from inception (September 18, 2007) through December 31, 2008. These financial statements are the responsibility of BWF'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 Bob Woodruff Family Foundation, Inc. at December 31, 2008, and the changes in its net assets and its cash flows for the period from inception (September 18, 2007) through December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

Washington, DC
June 1, 2009

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Bob Woodruff Family Foundation, Inc.

Statement of Financial Position

December 31, 2008

Assets

Cash - Note B	\$	1,093,980
Investments - Notes C & E		1,033,414
Promise to give - Notes D & E		292,132
Accounts receivable		43,101
Property and equipment - Note F		54,911
Prepaid expenses		16,351
Donated goods - Note G		55,876

Total assets	\$	2,589,765
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$	119,557
Grants payable		164,250
Total liabilities		283,807

Net assets

Unrestricted		1,963,440
Temporarily restricted - Note H		342,518
Total net assets		2,305,958

Total liabilities and net assets	\$	2,589,765
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Bob Woodruff Family Foundation, Inc.

Statement of Activities

*For the Period from Inception (September 18, 2007)
through December 31, 2008*

Unrestricted activities	
Revenue and support	
Contributions	\$ 4,271,875
Special event - Note I	969,225
In-kind contributions - Note G	343,360
Interest income	43,339
Other income	1,422
	<hr/>
	5,629,221
Net assets released from restriction - satisfaction of time restriction	150,000
	<hr/>
Total unrestricted revenue and support	5,779,221
Expenses - Note J	
Charitable giving	2,614,718
General programs	355,705
Individual giving	239,910
Public awareness and education	196,985
	<hr/>
Total program services	3,407,318
Management and general	277,036
Fund raising	131,427
	<hr/>
Total supporting services	408,463
	<hr/>
Total expense	3,815,781
	<hr/>
Change in unrestricted net assets	1,963,440
Temporarily restricted activities	
Contributions	492,518
Net assets released from restriction	(150,000)
	<hr/>
Change in temporarily restricted net assets	342,518
	<hr/>
Change in net assets	2,305,958
Net assets, September 17, 2007	-
	<hr/>
Net assets, December 31, 2008	\$ 2,305,958

Bob Woodruff Family Foundation, Inc.

Statement of Functional Expenses

For the Period from Inception (September 18, 2007) through December 31, 2008

	Program Services				Supporting Services			Total	
	Charitable Giving	General Programs	Individual Giving	Public Awareness and Education	Total Program Services	Management and General	Fund Raising		Total Supporting Services
Grants to charities	\$ 2,563,853	\$ -	\$ -	\$ -	\$ 2,563,853	\$ -	\$ -	\$ -	\$ 2,563,853
Contract services - Note G	43,044	63,015	32,986	5,547	144,592	106,405	46,184	152,589	297,181
Salaries and payroll taxes		186,655			186,655	102,727	6,677	109,404	296,059
Grants to individuals			203,190	395	203,585				203,585
Travel and meetings	6,970	18,705		33,636	59,311	2,659	15,235	17,894	77,205
Supplies	154	1,817	154	68,799	70,924	3,125	746	3,871	74,795
Marketing and promotion		2,958		50,714	53,672			-	53,672
Audio visual		11,960		12,019	23,979		11,960	11,960	35,939
Printing and copying		14,992		724	15,716	4,295	12,294	16,589	32,305
Food service		14,307		2,080	16,387		14,307	14,307	30,694
Facility and equipment - Note G		14,775			14,775	4,717	10,113	14,830	29,605
Web site		6,449		5,598	12,047	12,225	775	13,000	25,047
Postage, shipping and courier	662	2,450	1,151	6,329	10,592	4,744	2,169	6,913	17,505
Fees	25		3		28	11,615	7,530	19,145	19,173
Depreciation and amortization				8,430	8,430	4,309	1,488	5,797	14,227
Employee benefits		9,858			9,858	4,003	281	4,284	14,142
Telephone and communication	10	6,439		19	6,468	3,997	342	4,339	10,807
Dues, books, subscriptions, references			1,926		1,926	7,220		7,220	9,146
Publication costs		1,175		2,695	3,870		1,176	1,176	5,046
Gifts and awards			500		500	2,504		2,504	3,004
Bad debt					-	1,980		1,980	1,980
Insurance		150			150	451	150	601	751
Other					-	60		60	60
Total expenses	\$ 2,614,718	\$ 355,705	\$ 239,910	\$ 196,985	\$ 3,407,318	\$ 277,036	\$ 131,427	\$ 408,463	\$ 3,815,781

See notes to the financial statements.

Bob Woodruff Family Foundation, Inc.

Statement of Cash Flows

*For the Period from Inception (September 18, 2007)
through December 31, 2008*

Cash flows from operating activities	
Change in net assets	\$ 2,305,958
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Bad debt	1,980
Net gain on investment	(16,722)
Depreciation and amortization	14,227
Donated goods	(55,876)
Changes in assets and liabilities:	
Promise to give	(292,132)
Accounts receivable	(45,081)
Prepaid expenses	(16,351)
Accounts payable and accrued expenses	119,557
Grants payable	164,250
<hr/> Total adjustments	<hr/> (126,148)
Net cash provided by operating activities	2,179,810
Cash flows from investing activities	
Purchases of investments	(1,016,692)
Purchases of property and equipment	(69,138)
<hr/> Net cash used in investing activities	<hr/> (1,085,830)
Net increase in cash	1,093,980
Cash, September 18, 2007	-
<hr/> Cash, December 31, 2008	<hr/> \$ 1,093,980

Bob Woodruff Family Foundation, Inc.

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Bob Woodruff Family Foundation, Inc. (BWF), d/b/a Bob Woodruff Foundation, was incorporated in September 2007 under the state of New York as a not-for-profit corporation. BWF provides resources and support to injured service members, veterans and their families -- building a movement to empower communities nationwide to take action to successfully reintegrate our nation's injured heroes—especially those who have sustained the *Hidden Injuries of War*—back into their communities so they may thrive physically, psychologically, socially, and economically.

Income taxes: BWF is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service, under an advance letter ruling, as a public charity within the meaning of Section 509(a)(1) of the Internal Revenue Code.

Financial Accounting Standards Board Staff Position FIN 48-3 (FSP FIN 48-3), *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Entities*, grants nonpublic organizations the option to defer the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes* until the year ended December 31, 2009. As permitted by FSP FIN 48-3, BWF has elected to delay the implementation of FIN 48 until the year ended December 31, 2009. At that time, BWF will record a liability for income taxes when it believes that such an accrual is warranted based on current law or guidance from the appropriate taxing authorities.

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue, other than contributions, is recognized when earned and expense when the obligation is incurred.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Accounts receivable: Accounts receivable primarily consists of ticket fees receivable relating to the Stand Up for Heroes special event. BWF's management periodically reviews the status of all accounts receivable balances for collectibility. Each receivable balance is assessed based on management's knowledge of the customer, BWF's relationship with the customer, and the age of the receivable balance. As a result of these reviews, balances deemed to be uncollectible are included in the allowance for doubtful accounts which amounted to \$1,950 at December 31, 2008.

Net assets: For financial statement purposes, net assets are as follows:

Unrestricted net assets: Unrestricted net assets include those net assets whose use has not been restricted by donors.

Temporarily restricted net assets: Temporarily restricted net assets include those net assets whose use by BWF has been donor-restricted for specified time or purpose limitations (see Note G).

Bob Woodruff Family Foundation, Inc.

Notes to Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions: Contributions are recognized when unconditionally promised to, or received by, BWF. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor restrictions. Within temporarily restricted net assets, amounts are reclassified to unrestricted net assets when the time restriction expires or when the purpose restriction is satisfied.

Program services: Program services include the following activities, the descriptions for each of which follow.

Charitable giving: BWF invests in national and community-based programs that connect our troops to the help they need — from individual needs like physical accommodations, medical care and counseling, to larger social issues like homelessness and suicide.

General programs: BWF collaborates with other experts and organizations, at the federal, state, and local levels, to identify and solve issues related to the return of service members from combat to civilian life.

Individual giving: BWF provides discreet financial assistance to individual injured service members and their families.

Public awareness and education: Through a movement called ReMIND.org — BWF educates the public about 1) the needs of service members returning from war and 2) our nation's greater responsibility to ensure our heroes and their families receive the support necessary to successfully reintegrate into their communities.

Supporting services: Supporting services include the following activities, the descriptions for each of which follow:

Management and general: Management and general includes activities necessary for the administrative processes of BWF and managing the financial responsibilities of BWF.

Fund raising: Fund raising includes activities that encourage and secure financial support for BWF.

Functional allocation of expense: The costs of providing various program and supporting services activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

B. CONCENTRATION OF CREDIT RISK

BWF maintains demand deposits with a commercial bank. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portion of cash accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to BWF.

Bob Woodruff Family Foundation, Inc.

Notes to Financial Statements

C. INVESTMENT

Investment consists of a certificate of deposit which is recorded at cost plus accrued interest of \$16,722 and which approximates fair value. The fair value of the certificate of deposit amounted to \$1,033,414 at December 31, 2008.

D. PROMISE TO GIVE

BWF has received an unconditional promise to give a multi-year contribution from a donor which management has determined is fully collectible. The promise to give has been measured using the present value of future cash flows based on a discount rate of 3%.

The promise to give consists of the following at December 31, 2008:

Amount due in 2009	\$	150,000
Amount due in 2010		150,000
		<u>300,000</u>
Less discount to net present value		<u>(7,868)</u>
	\$	<u>292,132</u>

E. FAIR VALUE MEASUREMENTS

BWF has implemented Statement of Financial Accounting Standards No. 157 (FAS 157), *Fair Value Measurements*. FAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principals (GAAP), and expands disclosures about fair value measurements. FAS 157 uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than level 1 that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

The fair value of assets, measured on a recurring basis, consist of the following at December 31, 2008:

	Total	Level 1	Level 2	Level 3
Investment	\$ 1,033,414	\$ -	\$ 1,033,414	\$ -
Promise to give	292,132			292,132
	<u>\$ 1,325,546</u>	<u>\$ -</u>	<u>\$ 1,033,424</u>	<u>\$ 292,132</u>

Bob Woodruff Family Foundation, Inc.

Notes to Financial Statements

E. FAIR VALUE MEASUREMENTS - CONTINUED

Changes in the fair value of the asset (promise to give) which uses level 3 inputs consist of the following:

Balance, September 18, 2007	\$ -
Promises to give, additions	450,000
Promises to give, collections	(150,000)
Change in discount to net present value	<u>(7,868)</u>
Balance, December 31, 2008	<u>\$ 292,132</u>

Fair value for the promises to give, included in level 3, is determined by calculating the present value of the future cash expected to be received, using discount rate of approximately 3% at December 31, 2008.

F. PROPERTY AND EQUIPMENT

Acquisitions of property and equipment greater than \$1,000 are recorded at cost and depreciated using the straight-line method over the following useful lives: website – 2 years; computer software – 3 years; and computer hardware – 5 years. Property and equipment consists of the following at December 31, 2008:

Website	\$ 47,602
Computer software	11,200
Computer hardware	<u>10,336</u>
	69,138
Less accumulated depreciation and amortization	<u>(14,227)</u>
	<u>\$ 54,911</u>

G. IN-KIND CONTRIBUTIONS

Recorded amounts: In-kind contributions include donated goods which are sold at auction, donated professional services, and donated facilities.

Donated goods are valued by a third party organization which specializes in charity auctions.

Donated services are recognized as contributions and expense in accordance with Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated facilities are recorded based on the fair value of the space occupied.

Bob Woodruff Family Foundation, Inc.

Notes to Financial Statements

G. IN-KIND CONTRIBUTIONS - CONTINUED

Recorded amounts of in-kind contributions are as follows for the period ended December 31, 2008:

Goods	\$ 324,206
Professional services	12,046
Facilities	<u>7,108</u>
	<u>\$ 343,360</u>

Unrecorded amounts: BWF relies on contributions of both time and expertise from its pool of volunteers. In particular, volunteers work on BWF's programs and fund raising activities. BWF's volunteers donate hundreds of hours of service, the total value of which cannot be easily calculated or estimated, yet these volunteers contribute significantly to the work, impact, and success of BWF. These volunteer services have not been reflected in the accompanying financial statements because the volunteer services provided do not meet the criteria necessary for recognition.

H. TEMPORARILY RESTRICTED NET ASSETS

In general, temporarily restricted net assets are restricted for particular purposes by donors. However, temporarily restricted net assets include net assets with time restrictions which relate to the future expected receipts of the promise to give for which the donor has not stipulated a restriction as to purpose.

Temporarily restricted net assets consist of the following at December 31, 2008:

Promise to give (time restricted)	\$ 292,132
Education	50,000
Other purpose	<u>386</u>
	<u>\$ 342,518</u>

I. SPECIAL EVENT

BWF conducts a special event, *Stand Up For Heroes*, in which a portion of the gross proceeds paid represents both a contribution and a payment for the direct benefits received by the participant at the event. The fair value of meals and entertainment provided at the special event is measured at the actual cost to BWF. The direct costs of the special event, which ultimately benefit the donor rather than BWF, are recorded as program and fund raising expense. During the period from inception through December 31, 2008, BWF's special event revenue (relating only to the direct benefit to donors) and special event expense amounted \$52,534.

Bob Woodruff Family Foundation, Inc.

Notes to Financial Statements

J. ALLOCATION OF JOINT COSTS

BWF conducted a special event that had both a program services component and an appeal for contributions. As a result, BWF incurred joint costs of \$159,963 during the period ended December 31, 2008. BWF's joint costs were allocated between program services and supporting services as follows for the period ended December 31, 2008:

Fund raising	\$ 82,269
Other programs	<u>77,694</u>
	<u>\$ 159,963</u>