

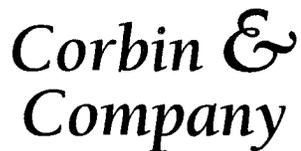
WOUNDED WEAR, INC.

CHESAPEAKE, VIRGINIA

DECEMBER 31, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors Wounded
Wear, Inc.
Chesapeake, Virginia

We have audited the accompanying financial statements of Wounded Wear, Inc. which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wounded Wear, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cartier & Company, P.C.

April 24, 2015

WOUNDED WEAR, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2014

ASSETS

Current assets:

Cash \$ 99,056

Inventory ,293 90

Total current assets 189,349

Property and equipment - net of accumulated

depreciation ,228 20

Security deposit ,778 18

TOTAL ASSETS \$ 228,355

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable ,605\$ 7

Net assets:

Unrestricted 220,750

TOTAL LIABILITIES AND NET ASSETS \$ 228,355

See notes to financial statements.

WOUNDED WEAR, INC.

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STATEMENT OF ACTIVITIES

DECEMBER 31, 2014

UNRESTRICTED NET ASSETS Revenue:

Donations	\$
	298,044
Fundraising revenue - net of direct expenses	
	109,172
Retail revenue - net of cost of goods sold	,071
	33
Contributed goods and services	,100
	<u>3</u>
Total unrestricted revenue	<u>443,387</u>

Expenses:

Program services	
Support services:	341,468
Management and general	,131
	30
Fundraising	,103
	<u>59</u>
Total expenses	<u>430,701</u>

Change in net assets

12,686

Net assets - beginning of year

208,064

Net assets - end of year

\$
220,750

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

See notes to financial statements.

WOUNDED WEAR, INC.

	Program Services	Management and General	Fundraising	Total
	_____	_____	_____	_____
Personnel	\$ 101,303	,585\$ 15	\$ 38,963	\$ 155,850
Kit distribution costs	102,334	-	-	102,334
Wounded warrior service grant	54,880	-	-	54,880
Rent	9,750	1,500	3,750	15,000
Volunteer expenses	13,251	-	-	13,251
Computer costs	8,553	1,316	3,290	13,158
Utilities	8,289	1,275	3,188	12,752
Marketing	7,948	1,223	3,057	12,228
Office supplies	7,392	1,137	2,843	11,373
Professional fees	7,371	1,134	2,835	11,340
Web services	7,911	-	-	7,911
Depreciation	7,563	-	-	7,563
Insurance	3,061	471	1,177	4,709
Travel - non event	-	2,625	-	2,625
Miscellaneous	1,862	435	-	2,297
Bank charges	-	1,830	-	1,830
Postage	-	1,600	-	1,600
	_____	_____	_____	_____
Total \$	341,468,131\$	30	\$ 59,103	\$ 430,701
	=====	=====	=====	=====

See notes to financial statements.

WOUNDED WEAR, INC.

STATEMENT OF CASH FLOWS

DECEMBER 31, 2014

Cash flows from operating activities:

Change in net assets ,686\$ 12

Adjustments to reconcile change in net assets
to net cash provided by operating activities:

Depreciation ,563

7

Contributed property ,100)

(Increase) decrease in: (3

Receivables ,500

8

Inventory ,751

11

Security deposits

Increase (decrease) in: (15,262)

Accounts payable ,970)

(4

Net cash provided by operating activities ,168

17

Cash flows from investing activities:

Acquisitions of property and equipment ,595)

(6

Net change in cash

10,573

Cash - beginning of year

,483

88

Cash - end of year

\$ 99,056

See notes to financial statements.

WOUNDED WEAR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business:

Wounded Wear (soon to become the Combat Wounded Coalition) is a nonprofit organization that assists combat wounded veterans re-discover the hero within through pride, power, purpose and peace. The Organization provides clothing and clothing modifications to combat wounded warriors. The Organization takes injured warriors and care givers skydiving, which encourages them to understand that life did not end despite loss or injury. The Organization also assists warriors discover purpose in their new lives through housing support, education support and/or employment support.

Summary of Significant Accounting Policies:

Method of Accounting:

The Organization uses the accrual method of accounting and as such recognizes revenues when earned and expenses when incurred.

Revenues and Receivables:

Revenues received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any restrictions imposed by the payer. Revenues are comprised primarily donations. There are currently no temporarily or permanently restricted revenues.

Inventory:

Inventory of clothing for wounded warriors and promotional clothing held for resale is valued at the lower of cost or market using the first-in, first-out method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Property and Equipment:

WOUNDED WEAR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

Property and equipment purchases are capitalized at cost and depreciated using the straight-line method over estimated useful lives of 3 to 10 years.

Income Taxes:

The Organization has a non-profit status granted by the Internal Revenue Service under Section 501(c)(3), and therefore is not subject to federal or state income taxes. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Advertising:

Advertising costs are expensed as incurred.

Contributed Facilities, Goods, and Services:

Donated non-cash items are recorded at their fair market values in the period received. Donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Concentration of Credit Risk:

The Organization maintains its cash in bank deposit accounts and financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At times, account balances may exceed federally insured limits. The Organization has not experienced any losses on such accounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no temporarily or permanently restricted net assets.

WOUNDED WEAR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following at December 31:

Office equipment	,271\$
	30
Trailer	<u>,254</u>
	12
Total property and equipment	,525
	42
Less - accumulated depreciation	<u>,297</u>
	22
Property and equipment - net	<u>,228\$</u>
	<u>20</u>

Depreciation expense was \$7,563 for the year ended December 31, 2014.

NOTE 3 - LEASE COMMITMENTS:

The lease of the Organization's Chesapeake location began September 1, 2014. The lease expires August 31, 2019. Monthly rent is stated at \$5,088 with months one through six, thirty-seven and thirty-eight abated. Therefore, the average monthly rent over the term of sixty months is \$4,657.

WOUNDED WEAR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

Minimum future annual rent commitments under these agreements are as follows:

2015	,883	\$ 55
2016	,883	55
2017	,883	55
2018	,883	55
2019	,256	37
	\$	<u>260,788</u>

NOTE 4 - DONATED FACILITIES AND GOODS:

The estimated fair value of donated goods included in property and equipment in the financial statements for the year ended December 31, 2014 is \$3,100.

Numerous volunteers have donated significant amounts of time to the Organization's administration, fund-raising and program services. Although no amounts have been reflected in the financial statements, management estimated the fair value of those services to be approximately \$700,000 for the year ended December 31, 2014, based upon an analysis of volunteer hours.

NOTE 5 - RELATED PARTY TRANSACTIONS:

During 2014, the Founder and Executive Director of the Organization leased an office from the Organization for \$500 per month. This office was to perform duties related to his other business entities. No formal payment terms are in place.

NOTE 6 - SUBSEQUENT EVENTS:

WOUNDED WEAR, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 24, 2015, the date that the financial statements were available to be issued.