

**WORKSHOPS FOR WARRIORS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2013**

WORKSHOPS FOR WARRIORs, INC.

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Workshops for Warriors, Inc.

We have audited the accompanying financial statements of Workshops for Warriors, Inc., a nonprofit organization, which comprise of the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, 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 audits 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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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workshops for Warriors, Inc., a nonprofit organization, as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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CONSIDINE & CONSIDINE
An Accountancy Corporation

November 20, 2014

WORKSHOPS FOR WARRIORs, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

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ASSETS

CURRENT ASSETS

Cash	\$ 103,595
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PROPERTY AND EQUIPMENT (Note 3)

	558,750
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OTHER ASSETS

Employee Advance	2,500
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TOTAL ASSETS

	<u>664,845</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	26,238
Due to Related Parties (Note 4)	<u>364,332</u>

TOTAL LIABILITIES

	390,570
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NET ASSETS (Note 5)

Unrestricted	244,275
Temporarily Restricted	<u>30,000</u>

	274,275
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TOTAL LIABILITIES AND NET ASSETS

	<u>\$ 664,845</u>
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WORKSHOPS FOR WARRIORs, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

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	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE			
Contributions	\$ 732,259	\$ 30,000	\$ 762,259
Donated Goods	392,837	-	392,837
Other Income	50,238	-	50,238
	1,175,334	30,000	1,205,334
EXPENSES			
Program	493,073	-	493,073
Management and General	63,194	-	63,194
Fundraising	51,875	-	51,875
	608,142	-	608,142
INCREASE IN NET ASSETS	567,192	30,000	597,192
NET DEFICIT - BEGINNING OF YEAR	(322,917)	-	(322,917)
NET ASSETS - END OF YEAR	\$ 244,275	\$ 30,000	\$ 274,275

See Accompanying Notes to the Financial Statements

WORKSHOPS FOR WARRIORs, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

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	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
EXPENSES				
Personnel	\$ 317,806	\$ 39,726	\$ 39,726	\$ 397,258
Facilities and Equipment	48,417	6,052	6,052	60,521
Training and Education	45,382	-	-	45,382
Office Expense	32,199	1,000	-	33,199
Travel and Meetings	7,589	949	949	9,487
Insurance	-	9,189	-	9,189
Professional Services	4,391	549	549	5,489
Marketing	4,450	-	494	4,944
Tax, License and Subscriptions	-	1,624	-	1,624
	460,234	59,089	47,770	567,093
Depreciation	32,839	4,105	4,105	41,049
	\$ 493,073	\$ 63,194	\$ 51,875	\$ 608,142

See Accompanying Notes to the Financial Statements

WORKSHOPS FOR WARRIORs, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

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CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Increase in Net Assets	\$ 597,192
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ADJUSTMENTS TO RECONCILE INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Depreciation	41,049
Gain on Sale of Assets	(26,803)
Donated Goods	(392,837)
 Changes in Operating Assets and Liabilities:	
Employee Advance	(2,500)
Accounts Payable	6,783
	(374,308)
	222,884

NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS USED BY INVESTING ACTIVITIES

Purchase of Property and Equipment	(402,648)
Proceeds from Sale of Donated Items	257,836
	(144,812)

NET CASH USED BY INVESTING ACTIVITIES

CASH FLOWS USED BY FINANCING ACTIVITIES

Due to Related Parties	(14,924)
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NET INCREASE IN CASH

CASH, BEGINNING OF YEAR

CASH, END OF YEAR

SUPPLEMENTAL DISCLOSURES

Noncash Investing Transactions:	
Donated Property and Equipment	\$ 392,837

WORKSHOPS FOR WARRIORS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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NOTE 1 THE ORGANIZATION

Workshops for Warriors, Inc. (the "Organization"), is a non-profit Organization that was incorporated in 2008. The Organization assists the transition of veterans into advanced manufacturing careers through training and nationally recognized certification in CNC machining, welding, fabrication, and machinery repair. The Organization's support comes primarily from contributions, including donated goods. Program participants do not pay any educational fees or service fees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements are prepared using the accrual method in conformity with accounting principles generally accepted ("GAAP") in the United States of America.

Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Basis of Presentation - The Organization reports information regarding its financial position and activities within three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets - Consists of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services.

Temporarily Restricted Net Assets - Temporarily restricted net assets consist of contributed amounts subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the amounts. There were \$30,000 of temporarily restricted net assets as of December 31, 2013.

Permanently Restricted Net Assets - Permanently restricted amounts are those which are restricted by donors that neither expire by the passage of time nor can be fulfilled or removed by actions of the Organization. There were no permanently restricted net assets as of December 31, 2013.

WORKSHOPS FOR WARRIORS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash - The Organization considers highly liquid financial instruments with an original fixed maturity date of less than three months to be cash equivalents.

The Organization maintains its cash in one commercial bank. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had no funds in excess of the FDIC limit at December 31, 2013.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of seven to thirty-nine years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. It is the Organization's policy to capitalize all property and equipment costs in excess of \$500. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognized in the current period financial statements.

Revenue Recognition - The financial statements of the Organization are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when earned, and pledges are recognized when received.

Contributions - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Donor-Imposed Restrictions - All contributions are considered to be unrestricted unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted, increasing those net asset classes. However, if a restriction is fulfilled in the same fiscal period in which the contribution is received, the support is reported as unrestricted.

WORKSHOPS FOR WARRIORS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Goods - The Organization records donated goods with a fair value of \$300 or more. For the year ended December 31, 2013 all the amounts reflected in the accompanying financial statements as donated goods are recorded as additions to property and equipment. Property and equipment that have been contributed are recorded at fair value at the date of donation using published sale prices for similar assets. If donors stipulate the length of an asset's use, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. In the absence of a readily determinable fair value, management may use estimates to determine the fair value of contributed property.

Donated Services - The Organization follows standards relating to contributions received and contributions made as consistent with FASB codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Volunteers have contributed significant amounts of their time to activities of the Organization; however, since the above requirements were not met, the value of the contributed services is not recorded in the financial statements. There were no significant donated services that are required to be recognized for the year ended December 31, 2013.

Income Taxes - As a nonprofit organization, Workshops for Warriors, Inc. has obtained exempt status under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. Accordingly, the Organization has not accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California. The Organization is no longer subject to U.S. and California examination by tax authorities for 2010 and 2009, respectively.

NOTE 3 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

Shop Equipment	\$ 458,990
Furniture and Fixtures	117,933
	<hr/>
	576,923
Accumulated Depreciation	(18,173)
	<hr/>
	\$ 558,750

Depreciation expense for the year ended December 31, 2013 is \$41,049.

WORKSHOPS FOR WARRIORS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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NOTE 4 DUE TO RELATED PARTIES

The Organization owes amounts to related parties for non-profit expenses paid by individuals personally and for amounts lent to the Organization by the individuals. Due to Related Parties includes amounts owed to the founder and board president totaling \$110,029 as of December 31, 2013. The founder and board president also contributes managerial services to the Organization, however these donated services are not reflected in the accompanying financial statements because they do not meet the requirements for recognition. Also included in Due to Related Parties are amounts due to two other board members totaling \$36,689 and \$13,497, respectively, as of December 31, 2013.

In addition, Due to Related Parties includes amounts due to a related party corporation owned by the founder and Board President. The related party and the Organization share some operational expenses, which include utilities, equipment, payroll costs and insurance. These shared expenses are allocated to the entities either on a percentage basis or based on actual usage. For the year ended December 31, 2013 the Organization paid \$124,270 of expenses for the related party. For the year ended December 31, 2013 the related party paid \$441,134 of expenses for the Organization. The related party has also lent amounts to the Organization in support of its general operations. The total amount due to this related party as of December 31, 2013 is \$204,117.

These advances do not accrue interest and are due on demand.

NOTE 5 NET ASSETS

Net assets consist of the following at December 31, 2013:

Unrestricted Net Assets	\$ 244,275
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Temporarily Restricted:	
Training Classes	30,000
	<hr/>
	\$ 274,275

NOTE 6 SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 20, 2014, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.