

Consolidated Financial Statements and
Report of Independent Certified Public Accountants

Wounded Warrior Project, Inc. and Subsidiary

For the Year Ended September 30, 2015

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements

We have audited the accompanying consolidated financial statements of Wounded Warrior Project, Inc. and Subsidiary (collectively, the “Organization”), which comprise the consolidated statement of financial position as of September 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the financial statements.

Management’s responsibility for the 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 Organization’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 Organization’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 financial position of Wounded Warrior Project, Inc. and Subsidiary as of September 30, 2015, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
August 15, 2016

Consolidated statement of financial position

September 30	2015
Assets	
Current assets:	
Cash and cash equivalents	\$ 75,369,143
Investments	281,759,434
Contributions receivable, net	4,286,599
Inventory	2,574,485
Prepaid expenses	17,402,679
Total current assets	381,392,340
Property and equipment, net	16,359,127
Security deposits	989,018
Beneficial interest in trust	766,950
Total assets	\$ 399,507,435
Liabilities and net assets	
Current liabilities:	
Accounts payable	\$ 22,556,219
Accrued expenses	5,601,014
Total current liabilities	28,157,233
Net assets:	
Unrestricted	369,378,069
Temporarily restricted	972,133
Permanently restricted	1,000,000
Total net assets	371,350,202
Total liabilities and net assets	\$ 399,507,435

The accompanying notes are an integral part of this consolidated financial statement.

Consolidated statement of activities

For the year ended September 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and support:				
Contributions	\$ 381,041,310	\$ 16,597	\$ -	\$ 381,057,907
In-kind contributions	104,095,155	-	-	104,095,155
Interest and dividend income, net of investment fees	5,737,770	26,921	-	5,764,691
Net realized and unrealized loss on investments	(8,902,954)	(61,668)	-	(8,964,622)
Miscellaneous income	1,915,564	-	-	1,915,564
Net assets released from restrictions	134,698	(134,698)	-	-
Total revenue and support	484,021,543	(152,848)	-	483,868,695
Program expenses:				
Total program expenses	308,715,167	-	-	308,715,167
Supporting expenses:				
Management and general	15,495,026	-	-	15,495,026
Fund-raising expenses	74,078,845	-	-	74,078,845
Total supporting expenses	89,573,871	-	-	89,573,871
Total expenses	398,289,038	-	-	398,289,038
Changes in net assets	85,732,505	(152,848)	-	85,579,657
Net assets, beginning of year	283,645,564	1,124,981	1,000,000	285,770,545
Net assets, end of year	\$ 369,378,069	\$ 972,133	\$ 1,000,000	\$ 371,350,202

The accompanying notes are an integral part of this consolidated financial statement.

Consolidated statement of functional expenses

For the year ended September 30, 2015	Alumni	Benefits Service	International Support	WWP Packs	Peer Support	Physical Health & Wellness	Soldier Ride	Combat Stress Recovery	Independence Program	TRACK
Public Service Announcements - Donated	\$ 23,372,772	\$ 3,895,462	\$ 1,327,998	\$ 1,239,465	\$ 3,010,129	\$ 5,666,126	\$ 13,722,649	\$ 11,951,985	\$ 9,295,988	\$ 3,098,663
Compensation (salaries, taxes and benefits)	7,852,619	4,189,853	559,435	702,873	1,296,124	3,014,742	2,610,940	5,928,124	1,874,838	1,348,453
Direct Response TV and Online	6,727,360	1,121,227	382,236	356,754	866,403	1,630,876	3,949,777	3,440,128	2,675,655	1,055,253
Outside Services	7,092,210	446,412	123,944	222,684	305,259	5,293,807	1,203,611	4,641,986	9,163,468	1,082,743
Postage and Shipping	3,953,536	653,920	221,193	212,828	493,074	928,105	2,181,404	1,923,737	1,471,373	592,100
Grants	4,436,336	-	1,938,835	-	90,000	1,119,981	-	23,706,143	465,000	994,391
Warrior Events and Activities	12,804,395	334,781	573,379	332,608	1,258,550	4,296,599	4,952,329	3,382,682	471,241	508,612
Direct Response Mail	2,105,103	350,849	119,608	111,634	271,112	510,329	1,235,950	1,076,473	837,258	330,205
Advertising and Promotion - Donated	2,724,576	454,101	154,805	144,491	350,898	660,508	1,599,659	1,393,252	1,083,642	361,217
Rent	998,597	442,197	162,104	116,457	163,925	425,106	421,261	698,806	252,201	717,157
Travel	1,690,389	596,546	183,902	71,005	225,411	620,595	618,887	1,036,895	309,622	208,311
Processing Fees	-	-	-	-	-	-	-	-	-	-
Miscellaneous	489,579	262,376	40,253	61,202	78,227	257,141	221,677	258,870	108,984	95,811
Depreciation	566,998	258,058	59,768	75,430	103,547	248,568	445,416	400,466	152,562	99,786
Professional Fees	-	-	-	-	-	-	-	-	-	-
Office Equipment and Services	233,192	102,098	27,727	25,737	37,493	125,037	999,177	161,640	57,987	35,921
Meetings	239,771	105,677	25,942	26,409	38,613	101,558	97,547	167,488	59,888	36,980
Office Supplies and Printing	383,549	67,020	17,794	31,352	38,098	64,679	419,892	122,101	47,053	38,710
Telephone and Internet	259,410	114,333	46,447	28,572	41,777	109,877	105,539	181,206	64,794	40,010
Warrior Assistance and Support	1,095,176	23,664	11,255	4,886	40,288	12,322	22,769	149,029	15,359	28,218
Education and Development	125,273	58,779	9,538	19,343	28,591	79,743	68,907	166,787	37,869	34,136
Advertising and Promotion - Purchased	46,223	25,290	4,050	12,912	14,817	24,645	24,018	34,938	18,139	14,561
Insurance	65,348	29,559	29,416	8,403	11,658	28,460	27,389	46,556	17,338	11,224
Total expenses	\$ 77,262,412	\$ 13,532,202	\$ 6,019,629	\$3,805,045	\$ 8,763,994	\$ 25,218,804	\$34,928,798	\$ 60,869,292	\$ 28,480,259	\$ 10,732,462

The accompanying notes are an integral part of this consolidated financial statement.

Consolidated statement of functional expenses (cont'd)

For the year ended September 30, 2015	Transition Training Academy	Warriors to Work	Education Services	WWP Talk	Warriors Speak	Total Program Services	Management and General	Fundraising	Total Support Services	Total All
Public Service Announcements - Donated	\$ 5,754,659	\$ 5,754,659	\$ -	\$ 442,666	\$ -	\$ 88,533,221	\$ -	\$ -	\$ -	\$ 88,533,221
Compensation (salaries, taxes and benefits)	2,421,736	3,323,184	1,061,792	1,068,716	942,775	38,196,204	3,066,768	4,900,676	7,967,444	46,163,648
Direct Response TV and Online	1,492,990	1,656,358	-	127,412	-	25,482,429	-	15,562,547	15,562,547	41,044,976
Outside Services	564,566	1,228,726	237,393	330,822	138,965	32,076,596	2,288,631	4,006,627	6,295,258	38,371,854
Postage and Shipping	839,170	934,989	25,162	92,704	11,088	14,534,383	184,331	20,062,746	20,247,077	34,781,460
Grants	90,000	635,000	86,602	-	-	33,562,288	-	5,000	5,000	33,567,288
Warrior Events and Activities	233,029	364,926	482,019	99,248	71,051	30,165,449	-	-	-	30,165,449
Direct Response Mail	467,181	518,302	-	39,869	-	7,973,873	-	16,393,885	16,393,885	24,367,758
Advertising and Promotion - Donated	670,827	670,828	5	51,608	-	10,320,417	36,336	44,754	81,090	10,401,507
Rent	287,358	374,195	158,785	147,938	117,432	5,483,519	2,057,458	558,680	2,616,138	8,099,657
Travel	312,926	456,610	163,323	94,648	378,468	6,967,538	270,801	738,983	1,009,784	7,977,322
Processing Fees	-	-	-	-	-	-	-	7,323,972	7,323,972	7,323,972
Miscellaneous	157,783	158,561	78,014	322,777	38,823	2,630,078	855,623	1,261,602	2,117,225	4,747,303
Depreciation	175,053	220,300	100,549	94,672	65,204	3,066,377	1,142,405	310,207	1,452,612	4,518,989
Professional Fees	-	-	-	-	-	-	3,524,726	-	3,524,726	3,524,726
Office Equipment and Services	403,806	86,310	36,308	33,782	27,263	2,393,478	485,755	129,702	615,457	3,008,935
Meetings	67,317	89,288	37,385	34,760	28,301	1,156,924	495,853	1,316,420	1,812,273	2,969,197
Office Supplies and Printing	126,262	89,883	38,685	34,206	14,210	1,533,494	176,482	328,643	505,125	2,038,619
Telephone and Internet	72,831	96,602	40,447	37,607	30,620	1,270,072	536,468	145,673	682,141	1,952,213
Warrior Assistance and Support	50,718	335,772	37,180	4,498	9	1,831,143	157	15,444	15,601	1,846,744
Education and Development	108,402	70,750	33,167	25,246	27,016	893,547	163,477	175,605	339,082	1,232,629
Advertising and Promotion - Purchased	19,298	22,728	14,524	14,215	4,419	294,777	77,415	761,744	839,159	1,133,936
Insurance	19,321	25,185	11,317	10,632	7,553	349,359	132,340	35,936	168,276	517,635
Total expenses	\$ 14,335,233	\$ 17,113,156	\$ 2,642,657	\$ 3,108,026	\$ 1,903,197	\$ 308,715,166	\$ 15,495,026	\$ 74,078,846	\$ 89,573,872	\$ 398,289,038

The accompanying notes are an integral part of this consolidated financial statement.

Consolidated statement of cash flows

For the year ended September 30	2015
Cash flows from operating activities:	
Changes in net assets	\$ 85,579,657
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	4,518,989
Loss on disposal of property and equipment	2,358
Contributed property and equipment	(788,105)
Net realized and unrealized loss on investments	8,964,622
Change in value of beneficial interest in trust	(16,597)
Change in allowance for doubtful accounts	623,743
Change in operating assets and liabilities:	
Contributions receivable	(1,852,103)
Inventory	469,782
Prepaid expenses	(6,150,936)
Security deposits	514,240
Accounts payable	5,477,164
Accrued expenses	807,578
Net cash provided by operating activities	98,150,392
Cash flows from investing activities:	
Purchases of property and equipment	(4,837,324)
Proceeds from beneficial interest in trust	72,217
Purchases of investments	(328,359,933)
Proceeds from sales of investments	287,462,667
Net cash used in investing activities	(45,662,373)
Net increase in cash	52,488,019
Cash and cash equivalents, beginning of year	22,881,124
Cash and cash equivalents, end of year	\$ 75,369,143
Supplemental disclosure information:	
Property and equipment purchases in accounts payable at September 30, 2015	\$ 477,666

The accompanying notes are an integral part of this consolidated financial statement.

Notes to Consolidated Financial Statements

1 Organization

Wounded Warrior Project, Inc. (“WWP” or “Wounded Warrior Project”), is a not-for-profit 501(c)(3) corporation organized February 23, 2005, for the purpose of serving veterans and service members who incurred a physical or mental injury, illness, or wound, co-incident to their military service on or after September 11, 2001. 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 injured service members; to help 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, well-adjusted generation of wounded service members in our nation’s history.

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 WWP. The Trust was consolidated in accordance with authoritative guidance because, among other factors, WWP has the power to remove the Trustee and appoint a successor Trustee, and the Trust is operated, supervised, and controlled by WWP, its supported organization. The Trust is a Type I supporting organization.

As of September 30, 2015, WWP has transferred \$91,834,100 to the Trust. An additional \$734,113 in contributions for the Trust were received by WWP during fiscal year 2015 and will be transferred to the Trust in fiscal year 2016. Funds that have been transferred into the Trust by WWP must be used for the purposes defined by the Trust, and cannot be returned to WWP. The Trust accounts are included in the accompanying consolidated financial statements.

WWP established the Trust to provide the economic means for supportive services to maintain wounded warriors in settings that are as independent as possible, and to assist with long term care needs in the event of the warrior’s separation from his or her current caregiver, by reason of the caregiver’s death, disability, or other reasons. The goal is to empower these most severely wounded warriors, who have experienced a moderate to severe brain injury, spinal-cord injury, or other neurological condition, to live as independently as possible, with the highest quality of life and finest, most compassionate care possible. WWP is responsible for identifying the warriors who are members of the charitable class of persons served by the Trust.

The Trust provides funds to ensure services including life-skills training, home care, transportation, and residential options remain available to the severely wounded, who upon the loss of their caregiver, are at risk for institutionalization. The Trust will generally make approved distributions directly to service providers to provide for the needs of warriors. Distributions for the benefit of a specific warrior shall take into account his or her health, his or her financial needs, the requirements for his or her care, the provision of a decent standard of living for the warrior and his or her dependents, the warrior’s ability to live independently and the community-based resources available to support the warrior’s needs, and in general, the requirements to alleviate the suffering that results from the injuries or illness suffered by the warrior as a result of his or her military service. Further, WWP takes into consideration the availability of government benefits and other forms of public funding and resources that may provide for some or all of the needs of the warrior.

As of September 30, 2015, there have not been any distributions requested or made from the Trust.

Notes to Consolidated Financial Statements

The Organization delivers direct program services in the following areas:

Alumni

The Alumni program provides long-term support and camaraderie for wounded warriors through communication, events and networking. The Alumni program offers a wide range of activities including sporting events, educational sessions, personal and professional development summits and recreational events that provide individuals a chance to engage with other wounded warriors. The Alumni program also identifies, trains, and challenges leaders within the wounded warrior population to support their peers in their continued path toward physical health and well-being.

Benefits Service

To help warriors make the most of their benefits and successfully transition to life after injury, WWP provides the tools they need to become financially secure. Unlike traditional models of veterans' services, WWP identifies the warrior's individual needs, in addition to providing economic empowerment. The Benefits Service team ensures warriors and their families have information and access to government benefits, as well as WWP's full range of programs and the community resources necessary for successful transition to life after injury.

A key part of this program is support and education for warriors, as well as their family members and caregivers. WWP has a team of highly trained personnel that are accredited by the Department of Veteran Affairs to represent warriors and advocate on their behalf. WWP personnel represent warriors in their filing of claims for benefits with the Department of Veteran Affairs and Department of Defense. WWP personnel work closely with each agency so they can walk warriors through every step of the process. When a claim is filed, WWP makes sure it is processed correctly the first time and guides injured service members through this crucial part of their transition.

International Support

Landstuhl Regional Medical Center is one of the first locations warriors are transported to once injured. Most of the time during transport, their belongings are not transported with them. WWP provides comfort items such as jackets, sweatpants, t-shirts, and blankets to warriors before they are flown back to the States. WWP wants to make their stay and travel back to the United States of America as comfortable as possible. 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.

WWP Packs

WWP backpacks 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.

Injured warriors overseas who are evacuated from field hospitals to larger military treatment facilities stateside or abroad receive a smaller version of the WWP backpack, known as the Transitional Care Pack, for immediate comfort.

Notes to Consolidated Financial Statements

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 serve as listeners, role models, and motivators who can share their understanding and perspective with fellow warriors. WWP's goal of Peer Support is for the warrior being mentored to eventually mentor a fellow warrior - embodying the Wounded Warrior Project mission and logo.

Physical Health & Wellness

Physical Health & Wellness ("PH&W") programs are designed to reduce stress, combat depression, and promote an overall healthy and active lifestyle by encouraging participation in fun, educational activities. PH&W has something to offer warriors in every stage of recovery. Four focus areas are Inclusive Sports, Fitness, Nutrition, and Wellness.

Soldier Ride

Soldier Ride® is a unique three to five day cycling opportunity for warriors to use cycling and the bonds of service to overcome physical, mental or emotional wounds. Warriors of all ability levels can cycle on adaptive hand cycles, trikes and bicycles. 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, which will challenge them physically and mentally, from the south lawn of the White House to local communities across the nation.

Combat Stress Recovery

The Combat Stress Recovery Program ("CSR") addresses the mental health and cognitive needs of returning service members and those that have already made the transition back to civilian life. The CSR 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 challenges warriors to think about goal-setting and understanding their "new normal." Many warriors begin their journey with Project Odyssey®, an outdoor, rehabilitative retreat that promotes peer connection, challenging outdoor experiences, and healing with other combat veterans. WWP provides licensed mental health counselors at all Project Odyssey events.

The CSR also provides continued care services to improve warrior resiliency and psychological well-being. This is accomplished through the establishment of goals and the identification and use of community based resources.

In addition, in order to enhance access and provide Post Traumatic Stress Disorder ("PTSD") and Traumatic Brain Injury ("TBI") treatment through an integrated care model, WWP has established the Warrior Care Network™. Warrior Care Network consists of four national leading academic medical centers ("AMCs") that will connect warriors and their families with world-class, evidence-based mental health care. These AMCs will provide warriors with multi-week, intensive outpatient programs and individualized care.

Notes to Consolidated Financial Statements

WWP has committed to provide institutional and financial support to the AMCs. WWP distributed \$21,400,000 in grants to the AMCs during the year ended September 30, 2015, which is included in the accompanying consolidated statement of functional expenses as a CSRP grant expense. WWP has entered into agreements to continue to grant funds to each AMC, subject to specific provisions and fundraising conditions that each AMC is required to meet in order to access their portion of the funds. WWP has conditional financial commitments of \$20,700,000 per year for the years ended September 30, 2016, and 2017.

Independence Program

The Independence Program helps warriors live life to the fullest, on their own terms. It is designed for warriors who rely on their families and/or caregivers because of moderate to severe brain injury, spinal-cord injury, or other neurological conditions. In addition, the warrior's cognitive or physical challenges limit their opportunities to access resources and activities in their own community.

The Independence Program is a team effort, bringing together the warrior and his or her 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. It's designed as a comprehensive long-term partnership intended to adapt to the warriors' ever-changing needs.

The Independence Program provides support and training for involvement in meaningful activities, including social and recreational, wellness, volunteer work, education, and other life skills.

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 through its intensive and holistic training experience for the mind, body, and spirit. The 12-month program provides wounded warriors a jump-start on meeting their educational goals, while also supporting goals around personal health and wellness, mental health, and career development.

Transition Training Academy

Transition Training Academy ("TTA") introduces warriors, family members and caregivers to the information technology field as a possible career choice. TTA classes are taught in a modified classroom setting with flexible class schedules to accommodate participants' medical and duty requirements.

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 civilian workforce. It offers a complete package of career guidance and support 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.

Notes to Consolidated Financial Statements

Education Services

The Education Services program prepares warriors for success by helping them achieve their educational goals. Education Services guides warriors through their options with secondary education, provides customized plans for success and educates warriors about campus resources available to them. 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.

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 help the warrior overcome challenges and learn to thrive again despite invisible wounds.

Warriors Speak

The Warriors Speak® program is a 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

The following summary of significant accounting policies of the Organization is presented to assist in understanding the accompanying 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 ("US GAAP") and have been consistently applied in the presentation of the accompanying 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 in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP 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.

Notes to Consolidated Financial Statements

Net Assets

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with US 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.

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. The temporarily restricted net asset balance at September 30, 2015 represents cumulative earnings in accordance with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) awaiting appropriation for expenditure, and the time restricted beneficial interest in trust.

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.

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 consolidated statement of activities. 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.

Endowments

The State of Florida enacted the 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 its Board of Directors, for endowment assets that attempt to provide a supplementary source of funding for operations, infrastructure

Notes to Consolidated Financial Statements

redevelopment, and other capital projects for the benefit of the Organization, while seeking to maintain the purchasing power of these endowment assets over the long-term. WWP presently has one permanently restricted endowment, which allows WWP to spend investment proceeds on the TRACK program (see description in Note 1).

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 fair value, which is based on the present value of the scheduled annuity payments to be received. The value of the beneficial interest in the trust is adjusted annually for the change in the fair value as a change in temporarily restricted net assets in the accompanying consolidated statement of activities.

Contributions Receivable

Contributions receivable are all due within one year. Management evaluates total contributions receivable based upon a review of account balances, including the age of the balance and the historical experience with the donor, 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 to be remote, and any amounts subsequently collected are recorded as income in the period received. The allowance for doubtful accounts totaled \$986,754 as of September 30, 2015.

Inventory

Inventory is stated at the lower of average cost or market. Inventory consists of undistributed backpacks, transition care packs, WWP apparel and promotional items. Management evaluated inventory as of September 30, 2015 and determined no allowance was necessary.

Prepaid Expenses

Prepaid expenses primarily consists of postage purchased in advance of, and to be used for future direct mail campaigns.

Property and Equipment

Property and equipment with values of \$10,000 or more and a useful life longer than three years are recorded at cost, or, if donated, at their estimated fair value at date of receipt. 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 the consolidated statement of activities.

Notes to Consolidated Financial Statements

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 property and equipment accounts when useable or placed in service. Leasehold improvements are recorded at the inception of the lease and are depreciated over the remaining 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 five years. Fixed asset lives for consolidated financial statement reporting of depreciation are:

Asset Lives

Furniture and fixtures	5 years
Computers and program equipment	3 years
Vehicles	3 years
Website and software	3 years

Contributions

Contributions, both cash and in-kind, 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 are satisfied 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 donor-imposed restrictions. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets in the accompanying consolidated statement of activities.

Contributions of assets, other than cash, are recorded at their estimated fair value at the date received. Contributions of property and equipment without donor-imposed stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. 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 satisfied 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 accompanying consolidated financial statements for these contributed services since the contribution of these services did not meet the criteria for recognition. When professional services are provided, in-kind values are recorded as contributions.

Notes to Consolidated Financial Statements

Advertising and Promotion

Advertising and promotion is expensed as incurred. For the year ended September 30, 2015, advertising and promotion expense totaled \$100,068,664. Of this amount, \$88,533,221 was donated in-kind contributions of public service announcements, \$10,401,507 was donated in-kind advertising for public awareness campaigns, and \$1,133,936 was actual disbursements for advertising and promotion costs.

Concentration of Credit Risk

The Organization places its cash and cash equivalents 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 such cash accounts.

Functional Expense Allocation

The costs of providing various program and supporting services have been summarized on a functional basis in the accompanying consolidated statement of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on how employees spent their time and the purpose of the costs incurred.

Income Taxes

The Organization has received tax determination letters 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 upon examination by taxing authorities. As of September 30, 2015, 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 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 prior to fiscal 2012. However, the Organization is still open to examination by taxing authorities from fiscal year 2012 forward. No tax expense, interest or penalties have been recorded in the accompanying consolidated financial statements related to any uncertain tax positions.

Notes to Consolidated Financial Statements

Recently Implemented Accounting Standard

In May 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent) (“ASU 2015-07”). This ASU eliminates the requirement to categorize investments in the fair value hierarchy if their fair value is measured at Net Asset Value (“NAV”) per share (or its equivalent) using the practical expedient as discussed in FASB ASC Subtopic 820-10. In fiscal 2015, WWP elected to early adopt the provisions of ASU 2015-07 (see Note 4).

3 Investments

Investments are managed under a diversified investment strategy. Investments, measured at fair value, are comprised of the following at September 30, 2015:

Exchange traded funds	\$ 120,327,976
Government fixed income	70,987,918
Corporate fixed income	41,644,240
Mutual funds	28,121,765
Common stocks	14,733,439
Limited partnerships	5,944,096
Total investments	\$ 281,759,434

The following schedule summarizes investment return (loss) for the year ended September 30, 2015:

Interest and dividend income	\$ 6,448,709
Realized and unrealized loss	(8,964,622)
Investment fees	(684,018)
Total investment return	\$ (3,199,931)

Notes to Consolidated Financial Statements

4 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. These investments include positions that are not traded in active markets and/or are subject to transfer restrictions. Valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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. The determination of what constitutes "observable" requires significant judgment by WWP.

There have been no changes in the valuation methodologies used by the Organization at September 30, 2015 as compared to prior years. The following is a description of the valuation methodologies used for assets measured at fair value:

Exchange Traded Funds: These securities track an index, a commodity or a basket of assets like an index fund, and trade like equities on an active exchange. They experience price changes throughout the day as they are bought and sold. Because it trades like a stock, it does not have its net asset value calculated every day like a mutual fund.

Mutual Funds: Valued at quoted prices of the units reported on the active market on which the individual investments trade.

Notes to Consolidated Financial Statements

Common Stocks: Valued at the closing price reported on the active market on which the individual investments trade.

Corporate and Government Fixed Income Securities: Valued using matrix pricing, valued at the closing price reported on the active market on which the individual investment trade, or reported at NAV. 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.

Limited Partnerships: Valued using the most current information provided by the general partner and/or the investment manager. These investments are valued using NAV as a practical expedient for fair value. Valuations are evaluated by management, and management believes such values are reasonable for the year ended September 30, 2015.

Beneficial Interest in Trust: Valued using the most current information provided by the trustee. Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Valuations are evaluated by management, and management believes such values are reasonable for the year ended September 30, 2015.

Investments Measured at NAV: Investments measured at fair value using the reported NAV per share, based on the Organization's ownership interest in the respective fund as the measurement date, include: government fixed income securities and limited partnerships. Investments in government fixed income securities include one money market fund that invests in obligations of the U.S. Treasury, including Treasury bills, bonds, and notes. Investments in private partnership interests invest in diversified private investment funds, which in turn hold investments and equity in a variety of industries. The reported NAV of these partnerships are determined by the general partners using the fair value of the underlying assets, obtained from quoted market prices for investments in marketable securities.

As of September 30, 2015, the Organization has no unfunded commitments with respect to its government fixed income securities funds or partnership interests and there are no restrictions on redemptions of investments in these funds. The Organization believes that it can redeem its investment in these funds at the reported NAV.

The Organization believes that the reported fair value of its investments in government fixed income, corporate fixed income, and limited partnership interests is a reasonable estimate of their fair value. However, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed.

Notes to Consolidated Financial Statements

The following table sets forth by level, within the fair value hierarchy, the Organization's assets reported at fair value as of September 30, 2015:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Instruments Measured at NAV	Total
Exchange traded funds	\$ 120,327,976	\$ -	\$ -	\$ -	\$ 120,327,976
Government fixed income	-	39,074,479	-	31,913,439	70,987,918
Corporate fixed income	39,071,215	2,573,025	-	-	41,644,240
Mutual funds	28,121,765	-	-	-	28,121,765
Common stocks	14,733,439	-	-	-	14,733,439
Limited partnerships	-	23,749	-	5,920,347	5,944,096
Total investments at fair value	\$ 202,254,395	\$ 41,671,253	\$ -	\$ 37,833,786	\$ 281,759,434
Beneficial interest in trust	\$ -	\$ -	\$ 766,950	\$ -	\$ 766,950

There were no significant transfers of assets between Level 1 and Level 2 during the year ended September 30, 2015.

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 changes could materially affect the amounts reported in the consolidated financial statements. The Organization, in collaboration with its investment advisor, monitors the Organization's investments and the risks associated on a regular basis. The Organization believes this process minimizes risk.

As discussed in Note 2, the Organization is the beneficiary of an irrevocable charitable lead annuity trust. The investment securities that support the trust are similarly exposed to the risks identified above.

The following table presents additional information about the Level 3 asset 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.

Notes to Consolidated Financial Statements

Changes in the Level 3 asset measured at fair value for the year ended September 30, 2015 are as follows:

	Beginning Balance	Cash Received	Net Unrealized Gain	Ending Balance
Beneficial interest in trust	\$ 822,570	\$ (72,217)	\$ 16,597	\$ 766,950

5 Endowment Net Assets

As of September 30, 2015, the Organization had one donor restricted endowment, which is classified as permanently restricted. As required by US GAAP, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The Organization's Board of Directors interpreted FUPMIFA 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 FUPMIFA.

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

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

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 FUPMIFA 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, 2015, there were no such deficiencies of this nature.

Notes to Consolidated Financial Statements

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. Annually, up to five percent of the fair value of the endowment may be appropriated for expenditure. However, per donor stipulation, 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, 2015, endowment net assets consist of the following:

	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment fund	\$ 205,183	\$ 1,000,000	\$ 1,205,183

Changes in endowment net assets for the year ended September 30, 2015 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, September 30, 2014	\$ 302,411	\$ 1,000,000	\$ 1,302,411
Endowment investment return:			
Interest and dividend income	26,921	-	26,921
Realized and unrealized losses	(61,668)	-	(61,668)
Total endowment investment return	(34,747)	-	(34,747)
Appropriation of endowment assets for expenditures	(62,481)	-	(62,481)
Endowment net assets September 30, 2015	\$ 205,183	\$ 1,000,000	\$ 1,205,183

6 Property and Equipment

Property and equipment consists of the following at September 30, 2015:

Furniture and fixtures	\$ 16,007,751
Leasehold improvements	6,379,814
Construction in process	3,283,010
Vehicles	1,421,808
Website and software	1,234,889
Computer and program equipment	1,061,453
Gross property and equipment	29,388,725
Less: accumulated depreciation	(13,029,598)
Net property and equipment	\$ 16,359,127

Notes to Consolidated Financial Statements

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 2025. At September 30, 2015, WWP recognized a deferred rent liability reflected in the accompanying statement of financial position as an accrued expense of \$1,520,189, which is the cumulative difference between the rent expense recognized on the straight-line basis over the term of the lease and the actual rent paid. Total rent expense for the year ended September 30, 2015 totaled \$8,099,657.

Future minimum lease payments for operating leases with an initial or remaining lease term of twelve months or more at September 30, 2015 are as follows:

2016	\$ 5,371,917
2017	5,333,784
2018	5,491,391
2019	4,923,833
2020	3,004,425
Thereafter	5,138,414
Total	\$ 29,263,764

8 In-Kind Contributions

During the year ended September 30, 2015, the Organization received the following non-cash contributions:

Public Service Announcements	\$ 88,533,221
Advertising and Promotion	10,401,507
Property and Equipment	788,105
Event Tickets	603,264
Discounts	552,802
Other	3,216,256
Total	\$ 104,095,155

Notes to Consolidated Financial Statements

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

Public Service Announcements and Advertising

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 deliver the announcements to assist the Organization in its mission, free of charge. Advertising includes billboard, magazine, and truck advertisements. The Organization receives printed advertising which appears on billboards magazines, and U-Haul trucks that serve as platforms to market and brand the mission of the Organization.

The Organization has contracted with independent outside agencies to track the date and time that each public service announcement displays and to estimate the fair value of the announcement and printed advertisement based on the date, time, and market. For certain advertising, the Organization internally obtains the estimated fair value of the advertisement based on the length of time, date, and market. For the year ended September 30, 2015, the Organization recorded \$88,533,221 and \$10,401,507 for Public Service Announcements and Advertising, respectively.

Tangible Property

Tangible property includes donations of property and equipment, and event tickets. These items are used to defray costs of operations, or as part of fundraising events, or are given to Alumni. The Organization values these items at fair value on the date received. For the year ended September 30, 2015, the Organization recorded \$788,105 for property and equipment, and \$603,264 for event tickets.

Discounts

The Organization receives discounts from third-parties for various services, supplies, activities and club memberships purchased by the Organization for wounded warriors. The value of these discounts is recorded based on comparison to the fair value of these items. For the year ended September 30, 2015, the Organization recorded \$552,802 for discounts received.

Other

The Organization receives other in-kind contributions, including rental of trucks, gala auction items, etc. The other in-kind contributions are valued based on fair value on the date received by the Organization. For the year ended September 30, 2015, the Organization recorded \$3,216,256 for other in-kind contributions.

Notes to Consolidated Financial Statements

9 Allocation of Joint Costs

WWP conducts joint activities that benefit program services and include a fundraising appeal. The programmatic component of these activities includes the education and recruitment of wounded service members that have not yet engaged with WWP, a call to action to enlist the public's aid in identifying wounded service members that would benefit from WWP's programs and services, and an opportunity to thank WWP's alumni for their sacrifices in serving our country.

These joint activities include direct response television and direct mail campaigns. The cost of conducting these activities included a total of \$77,332,639 of joint costs for the year ended September 30, 2015. Of these costs, \$47,148,553 was allocated to program expenses and \$30,184,086 was allocated to fundraising expenses.

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, 2015, the Organization incurred \$1,054,209 in matching contributions, which is included in compensation expense on the accompanying consolidated statement of functional expenses.

11 Contingencies

The Organization may be subject to legal actions or claims in the ordinary course of its business. Management is not aware of any current legal matters pending which would have a material adverse impact on the consolidated financial statements of the Organization.

Recently, the Organization became aware that in some circumstances, it did not obtain sufficiently detailed documentation under Treasury Regulation Section 1.274-5(c). Treasury Regulation Section 1.62-2(c) states that a reimbursement arrangement that, among other things, meets certain substantiation rules under Section 274 regulations will be treated as paid under an accountable plan. Treasury Regulation Section 1.274-5(c) further provides that ordinarily, documentary evidence will be considered adequate to support an expenditure if it includes sufficient information to establish the amount, date, place, and the essential character of the expenditure. Upon discovery of these circumstances, the Organization promptly contacted the IRS to resolve the matter and is currently collecting documentation for this purpose. No tax expense has been recorded in the accompanying consolidated financial statements related to this matter, and it is management's opinion that any potential amounts due upon the resolution of this matter will not have a material adverse effect on the accompanying consolidated financial statements. The Organization has also amended its Travel and Expense Policies and Procedures to require submission of documentary evidence that meets the substantiation requirements of Treasury Regulation Section 1.274-5(c).

Notes to Consolidated Financial Statements

12 Subsequent Events

The Organization has evaluated events through August 15, 2016, which was the date the consolidated financial statements were available to be issued. The Organization is not aware of any material events that require recognition or disclosure in the accompanying consolidated financial statements other than those listed below.

Negative media stories in January 2016 regarding the Organization prompted inquiries and requests for documents from Senator Grassley on behalf of the Committee on the Judiciary and from other parties. The Organization responded to these inquiries and requests, and management does not believe they will have a material adverse effect on the organization's financial position, results of operations or cash flows.

The Organization is in the process of evaluating its programs and services to ensure that they are delivered with even greater efficiency, as well as assessing its organizational structure to ensure that it maximizes all resources available. Management anticipates that certain roles will be eliminated as a result of this assessment and details of the restructuring will be announced in September 2016. Management does not believe the restructuring will have a material adverse impact on the accompanying consolidated financial statements.