

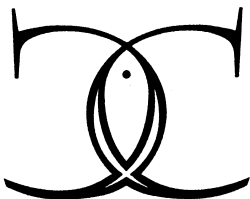
HELPING A HERO.ORG
(A Non-Profit Corporation)

Audited Financial Statements

December 31, 2014 and 2013

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Cox and Associates CPAs
Church and Nonprofit Specialists

SERVICES

Audits

Reviews

Compilations

Management Services

- * *Accounting Assistance*
- * *Review of internal controls*
- * *Education of personnel*

Tax Return Preparation

- * *Individual tax returns*
- * *Form 990's*
- * *Form 1023's*

INDEPENDENT AUDITORS' REPORT

Board of Directors
Helping A Hero.org
Houston, TX

We have audited the accompanying statements of financial position of Helping A Hero.org (a non-profit corporation) as of December 31, 2014 and 2013 and the related statements of activities, net assets, and cash flows for the years then ended.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 the 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 Helping A Hero.org as of December 31, 2014 and 2013, and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Cox and Associates CPAs LLC

Cox and Associates CPAs LLC
New Caney, TX

October 1, 2015

Helping a Hero.org
(A Non-Profit Corporation)
Statements of Financial Position
As of December 31, 2014 and 2013

ASSETS	<u>2014</u>	<u>2013</u>
Current Assets		
Cash (Note 1)	\$ 622,605	\$ 1,365,193
Cash - restricted (Note 4)	100,000	0
Total Cash	<u>722,605</u>	<u>1,365,193</u>
Investments (Note 2)	0	15,238
Accounts receivable, net (Note 1)	662,005	499,697
Homes for wounded heroes (Note 1)	<u>1,966,992</u>	<u>2,039,829</u>
Total Current Assets	<u>3,351,602</u>	<u>3,919,957</u>
Fixed Assets		
Land	117,405	40,000
Furniture and equipment	<u>80,109</u>	<u>53,390</u>
Sub-total	197,514	93,390
Less: Accumulated depreciation	<u>(16,038)</u>	<u>(1,458)</u>
Net Fixed Assets	<u>181,476</u>	<u>91,932</u>
Other Assets		
Deposit on lease	<u>11,568</u>	<u>6,039</u>
Total Assets	\$ <u>3,544,646</u>	\$ <u>4,017,928</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 63,168	\$ 84,088
Accrued expenses	<u>248,764</u>	<u>0</u>
Total Current Liabilities	<u>311,932</u>	<u>84,088</u>
Net Assets		
Unrestricted net assets	3,132,714	3,933,840
Temporarily restricted net assets	<u>100,000</u>	<u>0</u>
Total Net Assets	<u>3,232,714</u>	<u>3,933,840</u>
Total Liabilities and Net Assets	\$ <u>3,544,646</u>	\$ <u>4,017,928</u>

See accompanying footnotes

Helping a Hero.org
(A Non-Profit Corporation)
Statements of Activities

For the Years Ended December 31, 2014 and 2013

UNRESTRICTED NET ASSETS	<u>2014</u>	<u>2013</u>
Receipts		
Contribution receipts (Note 1)	\$ 380,333	\$ 1,366,327
Contributions in kind (Note 1)	1,832,901	891,997
Gala receipts (Note 1)		
Gross receipts	2,142,393	1,422,245
Direct costs	<u>(340,796)</u>	<u>(291,302)</u>
Total Receipts	<u>4,014,831</u>	<u>3,389,267</u>
Expenses:		
Program Expenses:		
Veteran programs (Note 1)		
Veteran homes and financial assistance	3,291,549	1,557,089
Groundbreaking and Welcome Home ceremony expenses	64,770	38,317
Hero activities and marriage retreat	99,139	165,740
Reserve for hero loans	288,803	0
Other program expense	2,642	6,947
Salaries and employee benefits (Note 5)	322,234	160,012
General and administrative expenses (Note 5)	<u>181,608</u>	<u>64,125</u>
Total Program Expenses	<u>4,250,745</u>	<u>1,992,230</u>
Supporting Expenses:		
Fundraising expenses (Note 5)	190,079	26,948
Salaries and employee benefits (Note 5)	75,188	37,336
General and administrative expenses (Note 5)	<u>42,375</u>	<u>14,963</u>
Total Supporting Expenses	<u>307,642</u>	<u>79,247</u>
Total Expenses Before Other Expenses and Changes	4,558,387	2,071,477
Other Expenses and Changes		
Legal expenses	242,990	0
Depreciation expense	<u>14,580</u>	<u>1,458</u>
Total Other Expenses and Changes	<u>257,570</u>	<u>1,458</u>
Change in Unrestricted Net Assets	<u>(801,126)</u>	<u>1,316,332</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	100,000	0
Net assets released from restrictions (Note 4)	<u>0</u>	<u>0</u>
Change in Temporarily Restricted Net Assets	<u>100,000</u>	<u>0</u>
Change in Net Assets	<u>\$ (701,126)</u>	<u>\$ 1,316,332</u>

See accompanying footnotes

Helping a Hero.org
(A Non-Profit Corporation)
Statements of Net Assets
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Net Assets, Beginning of Year	\$ 3,933,840	\$ 2,617,508
Change in net assets	<u>(701,126)</u>	<u>1,316,332</u>
Net Assets, End of Year	\$ <u>3,232,714</u>	\$ <u>3,933,840</u>

See accompanying footnotes

Helping a Hero.org
(A Non-Profit Corporation)
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Cash received from donors and contributors	\$ 2,622,726	\$ 2,788,572
Cash paid for program participants	(2,080,878)	(2,597,975)
Cash paid for legal support	(242,990)	0
Cash paid to employees and supplies	(399,090)	(198,387)
Cash paid for fundraising events	(530,875)	(318,250)
Net Cash Used by Operating Activities	<u>(631,107)</u>	<u>(326,040)</u>
Cash Flows from Investing Activities		
Cash paid for furniture and equipment	(26,719)	(53,389)
Proceeds from sale of investments	15,238	(15,238)
Net Cash Used by Investing Activities	<u>(11,481)</u>	<u>(68,627)</u>
Net Decrease in Cash	<u>(642,588)</u>	<u>(394,667)</u>
Cash, Beginning of Year	<u>1,365,193</u>	<u>1,759,860</u>
Cash, End of Year	<u><u>\$ 722,605</u></u>	<u><u>\$ 1,365,193</u></u>
Change in net assets	\$ (701,126)	\$ 1,316,332
Adjustments to reconcile change in net assets to net cash used from operating activities:		
Depreciation expense	14,580	1,458
Reserve for hero loans	288,803	0
Decrease (increase) in operating assets:		
Accounts receivable	(451,111)	(38,783)
Homes for veterans	72,837	(1,683,096)
Deposits	(5,529)	(6,039)
Increase (decrease) in operating liabilities:		
Accounts payable	(20,920)	84,088
Accrued expenses	171,359	0
Net Cash Used by Operating Activities	<u><u>\$ (631,107)</u></u>	<u><u>\$ (326,040)</u></u>

See accompanying footnotes

HELPING A HERO.ORG
(A Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Helping A Hero.org (the Organization) is a non-profit corporation established in 2006 under the laws of Texas. The organization's mission is to provide adapted homes and other emotional, physical, and financial support for severely wounded heroes injured in the Iraq war, Afghanistan war, or the War on Terror. The Organization's corporate offices are located in Houston, Texas.

Wounded Hero Home Program

The Wounded Hero Home Program is the signature homebuilding program for severely wounded warriors injured in support of the Global War on Terror. Traditionally, homes are built in master planned communities with the developer and builder donating time and materials toward the construction of the house, in addition to their paid services. Helping a Hero.org donates cash funds and oversees the project. The veteran is required to take out a minimum \$50,000 mortgage on the home plus contribute the proceeds of their VA grant that most of the veterans are eligible for. The actual mortgage amount is determined at the end of the building process and is based on the minimum required \$50,000 veteran investment, plus any additional upgrades selected by the veteran over the maximum \$100,000 cash contribution by the Organization and any excess cost of land.

Each home is built to address the special adaptation standards for the veteran who will live in the home and is designed to ensure maximum independence within the constraints of the budget. The home is recorded at cost plus any in kind donations from the builder or other sources. During 2014 and 2013 there were \$543,930 and \$301,822 of in kind donations, respectively, that were added to the cost of the homes under construction. To date, the Organization has awarded 113 homes in 22 states.

Groundbreaking Ceremony

The Organization conducts a groundbreaking ceremony before the construction of a new home for the wounded warrior. The ceremony allows the Organization to introduce the wounded warrior and his, or her, family to the community, educate the community about the needs of the wounded warrior, educate other businesses about the opportunity for giving back to wounded warriors, and honor the wounded warrior for his or her service.

Welcome Home Ceremony

The Organization has a welcome home ceremony when the home is completed and the wounded hero is ready to move in. The ceremony allows the Organization to thank all the vendors who have donated time or products to the home as well as to educate the community about the adaptation needs that this wounded hero has as a result of his/her permanent injuries.

HELPING A HERO.ORG
(A Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Gala

The Organization held one gala in 2014 in Houston and two galas in 2013 - one in Houston and one in Dallas. During the Houston Gala the Organization officially announced the wounded warriors who will be home recipients in the Wounded Hero Home Program. The Gala is the primary fund raising event for the organization. In conjunction with the Gala, the Organizations conducts several additional programs such as Caregiver Programs, Marriage Programs, Financial Education, Emergency Needs and Recreation Support.

Marriage Retreats and Caregiver Programs

The wounded heroes and their families often face an uphill battle with their marriages as they transition from the military back into civilian life. The divorce rate is an average of 85% among the most severely wounded. The Organization is committed to equipping these families to enhance their communication skills and work through these crisis issues so that they can rebuild their marriages based on the new normal they now face. Over 40 families participated in the retreats, webinars, and crisis communication support modules during 2014 and 2013.

The caregivers, primarily spouses and parents, face the 24/7 day to day challenges of supporting our wounded warriors. They are often overlooked and unappreciated. The Organization organizes and offers retreats that provide encouragement, fun, pampering, and camaraderie for these caregivers. Over 50 caregivers participated in these programs during 2014 and 2013.

Emergency Needs and Recreation Support

The organization provides ongoing support for wounded warriors and their families, with priority given to home recipients. Support includes financial support, sports events, fishing and hunting outings, rodeos, Operation Merry Christmas, and others. Over 300 wounded warriors receive assistance.

Financial Education Program

The wounded warriors have often been in the military since high school and are unfamiliar with what it takes to sustain a household in the civilian world. The Organization helps them develop a budget and make better financial decisions.

Method of Accounting

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

HELPING A HERO.ORG
(A Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash

For the purposes of the statement of cash flow, cash is represented by cash on hand and deposited in bank. The Organization's policy is to record all liquid investments with original maturities of three months or less as cash equivalents. The carrying value of cash equivalents approximates fair market value because of the short maturities of those financial instruments. At December 31, 2014 and 2013 the value of cash equivalents on hand is \$0.

Significant non-cash transactions

The Organization engaged in the following non-cash activities during the year:

Financing and Investing:

Settlement of land lot with proceeds from transfer of home to a veteran	\$64,000
Purchase of accounting software using short-term financing	\$14,196

Operating:

Donated items sold during the gala	\$74,520
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Contributions

The Organization has adopted FASB ASC Topic 958-605, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending upon the existence and /or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Uses of Estimates

The preparation of financial statements in conformity 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. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with the requirements of the Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) Topic 958-205, *Financial Statements of Not-for-Profit Organizations*, and reports information regarding its financial position and activities according to the following three classes of net assets:

HELPING A HERO.ORG
(A Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

- a.) Unrestricted net assets are those amounts currently available at the discretion of the Board for the use of the Organization's programs and operations.
- b.) Temporarily restricted net assets are those amounts not currently available for use in the Organization's programs or operations until commitments regarding their use have been fulfilled or the required amount of time has elapsed. The Organization has no temporarily restricted net assets at this time.
- c.) Permanently restricted net assets are those amounts subject to donor imposed stipulations that the funds be maintained permanently, with only the earnings thereon being available for use. The Organization has no permanently restricted net assets at this time.

Prior Year Reclassifications

Certain amounts in prior-period financial statements were reclassified to conform to the current period's presentation.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; consequently, there is no provision for Federal or State income taxes. The Organization files an annual informational return. However, the Organization can be subject to taxes on unrelated business income if applicable. No unrelated business income tax was paid in 2014 and 2013.

The Organization believes that all significant tax positions utilized by the Organization will more likely than not be sustained upon examination. As of December 31, 2014, the tax years that remain subject to examination by the major tax jurisdictions under the statute of limitations are 2012 forward. Tax penalties and interest, if any, would be accrued as incurred and would be classified as general and administrative expense in the Statement of Activities.

Accounts Receivable

The Organization maintains accounts receivable, mainly from the Wounded Hero Home Program described in Note 1. This receivable represents short-term financing on the home while the Hero secures a mortgage from a third party lender and receives his specially adapted housing grant from the Veterans' Administration. These receivables are carried at their net value and are secured by the homes.

Only accounts that are deemed to be collectible are carried on the balance sheet. Management reserved \$288,803 and \$0 at December 31, 2014 and 2013, respectively, for balances that may not be collected in the future.

HELPING A HERO.ORG
(A Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Recognition of Receipts

Contributions received during the current period are recognized as support when cash is received. The Organization receives much of its support from contributions. Donors are under no contractual obligation to continue making contributions.

In Kind Contributions

Donated property and materials are recorded at estimated fair value as contributions when they are received from a donor. The related expense is recorded as the items are used. The cost of the homes built for the wounded warrior program include donated materials and labor of \$1,832,901 and \$891,997 for 2014 and 2013, respectively.

Contributions of services are recognized when services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation. The donated hours by the Organization's volunteers are an essential part of the Organization's programs since its services could not be sustained without this support. The monetary value of these contributed services is not included in the financial statements since these services do not qualify for inclusion according to the criteria mentioned above.

Fair Value Hierarchy

The Organization has categorized its financial investments based on the priority of the inputs to the valuation techniques, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and/or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument.

Financial assets recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 Financial assets and liabilities whose values are based on unadjusted quote prices for identical assets or liabilities in an active market that the Organization has the ability to access.

Level 2 Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include among others, quoted prices for similar assets or liabilities in active market or non-active market.

HELPING A HERO.ORG
(A Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Level 3 Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own judgments about the assumptions a market participant would use in pricing the asset or liability. Management relies on amounts reported by the investment manager for fair market value of these assets

Subsequent Events

Subsequent events have been evaluated by management through the date the financial statements were available to be issued on October 1, 2015.

NOTE 2 - INVESTMENTS

The Organization received contribution in a form of securities in 2013. The securities were defined as a Level 1 investment. The value of these investments is \$0 and \$15,238 at December 31, 2014 and 2013, respectively.

NOTE 3 – FIXED ASSETS

Fixed assets consist of land, furniture and other equipment used by the organization. Assets are recorded at cost and depreciated over the estimated useful lives of the related assets. The estimated life of the equipment is 5 years. Depreciation is computed on the straight-line method and amounted to \$14,580 and \$1,458 for 2014 and 2013, respectively.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

The Organization receives contributions in the form of designated or temporarily restricted funds. These funds are designated for either a program participant or a geographic area. As the expenses are incurred by the Organization, the temporarily restricted monies are released from their restriction to be used to pay the expenses. No monies released from restriction during the years ending December 31, 2014 and 2013.

NOTE 5 – FUNCTIONAL ALLOCATION OF EXPENSES

If the Organization had allocated its expenses on a functional basis during 2014 and 2013, management estimates 75 percent of all administrative expenses are allocable to program expenses, 17.5 percent are allocable to supporting expenses, and 7.5 percent to fundraising expenses.

HELPING A HERO.ORG
(A Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2014 and 2013

NOTE 5 – FUNCTIONAL ALLOCATION OF EXPENSES, continued

As of December 31, 2014	Total	Program	Supporting	Fundraising
Salaries and employee benefits	\$ 429,645	\$ 322,234	\$ 75,188	\$ 32,223
General and administrative expenses	242,144	181,608	42,375	<u>18,161</u>
				Allocated fundraising expenses
				\$ 50,384
				Direct fundraising expenses
				<u>139,695</u>
				Total fundraising expenses
				\$ <u>190,079</u>
 As of December 31, 2013	 Total	 Program	 Supporting	 Fundraising
Salaries and employee benefits	\$ 213,349	\$ 160,012	\$ 37,336	\$ 16,001
General and administrative expenses	85,501	64,125	14,963	<u>6,413</u>
				Allocated fundraising expenses
				\$ 22,414
				Direct fundraising expenses
				<u>4,534</u>
				Total fundraising expenses
				\$ <u>26,948</u>

All other expenses are allocated 100 percent to the applicable program, except for depreciation expense, bad debt reserve and legal expenses which are listed as a separate line item. Actual fundraising costs for the Galas are shown as a deduction of the Gala receipts.

NOTE 6 - OPERATING LEASES

The Organization has operating leases for office space and business equipment that expire in September 2018 and November 2016, respectively. Rental expense under the leases amounted to \$37,829 and \$9,313 for the years ending December 31, 2014 and 2013, respectively. Future minimum lease obligations total \$146,500. Payments over the next five years under non-cancelable leases with a term in excess of one year as of December 31, 2014 are as follows:

For Year ending December 31, 2015	39,300
2016	39,300
2017	39,600
2018	28,600

NOTE 7 – CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization maintains its cash in a bank deposit account which,

HELPING A HERO.ORG
(A Non-Profit Corporation)
Notes to the Financial Statements
December 31, 2014 and 2013

at times, may exceed federally insured limits. As of December 31, 2014 and 2013 the Organization's uninsured balances were \$0 and \$576,139, respectively.

NOTE 7 – CONCENTRATION OF CREDIT RISK, continued

The Organization is primarily dependent upon contributions by its donors to meet expenses of operation. Although the management of the Organization expects contributions to be adequate, there can be no assurance that such contributions will be sufficient to meet these obligations. Also, there is no assurance that the number of donors or the per capita contribution by donors will either increase or remain stable.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Organization may be subject to various claims and legal proceedings which arise from time to time in the ordinary course of business. In the opinion of management, there are no legal matters that are likely to have a material adverse effect on the Organization's statements financial position, activities, net assets or the cash flows.

During the year ending December 31, 2014, the Organization was subject to legal inquiries requiring non-routine legal services. Total fees paid in 2014 for these services are \$242,990.