

WORLD T.E.A.M. SPORTS
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

**WORLD T.E.A.M. SPORTS
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YEAR ENDED DECEMBER 31, 2010**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
World T.E.A.M. Sports
Arlington, Virginia

We have audited the accompanying statement of financial position of World T.E.A.M. Sports as of December 31, 2010. This financial statement is the responsibility of World T.E.A.M. Sports' management. Our responsibility is to express an opinion on this financial statement 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 statement of financial position is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position presentation. We believe that our audit of the statement of financial position provides a reasonable basis for our opinion.

Because we were not engaged to audit the statement of activities and changes in net assets for the year ended December 31, 2010, we did not extend our auditing procedures to enable us to express an opinion of the results of operations for the year ended December 31, 2010.

World T.E.A.M. Sports has not presented a statement of cash flows for the year ended December 31, 2010. Presentation of such a statement summarizing World T.E.A.M. Sports' operating, investing and financing activities is required when making a complete presentation of financial statements in accordance with accounting principles generally accepted in the United States (see Note 1).

In our opinion, except for that the omission of the statement of cash flows described in the preceding paragraph results in an incomplete presentation, the statement of financial position referred to in the first paragraph presents fairly in all material respects the financial position of World T.E.A.M. Sports as of December 31, 2010 in conformity with accounting principles generally accepted in the United States.

LarsonAllen LLP
LarsonAllen LLP

Arlington, Virginia
August 23, 2011

WORLD T.E.A.M. SPORTS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010

ASSETS	
CURRENT ASSETS	
Cash	\$ 34,916
Prepaid Expenses	5,434
Inventory	2,865
Total Current Assets	<u>43,215</u>
PROPERTY AND EQUIPMENT	
Equipment, Net of Accumulated Depreciation of \$818	<u>1,224</u>
Total Assets	<u><u>\$ 44,439</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 72,271
Litigation Contingency	80,000
Total Current Liabilities	<u>152,271</u>
NET ASSETS	
Temporarily Restricted Net Assets	141,415
Unrestricted Net Assets	(249,247)
Total Net Assets	<u>(107,832)</u>
Total Liabilities and Net Assets	<u><u>\$ 44,439</u></u>

See accompanying Notes to Statement of Financial Position.

WORLD T.E.A.M. SPORTS
STATEMENT OF ACTIVITIES AND CHANGES IN
NET ASSETS (UNAUDITED)
YEAR ENDED DECEMBER 31, 2010

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Donations and Pledges	\$ 1,407,231	\$ 62,102	\$ 1,469,333
Program Event Fees	23,200	-	23,200
In-Kind Donations	110,450	-	110,450
Interest Income	854	-	854
Merchandise Sales	1,340	-	1,340
Miscellaneous Income	39,788	-	39,788
Temporarily Restricted Net Assets Released from Restriction by Expenditures	4,526	(4,526)	-
Total Support and Revenue	1,587,389	57,576	1,644,965
 EXPENSES			
Program and Event Expenses			
Adventure Team Challenge	79,720	-	79,720
Face of America	244,969	-	244,969
Sea to Shining Sea	672,694	-	672,694
Soldiers to the Summit	345,820	-	345,820
Other Program and Events	31,000	-	31,000
Total Program and Event Expenses	1,374,203	-	1,374,203
 Management and General	163,100	-	163,100
Total Expenses	1,537,303	-	1,537,303
 CHANGE IN NET ASSETS	50,086	57,576	107,662
 Net Assets - Beginning of Year	(299,333)	83,839	(215,494)
 NET ASSETS - END OF YEAR	\$ (249,247)	\$ 141,415	\$ (107,832)

See accompanying Notes to Statement of Financial Position.

**WORLD T.E.A.M. SPORTS
NOTES TO STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

World T.E.A.M. Sports (the Organization) is a nonprofit corporation organized for the purpose of using sporting activities to challenge disabled and able bodied men, women, and children to reach accomplishments they never thought possible. Support for the Organization is received primarily through individual and corporate donations and sponsorships.

Basis of Accounting

The financial statements of the Organization are presented on the accrual basis of accounting in compliance with U.S. generally accepted accounting principles.

Because it had been two years since World T.E.A.M. Sports had last been subject to an audit, the Organization set the scope of this audit on the balances at December 31, 2010. Such an approach excluded the impact of prior year balances on the current year operating results and cash flows.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Classification of Net Assets

Net assets are assets reduced by liabilities and are reported in the financial statement in three classes: unrestricted net assets, temporarily restricted net assets, or permanently restricted net assets, based on the absence or existence of donor-imposed restrictions.

Unrestricted Net Assets - generally result from receipt of unrestricted contributions, grants, revenues from providing services, producing and delivering goods, raising contributions, and performing administrative functions. The only limitations on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in the articles of incorporation or bylaws, limits from contractual agreements with suppliers and creditors, and self-imposed limits such as voluntary resolutions by the Board of Directors to designate a portion of its unrestricted net assets to function as an endowment or reserve.

Temporarily Restricted Net Assets - are those assets donated for (a) support of particular operating activities, (b) temporary investment for a specified term, (c) use in a specified future period, or (d) acquisition and use of long-lived assets.

Permanently Restricted Net Assets - generally result from assets donated for a specific purpose with a donor stipulation that the assets be preserved and not be sold, or from assets donated with donor stipulations that they be invested to provide a *permanent source of income*, e.g., endowment funds.

The Organization has no permanently restricted net assets.

WORLD T.E.A.M. SPORTS
NOTES TO STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all demand cash balances, money market accounts and savings accounts with maturity of less than 90 days to be cash equivalents. At December 31, 2010, the Organization held no cash equivalents.

Contributions

Contributions, including unconditional promises to give, are recognized at their fair value when received. Contributions that are restricted by the donor are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In-kind Contributions

The Organization reports revenue for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. In-kind contributions of equipment and other materials are recorded at the fair value of the items contributed. There was \$110,450 of services donated in accordance with the aforementioned criteria for the year ended December 31, 2010. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with event programs, and various administrative assignments; however, these services do not meet the requirement for recognition. In the year ended December 31, 2010 no donated items were recorded.

Contributed goods that meet the requirement for recognition are recorded at fair market value on the date of the gift. In the year ended December 31, 2010 no donated items were recorded.

Inventory

Inventory consists of promotional items, which are sold at program events. Inventory is stated at the lower of cost or market using the first-in, first-out method.

Property and Equipment

The Organization records equipment at cost when purchased or at fair market value when donated. Donated assets are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose or time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

The Organization capitalizes expenditures for personal property and betterments over \$1,000 and uses the straight-line method of depreciation calculated over the estimated useful life of five to ten years for furniture and equipment, fifteen to forty years for landscaping and building improvements, and forty years for the building.

WORLD T.E.A.M. SPORTS
NOTES TO STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

Operations of World T.E.A.M. Sports are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code except for unrelated business income as defined by Section 511 of the Code. Neither Washington, DC nor the Commonwealth of Virginia impose income taxes on the Organization. No provision for income taxes was recorded as the Organization did not have a tax liability for the year ended December 31, 2010.

The Organization has adopted the income tax standard for uncertain tax positions. As a result of the implementation, the Organization evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2010.

The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. The tax returns for the years ending 2007 to 2009 are open to examination by federal and state authorities.

Use of Estimates

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

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 23, 2011, the date the financial statements were available to be issued.

NOTE 2 TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2010, the Organization has temporarily restricted net assets as follows:

Face of America	\$ 90,456
Sea to Shining Sea	49,715
Other Program Events	<u>1,244</u>
Total	<u><u>\$ 141,415</u></u>

NOTE 3 LITIGATION CONTINGENCY

The Organization is involved in ongoing litigation and is subject to a claim resulting from an employment contract dispute. As of the date of this report no formal agreement has been signed, but settlement deliberations point with reasonably certainty to an \$80,000 obligation.

WORLD T.E.A.M. SPORTS
NOTES TO STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2010

NOTE 4 DEBT FORGIVENESS

During the year ended December 31, 2010, the Organization carried outstanding debt with a financial institution in the amount of \$83,400. Following an agreement with the lending institution, the Organization made payments of \$50,000 and the financial institution forgave the remaining \$33,400, which was recognized as an unrestricted contribution by the Organization.

Additionally, during the year ended December 31, 2010, the Organization had outstanding debt due to the Chairman of the board of directors in the amount \$150,000. The Chairman forgave the full amount. \$140,000 was recognized as an unrestricted contribution, and \$10,000 was recognized as an event registration fee.

NOTE 5 SUBSEQUENT EVENT

Subsequently to December 31, 2010, the Organization received an unconditional promise to give, equal to the amount of the estimated litigation settlement obligation, totaling \$80,000.