

WORLD T.E.A.M. SPORTS

Holbrook, New York

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2012 and 2011

WORLD T.E.A.M. SPORTS

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Financial Statements

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World T.E.A.M. Sports
Holbrook, New York

We have audited the accompanying financial statements of World T.E.A.M. Sports (the "Organization"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditor considers internal control relevant to the Organization'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 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 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 World T.E.A.M. Sports as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

New York, New York
November 1, 2013
an independent member of
BAKER TILLY
INTERNATIONAL

WORLD T.E.A.M. SPORTS

Statements of Financial Position

<i>December 31,</i>	2012	2011
Assets		
Current Assets:		
Cash	\$ 245,237	\$ 51,068
Pledges receivable	31,900	67,496
Prepaid expenses	15,983	4,670
Total Current Assets	<u>293,120</u>	<u>123,234</u>
Property and Equipment:		
Equipment, net	5,845	1,155
Total Assets	<u>\$ 298,965</u>	<u>\$ 124,389</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 26,693	\$ 8,328
Deferred revenue	3,434	-
Other liabilities	-	60,622
Total Current Liabilities	<u>30,127</u>	<u>68,950</u>
Net Assets:		
Unrestricted net assets (deficit)	268,838	(69,580)
Temporarily restricted net assets	-	125,019
Total Net Assets	<u>268,838</u>	<u>55,439</u>
Total Liabilities and Net Assets	<u>\$ 298,965</u>	<u>\$ 124,389</u>

WORLD T.E.A.M. SPORTS

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2012 (with summarized comparative totals for 2011)

	Unrestricted	Temporarily Restricted	Years Ended December 31,	
			2012	2011
Support and Revenue:				
Donations and pledges	\$ 1,271,313	\$ -	\$ 1,271,313	\$ 734,060
In-kind donations	127,526	-	127,526	220,000
Merchandise sales	16,153	-	16,153	12,540
Miscellaneous income	30,000	-	30,000	48,009
Net Assets Released from Restrictions	125,019	(125,019)	-	-
Total Support and Revenue	1,570,011	(125,019)	1,444,992	1,014,609
Expenses:				
Program and event expenses:				
Face of America	319,991	-	319,991	336,323
Adventure Team Challenge	69,080	-	69,080	127,691
Sea to Shining Sea	713,774	-	713,774	42,420
Adventure Teen Challenge	-	-	-	75,537
Other program and events	28,651	-	28,651	136,716
Total program services	1,131,496	-	1,131,496	718,687
Management and general	41,390	-	41,390	48,429
Fundraising	58,707	-	58,707	84,222
Total Expenses	1,231,593	-	1,231,593	851,338
Change in Net Assets	338,418	(125,019)	213,399	163,271
Net Assets (Deficit), beginning of year	(69,580)	125,019	55,439	(107,832)
Net Assets, end of year	\$ 268,838	\$ -	\$ 268,838	\$ 55,439

WORLD T.E.A.M. SPORTS**Statement of Activities and Changes in Net Assets***Year Ended December 31, 2011*

	Unrestricted	Temporarily Restricted	Total
Support and Revenue:			
Donations and pledges	\$ 607,990	\$ 126,070	\$ 734,060
In-kind donations	220,000	-	220,000
Merchandise sales	12,540	-	12,540
Miscellaneous income	48,009	-	48,009
Net Assets Released from Restrictions	142,466	(142,466)	-
Total Support and Revenue	1,031,005	(16,396)	1,014,609
Expenses:			
Program and event expenses:			
Face of America	336,323	-	336,323
Adventure Team Challenge	127,691	-	127,691
Sea to Shining Sea	42,420	-	42,420
Adventure Teen Challenge	75,537	-	75,537
Other program and events	136,716	-	136,716
Total program services	718,687	-	718,687
Management and general	48,429	-	48,429
Fundraising	84,222	-	84,222
Total Expenses	851,338	-	851,338
Change in Net Assets	179,667	(16,396)	163,271
Net Assets (Deficit), beginning of year	(249,247)	141,415	(107,832)
Net Assets (Deficit), end of year	\$ (69,580)	\$ 125,019	\$ 55,439

WORLD T.E.A.M. SPORTS

Statement of Functional Expenses

Year Ended December 31, 2012 (with summarized comparative totals for 2011)

	Face of America	Adventure Team Challenge	Sea to Shining Sea	Other Programs and Events	Management and General	Fundraising	Total Expenses	2011 Total
Functional Expenses:								
Independent contractors	\$ 44,595	\$ 3,076	\$ 59,973	\$ 1,538	\$ 18,453	\$ 26,142	\$ 153,777	\$ 150,327
Donated salaries	36,685	2,530	49,335	1,265	15,180	21,505	126,500	120,000
Donated legal services	-	-	-	-	-	-	-	93,000
Donated vehicle costs	-	-	-	-	-	-	-	7,000
Donated rent and utilities	298	21	400	10	123	174	1,026	-
Food	37,541	115	75,936	-	-	-	113,592	59,888
Lodging	36,211	2,901	169,836	5,097	-	-	214,045	57,016
Event independent contractor	13,760	46,885	80,148	-	-	-	140,793	53,816
Clothing and gear	45,449	-	4,020	550	-	-	50,019	42,328
Equipment rental	27,427	1,528	13,738	-	-	-	42,693	27,592
Staff salary	-	-	-	-	-	-	-	26,481
Supplies	24,229	7,924	128,883	15,830	-	-	176,866	26,000
Insurance	5,345	369	7,188	184	2,212	3,133	18,431	19,370
Injured military travel	3,385	-	-	-	-	-	3,385	13,190
Vehicle rental	3,185	100	26,004	-	-	-	29,289	11,659
Travel	9,246	98	21,868	-	-	-	31,212	7,411
Transportation and gas	10,284	2,086	38,738	916	-	-	52,024	4,490
Depreciation	523	36	704	18	216	307	1,804	409
Other	21,828	1,411	37,003	3,243	5,206	7,446	76,137	131,361
Total Functional Expenses	\$ 319,991	\$ 69,080	\$ 713,774	\$ 28,651	\$ 41,390	\$ 58,707	\$ 1,231,593	\$ 851,338

See notes to financial statements.

Statement of Functional Expenses

Year Ended December 31, 2011

	Face of America	Adventure Team Challenge	Sea to Shining Sea	Adventure Teen Challenge	Other Programs and Events	Management and General	Fundraising	Total Expenses
Functional Expenses:								
Independent contractors	\$ 34,575	\$ 14,732	\$ 12,026	\$ 15,935	\$ 35,177	\$ 13,830	\$ 24,052	\$ 150,327
Donated salaries	12,720	11,760	9,600	27,600	28,080	11,040	19,200	120,000
Donated legal services	21,390	9,114	7,440	9,858	21,762	8,556	14,880	93,000
Donated vehicle costs	1,610	686	560	742	1,638	644	1,120	7,000
Donated rent and utilities	-	-	-	-	-	-	-	-
Food	58,268	235	-	1,245	140	-	-	59,888
Lodging	53,207	133	-	257	3,419	-	-	57,016
Event independent contractor	91	53,215	-	510	-	-	-	53,816
Clothing and gear	34,652	6,443	-	-	1,233	-	-	42,328
Equipment rental	24,118	2,059	-	1,415	-	-	-	27,592
Staff salary	6,091	2,595	2,119	2,807	6,196	2,436	4,237	26,481
Supplies	17,881	5,832	327	-	1,960	-	-	26,000
Insurance	4,455	1,898	1,550	2,053	4,533	1,782	3,099	19,370
Injured military travel	13,190	-	-	-	-	-	-	13,190
Vehicle rental	9,626	939	-	700	394	-	-	11,659
Travel	2,053	397	752	58	4,151	-	-	7,411
Transportation and gas	1,471	2,523	-	275	221	-	-	4,490
Depreciation	94	40	33	43	63	71	65	409
Other	40,831	15,090	8,013	12,039	27,749	10,070	17,569	131,361
Total Functional Expenses	\$ 336,323	\$ 127,691	\$ 42,420	\$ 75,537	\$ 136,716	\$ 48,429	\$ 84,222	\$ 851,338

See notes to financial statements.

WORLD T.E.A.M. SPORTS

Statements of Cash Flows

<i>Years Ended December 31,</i>	2012	2011
Cash Flows from Operating Activities:		
Change in net assets	\$ 213,399	\$ 163,271
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,804	409
Decrease (increase) in assets:		
Pledges receivable	35,596	(67,496)
Prepaid expenses	(11,313)	764
Inventory	-	2,865
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	18,365	(63,943)
Deferred revenue	3,434	-
Other liabilities	(60,622)	(19,378)
Total adjustments	(12,736)	(146,779)
Net Cash Provided by Operating Activities	200,663	16,492
Cash Flows from Investing Activities:		
Capital expenditures	(6,494)	(340)
Net Cash Used in Investing Activities	(6,494)	(340)
Net Increase in Cash	194,169	16,152
Cash, beginning of year	51,068	34,916
Cash, end of year	\$ 245,237	\$ 51,068

WORLD T.E.A.M. SPORTS**Notes to Financial Statements****Years Ended December 31, 2012 and 2011**

1. Summary of Significant Accounting Policies

Nature of operations - 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.

Contributions - The Organization reports gifts of cash or other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 combined statements of activities and changes in net assets as net assets released from restrictions. Temporarily restricted contributions that originate in a given year and are released from restriction in the same year by meeting the donors' restricted purposes are reflected in unrestricted net assets.

The Organization reports gifts of property, plant and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net assets - The net assets of the Organization are reported as follows:

Unrestricted - Net assets which are not donor restricted and are available for general operations.

Temporarily restricted - Net assets which are limited by donor restrictions that either expire with the passage of time or can be fulfilled and removed by actions of the Organization.

Permanently restricted - Net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity, but generally permit the Organization to utilize earnings for unrestricted or temporarily restricted purposes.

Donated services, materials and facility - Donated services requiring specific expertise and donated materials and facility are recorded as in-kind contributions and expenses or capitalized at their fair value as determined by donors.

The Organization received donated services of approximately \$128,000 and \$220,000 related to legal, vehicle, and director position services for the years ended December 31, 2012 and 2011, respectively.

During the year, a number of volunteers have donated significant amounts of time to the Organization's events. However, this time has not been reflected in the accompanying financial statements, since it does not meet the requirement of the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958 "Not-for-Profit Entities".

Cash and cash equivalents - The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less on the date of purchase to be cash equivalents.

Property, equipment and depreciation - Property and equipment are capitalized at cost when acquired. Donated fixed assets are recorded at fair value at the date of donation. The Organization capitalizes property and equipment acquisitions in excess of \$1,000. Depreciation is computed over periods ranging from five to ten years on a straight-line basis.

WORLD T.E.A.M. SPORTS

Notes to Financial Statements

Years Ended December 31, 2012 and 2011

Functional allocations of expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the events benefited.

Income taxes - World T.E.A.M. Sports qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit organization under the laws of North Carolina. Accordingly, no provision for federal or state income taxes is required.

Uncertain tax positions - Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax provisions that require adjustments to the financial statements to comply with the provisions of FASB ASC 740. The Organization is no longer subject to income tax examination by the federal, state, or local tax authorities for the years before 2009, which is the standard statute of limitations look-back period.

Use 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 the reported amounts of assets and liabilities and disclosure of contingent assets, and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for doubtful accounts - Management must make estimates of uncollectability of accounts receivable. Management specifically analyzes accounts receivable, historical bad debts, current funding trends and changes in payment trends and rates when evaluating the adequacy of the allowance for doubtful accounts.

Evaluation of subsequent events - Management evaluates subsequent events for inclusion or disclosure in the financial statements through the date the financial statements are available for issuance, which is November 1, 2013.

Reclassifications - Certain 2011 amounts have been reclassified to conform to the 2012 financial statement presentation. These reclassifications have no effect on previously reported changes in net assets.

2. Pledges Receivable

Pledges receivable are due within one year.

3. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2011 were available for the following purposes:

<i>December 31, 2011</i>	Amount
Face of America	\$ 42,596
Sea to Shining Sea	81,649
Other Program Events	774
Total	<u>\$ 125,019</u>

During the year ended December 31, 2012, these net assets were released from restrictions by satisfying the donors' intended purposes. There were no temporary restricted net assets at December 31, 2012.