

UNITED STATES ARMY WARRANT OFFICERS
ASSOCIATION SCHOLARSHIP FOUNDATION

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2007

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James R. Turner & Company, P.C.

Certified Public Accountant

703-506-0198

INDEPENDENT AUDITOR'S REPORT

Board of Directors

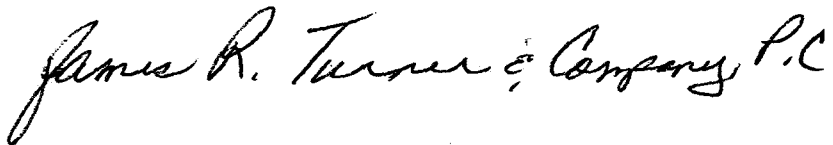
United States Army Warrant Officers Association Scholarship Foundation

We have audited the accompanying statement of financial position of United States Army Warrant Officers Association Scholarship Foundation, as of December 31, 2007 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United States Army Warrant Officers Association Scholarship Foundation, as of December 31, 2007, and changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Vienna, Virginia
February 13, 2008



The United States Army Warrant Officers
Association Scholarship Foundation
STATEMENT OF FINANCIAL POSITION
December 31, 2007

ASSETS

Cash	\$	43,817
Certificates of deposit		4,792
Cerificates of deposit held for scholarships		97,237
Office equipment-At Cost		712
Accumulated depreciation		(694)
Total Assets	\$	<u>145,864</u>

LIABILITIES AND NET ASSETS

NET ASSETS

Unrestricted net assets	<u>59,903</u>
Total unrestricted net assets	<u>59,903</u>
Temporarily restricted net assets for scholarships	<u>85,961</u>
Total net assets and liabilities	<u>\$ 145,864</u>

See notes to financial statements

The United States Army Warrant Officers
 Association Scholarship Foundation
 STATEMENT OF ACTIVITIES
 Year ended December 31, 2007

Support, revenue and other gains	
Support	
Contributions	\$ 3,200
Indirect	10,510
Fundraising event	12,115
Costs of direct benefits to donors	(1,000)
Net revenue from fundraising event	<u>11,115</u>
Interest and dividends	4,119
Other	400
Temporarily restricted net assets released from restrictions	<u>4,000</u>
Total support, revenue and other gains	<u>33,344</u>
Expenditures	
Scholarships awarded	9,000
Management and general	3,605
Fundraising	5,710
Total expenditures	<u>18,315</u>
Change in unrestricted net assets	<u>15,029</u>
Additions to temporarily restricted net assets-interest	1,464
Temporarily restricted net assets-released from restrictions	<u>(4,000)</u>
Change in temporarily restricted net assets	<u>(2,536)</u>
CHANGE IN NET ASSETS	12,493
Net assets, beginning	<u>133,371</u>
Net assets, ending	<u><u>\$ 145,864</u></u>

See notes to financial statements

The United States Army Warrant Officers
Association Scholarship Foundation
STATEMENT OF CASH FLOWS
Year ended December 31, 2007

Cash flows from operating activities	
Change in net assets	\$ 12,493
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	56
Total adjustments	56
Net cash provided (used) by operating activities	12,549
Cash flow from investing activities:	
Interest added to certificates of deposit	(285)
Net cash provided (used) by investing activities	(285)
Net increase (decrease) in cash and equivalents	12,264
Cash and equivalents, beginning of year	31,553
Cash and equivalents, end of year	\$ 43,817

See notes to financial statements

United States Army Warrant Officers Association Scholarship Foundation
 STATEMENT OF FUNCTIONAL EXPENDITURES
 Year ended December 31, 2007

	Scholarships Awarded	Management and General	Fundraising	Cost of benefits to donors	Total expenditures
Awards	\$ 9,000	\$ -	\$ -	\$ -	\$ 9,000
Depreciation	-	56	-	-	56
Printing and production	-	-	4,917	-	4,917
Postage	-	144	793	-	937
Prizes and awrds	-	-	-	1,000	1,000
Accounting	-	2,800	-	-	2,800
State registrations	-	200	-	-	200
Insurance	-	135	-	-	135
Supplies and costs	-	270	-	-	270
	<u>\$ 9,000</u>	<u>\$ 3,605</u>	<u>\$ 5,710</u>	<u>\$ 1,000</u>	<u>\$ 19,315</u>

See notes to financial statements

United States Army Warrant Officers Association Scholarship Foundation
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Support

Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. United States Army Warrant Officers Association Scholarship Foundation, (USAWOASF) reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or restrict the support of future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period as they are received are reported as unrestricted support.

2. Cash Equivalents

For purposes of the statement of cash flows, cash includes certificates of deposits with a maturity date of ninety days or less when acquired and money market funds not held for investment.

3. Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Assets with an initial cost of \$40 and a useful life greater than one year are capitalized.

4. Functional Allocation of Expenses

USAWOASF salaries and fringe benefits, if any, to various programs and supporting services based upon the estimated amount of time worked in each area. Indirect costs are allocated to various programs and supporting services based on various methods deemed to justify the benefit received by those programs and supporting services.

United States Army Warrant Officers Association Scholarship Foundation
NOTES TO FINANCIAL STATEMENTS - CONTINUED
December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Income Taxes

The Organization is exempt from income taxes under Section 501 (c) 3 of the Internal Revenue Code except for income taxes on "unrelated business income," if any. For the year ended December 31, 2007, the Organization did not have any "unrelated business income."

6. Use of Estimates

The preparation of financial statements in conformity with 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 statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

7. Concentration of Credit Risk

The Organization maintains cash balances at a credit union. Accounts at each institution are insured by a United States Organization up to \$100,000.

8. Donated Services

No amounts have been reported in the financial statements for donated services because no objective basis is available to measure the value of such services or such services do not meet the requirements of SFAS No.116; however, a number of volunteers have donated significant amounts of time to the Organization .

NOTE B - ORGANIZATION AND PROGRAM

Organization

United States Army Warrant Officers Association Scholarship Foundation (USAWOASF) is a non-stock, not-for-profit corporation, organized under the laws of the state of Virginia.

USAWOASF was founded in 2003 and is affiliated with the United States Army Warrant Officers Association (WOA) a not for profit 501(C)(4) organization created to promote the interests of active duty and retired United States Army Warrant Officers. On March 28, 2003, USAWOASF was incorporated as a separate entity and applied for tax exempt status with the Internal Revenue Service as a 501(C)(3) charitable organization. USAWOASF received its exempt status as a 501(C)(3) charitable Organization on September 15, 2003.

WOA provides space and administrative support to USAWOASF at no charge.

NOTE B - ORGANIZATION AND PROGRAM-CONTINUED

Program

USAWOASF currently provides college scholarships to qualified dependents of active duty and retired warrant officers of the United States Army and Army Reserves and the National Guard. During 2007, nine \$1,000 scholarships were awarded to qualified dependents selected by USAWOASF's scholarship committee.

NOTE C - BASIS OF PRESENTATION

USAWOASF reports 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.

Contributions received and made are accounted for in conformity with SFAS No. 116, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence an/or nature of any donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support in the accompanying statement of activities. Contributions received for the purchase of long-lived assets without donor stipulations about how long the assets must be used are reported as unrestricted support.

In 2005, USAWOASF received a \$95,922 bequest, classified as a temporarily restricted contribution, from an estate for future scholarships. Proceeds from the bequest were invested in certificates of deposit which expire at various times through October 2010.

During the year ended December 31, 2007, \$4,000 was released from restrictions for scholarships and interest income of \$1,464 was added included in temporarily restricted net assets.

The certificates of deposit are due at various times through October 2010.