

UNITED STATES ARMY WARRANT OFFICERS  
ASSOCIATION SCHOLARSHIP FOUNDATION

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

December 31, 2004

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**James R. Turner & Company, P.C.**

Certified Public Accountant

703-506-0198

INDEPENDENT AUDITOR'S REPORT

Board of Directors

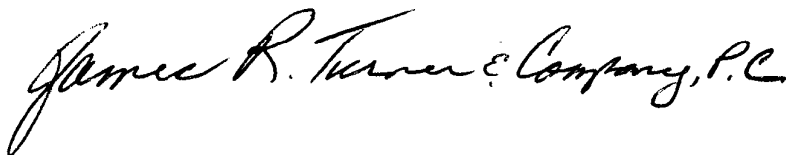
United States Army Warrant Officers Association Scholarship Foundation

We have audited the accompanying statement of financial position of United States Army Warrant Officers Association Scholarship Foundation, as of December 31, 2004 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, 2004, 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  
January 14, 2005



The United States Army Warrant Officers  
Association Scholarship Foundation  
STATEMENT OF FINANCIAL POSITION  
December 31, 2004

ASSETS	
Cash	\$ 12,845
Certificates of deposit due in April 2009	5,175
Office equipment-At Cost	545
Accumulated depreciation	(167)
Total Assets	<u>\$ 18,398</u>

LIABILITIES AND NET ASSETS	
LIABILITIES	\$ -
NET ASSETS	
Unrestricted net assets	<u>18,398</u>
Total liabilities and net assets	<u>\$ 18,398</u>

See notes to financial statements

The United States Army Warrant Officers  
 Association Scholarship Foundation  
 STATEMENT OF ACTIVITIES  
 Year ended December 31, 2004

Support, revenue and other gains	
Support	
Contributions	\$ 2,812
Contribution-Warrant Officers Association	23,000
Fundraising event	11,557
Costs of direct benefits to donors	<u>(1,125)</u>
Net revenue from fundraising event	<u>10,432</u>
Interest and dividends	<u>314</u>
Total support, revenue and other gains	<u>36,558</u>
Expenditures	
Scholarships awarded	11,000
Management and general	680
Fundraising	<u>7,015</u>
Total expenditures	<u>18,695</u>
CHANGE IN NET ASSETS	<u>17,863</u>
Unrestricted net assets, beginning	<u>535</u>
Unrestricted net assets, ending	<u>\$ 18,398</u>

See notes to financial statements

The United States Army Warrant Officers  
 Association Scholarship Foundation  
 STATEMENT OF CASH FLOWS  
 Year ended December 31, 2004

Cash flows from operating activities	
Change in net assets	\$ 17,863
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	167
Total adjustments	167
Net cash provided (used) by operating activities	<u>18,030</u>
Cash flow from investing activities:	
Purchase of certificates of deposit	(5,175)
Cash payments for the purchase of property	(45)
Net cash provided (used) by investing activities	<u>(5,220)</u>
Net increase (decrease) in cash and equivalents	12,810
Cash and equivalents, beginning of year	35
Cash and equivalents, end of year	<u>\$ 12,845</u>

See notes to financial statements

United States Army Warrant Officers Association Scholarship Foundation  
 STATEMENT OF FUNCTIONAL EXPENDITURES  
 Year ended December 31, 2004

	Scholarships Awarded	Management and General	Fundraising	Cost of benefits to donors	Total expenditures
Awards	\$ 11,000	\$ -	\$ -	\$ -	\$ 11,000
Depreciation	-	166	-	-	166
Printing and production	-	-	4,465	-	4,465
Postage	-	-	2,550	-	2,550
Prizes and awrds	-	-	-	1,125	1,125
State registrations	-	300	-	-	300
Insurance	-	135	-	-	135
Supplies and costs	-	79	-	-	79
	<u>\$ 11,000</u>	<u>\$ 680</u>	<u>\$ 7,015</u>	<u>\$ 1,125</u>	<u>\$ 19,820</u>

See notes to financial statements

United States Army Warrant Officers Association Scholarship Foundation  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2004

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 and reported as part of fixed assets.

4. Functional Allocation of Expenses

USAWOASF allocates salaries and fringe benefits 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, 2004

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, 2004, 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 .

United States Army Warrant Officers Association Scholarship Foundation  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
December 31, 2004

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. The activities of USAWOASF during 2003 were devoted primarily to obtaining tax exempt status and organizational matters. The primary activities of USAWOASF effectively began in 2004. During January 2004, \$23,000 was received from WOA. WOA also provides space and administrative support to USAWOASF at no charge.

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 2004, twelve \$1,000 scholarships were awarded to qualified dependents selected by USAWOASF's scholarship committee; one scholarship was returned because the recipient either did not attend or withdrew from college, resulting in a net of eleven scholarships being disbursed in 2004.

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.