



Free Wheelchair Mission®
TRANSFORMING LIVES THROUGH THE GIFT OF MOBILITY

FREE WHEELCHAIR MISSION

Financial Statements
With Independent Auditors' Report

March 31, 2012 and 2011

FREE WHEELCHAIR MISSION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Free Wheelchair Mission
Irvine, California

We have audited the accompanying statements of financial position of Free Wheelchair Mission as of March 31, 2012 and 2011, and the related statements of activities and cash flows for the years 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 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Free Wheelchair Mission as of March 31, 2012 and 2011, and the results of its activities and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Brea, California
June 25, 2012

FREE WHEELCHAIR MISSION

Statements of Financial Position

	March 31,	
	<u>2012</u>	<u>2011</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 995,464	\$ 1,208,447
Accounts receivable	23,341	-
Prepaid expenses	38,375	40,037
Promises-to-give receivable, current portion	187,500	25,219
Deposits on wheelchairs in production	<u>244,248</u>	<u>185,418</u>
	1,488,928	1,459,121
Promises-to-give receivable, net of current portion	50,000	-
Retirement investments	57,254	-
Security deposit	10,123	7,828
Property and equipment, net of depreciation	50,331	18,638
Wheelchair production costs, net of amortization	<u>13,639</u>	<u>17,536</u>
Total Assets	<u><u>\$ 1,670,275</u></u>	<u><u>\$ 1,503,123</u></u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 387,729	\$ 308,355
Accrued expenses	<u>74,349</u>	<u>63,900</u>
	462,078	372,255
Deferred retirement liability	<u>57,254</u>	<u>-</u>
Total liabilities	<u>519,332</u>	<u>372,255</u>
Net assets:		
Unrestricted	653,509	536,942
Temporarily restricted	<u>497,434</u>	<u>593,926</u>
Total net assets	<u>1,150,943</u>	<u>1,130,868</u>
Total Liabilities and Net Assets	<u><u>\$ 1,670,275</u></u>	<u><u>\$ 1,503,123</u></u>

See notes to financial statements

FREE WHEELCHAIR MISSION

Statements of Activities

	Year Ended March 31,					
	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 4,987,540	\$ 751,192	\$ 5,738,732	\$ 4,945,694	\$ 952,617	\$ 5,898,311
Gift-in-kind medical supplies	113,428	-	113,428	-	-	-
Gift-in-kind other	43,241	-	43,241	26,335	-	26,335
Banquet ticket sales	22,436	-	22,436	55,123	-	55,123
Other income	745	-	745	2,558	-	2,558
Net assets released from restrictions:						
Expiration of time restrictions	-	-	-	173,544	(173,544)	-
Operating projects	847,684	(847,684)	-	872,597	(872,597)	-
Total Support, Revenue, and Reclassifications	6,015,074	(96,492)	5,918,582	6,075,851	(93,524)	5,982,327
EXPENSES:						
Program expenses	4,033,867	-	4,033,867	4,374,232	-	4,374,232
Supporting activities:						
General and administrative	515,386	-	515,386	467,984	-	467,984
Fundraising	1,349,254	-	1,349,254	1,344,354	-	1,344,354
	1,864,640	-	1,864,640	1,812,338	-	1,812,338
Total Expenses	5,898,507	-	5,898,507	6,186,570	-	6,186,570
Change in Net Assets	116,567	(96,492)	20,075	(110,719)	(93,524)	(204,243)
Net Assets, Beginning of Year	536,942	593,926	1,130,868	647,661	687,450	1,335,111
Net Assets, End of Year	\$ 653,509	\$ 497,434	\$ 1,150,943	\$ 536,942	\$ 593,926	\$ 1,130,868

See notes to financial statements

FREE WHEELCHAIR MISSION

Statements of Cash Flows

	Year Ended March 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 20,075	\$ (204,243)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	23,847	21,044
Non-cash gifts	(173,136)	(119,337)
Net change in:		
Accounts receivable	(23,341)	-
Prepaid expenses	(633)	9,215
Deposits on wheelchairs in production	(58,830)	24,543
Promises-to-give receivable	(212,281)	148,325
Accounts payable	79,374	(72,059)
Accrued expenses	10,449	5,730
Deferred retirement liability	57,254	-
Net Cash Used in Operating Activities	(277,222)	(186,782)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(57,254)	-
Proceeds from sale of investments	156,271	139,769
Wheelchair production costs	-	(19,484)
Purchases of property and equipment	(34,778)	(3,076)
Net Cash Provided by Investing Activities	64,239	117,209
Change in Cash and Cash Equivalents	(212,983)	(69,573)
Cash and Cash Equivalents, Beginning of Year	1,208,447	1,278,020
Cash and Cash Equivalents, End of Year	\$ 995,464	\$ 1,208,447

See notes to financial statements

FREE WHEELCHAIR MISSION

Notes to Financial Statements

March 31, 2012 and 2011

1. NATURE OF ORGANIZATION:

Free Wheelchair Mission (Free Wheelchair) is a nonprofit corporation incorporated in the State of California. The purpose of Free Wheelchair is to provide the transforming gift of mobility to the physically disabled poor in developing countries.

As a not-for-profit organization, Free Wheelchair is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) (the Code). As such, it is also exempt from state income taxes, and contributions by the public are deductible for income tax purposes. Free Wheelchair has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

Revenue is primarily made up of contributions from individual donors and other organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Free Wheelchair have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies adopted by Free Wheelchair are described below.

CASH AND CASH EQUIVALENTS

For statements of financial position and cash flow purposes, cash and cash equivalents consist primarily of cash on hand and cash invested in overnight commercial paper of Free Wheelchair's bank. These accounts may, at times, exceed federally insured limits. Free Wheelchair has not experienced any losses on such accounts.

DEPOSITS ON WHEELCHAIRS IN PRODUCTION

A 40% down payment is required when an order for wheelchairs is placed. The remaining balance is due when the manufacturing is completed and the order is shipped. The amount classified as deposits on wheelchairs in production in the accompanying statements of financial position is the amount of deposits paid to manufacturers for unfulfilled orders as of year-end.

RETIREMENT INVESTMENTS

Retirement investments are reported at fair value based on quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy established under the Fair Value topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). These assets fund the related deferred retirement liability reflected on the statements of financial position.

PROPERTY AND EQUIPMENT

All expenditures of \$1,000 or more for property and equipment are capitalized at cost. Donated items are recorded at fair market value on the date of the gift. Depreciation is computed on the straight line method over the estimated useful lives of the assets, ranging from 3 to 7 years.

FREE WHEELCHAIR MISSION

Notes to Financial Statements

March 31, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts by classification of net assets as follows:

Unrestricted net assets are currently available at the discretion of the board for use in the organization's operations and those resources invested in property and equipment.

Temporarily restricted net assets are contributed with donor stipulations for specific programs and capital projects, or where funds have not yet been received.

All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to legal restrictions.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or unconditional promises-to-give have been received, or ownership of donated assets is transferred to Free Wheelchair. Conditional promises-to-give are recognized as revenue when the conditions on which they depend are substantially met. Free Wheelchair receives gifts in kind, which are recorded as support at the estimated fair market value on the date of the gift.

Contributions are recorded as temporarily restricted if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When donor restrictions expire, that is when the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

For contributions restricted by donors for the acquisition of property or other long-lived assets, the restriction is considered to be met when funds are spent to purchase or construct the property or other long-lived asset.

Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

PROMISES-TO-GIVE

Various donors have promised to provide additional funding to Free Wheelchair. These constitute unconditional promises-to-give and are recorded as an asset in the accompanying statements of financial position. Promises-to-give that will be collected in more than one year are discounted to present value unless the discount would be immaterial, in which case the assets are shown at full value.

FREE WHEELCHAIR MISSION

Notes to Financial Statements

March 31, 2012 and 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, such as depreciation and payroll, have been allocated among the program and supporting activities.

ALLOCATION OF JOINT COSTS

Free Wheelchair has implemented the Joint Cost topic of the FASB ASC. For the years ending March 31, 2012 and 2011, Free Wheelchair incurred joint costs for informational and awareness activities that included fundraising appeals. These activities include both meetings and events.

	March 31,	
	2012	2011
Program services	\$ 12,231	\$ 20,640
Fundraising	15,226	20,753
	<u>\$ 27,457</u>	<u>\$ 41,393</u>

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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Notes to Financial Statements

March 31, 2012 and 2011

3. PROMISES-TO-GIVE RECEIVABLE:

Promises-to-give receivable will be collected as follows:

	March 31,	
	2012	2011
Due within 1 year	\$ 187,500	\$ 25,219
Due within 2 years	50,000	-
Gross amount of promises-to-give	<u>\$ 237,500</u>	<u>\$ 25,219</u>

4. PROPERTY AND EQUIPMENT:

Property and equipment consist of:

	March 31,	
	2012	2011
Equipment	\$ 57,752	\$ 39,891
Software	15,707	15,707
Leasehold improvements	33,782	-
Website	28,380	28,380
	135,621	83,978
Less accumulated depreciation	<u>(85,290)</u>	<u>(65,340)</u>
Net investment in property and equipment	<u>\$ 50,331</u>	<u>\$ 18,638</u>

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Notes to Financial Statements

March 31, 2012 and 2011

5. WHEELCHAIR PRODUCTION COSTS:

Wheelchair production costs consist of:

	March 31,	
	2012	2011
Mold for producing chairs	\$ 59,484	\$ 59,484
Less accumulated amortization	(45,845)	(41,948)
Net investment in wheelchair production costs	<u>\$ 13,639</u>	<u>\$ 17,536</u>
Amortization expense	<u>\$ 3,897</u>	<u>\$ 1,948</u>

6. LEASES:

Free Wheelchair leases office space under operating leases ending December 2014. Lease expense for the years ended March 31, 2012 and 2011, was \$90,769 and \$84,608, respectively. The minimum future payments are:

<u>Year Ending March 31,</u>	
2013	\$ 64,209
2014	67,986
2015	<u>47,527</u>
	<u>\$ 179,722</u>

7. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes or periods:

	March 31,	
	2012	2011
Wheelchairs for specific countries	\$ 259,934	\$ 568,707
Promises-to-give receivable	<u>237,500</u>	<u>25,219</u>
	<u>\$ 497,434</u>	<u>\$ 593,926</u>

8. RELATED PARTIES:

For the years ended March 31, 2012 and 2011, a board member's company provided insurance services to Free Wheelchair. No monies were paid directly to this board member. Additionally, as of March 31, 2012, all promise-to-give receivables were from board member's or former board members.

9. SUBSEQUENT EVENT:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.