



Free Wheelchair Mission®
TRANSFORMING LIVES THROUGH THE GIFT OF MOBILITY

FINANCIAL STATEMENTS
With Independent Auditors' Report

March 31, 2011 and 2010

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, 2011 and 2010, 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, 2011 and 2010, 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.



Brea, California
July 13, 2011

FREE WHEELCHAIR MISSION

Statements of Financial Position

	March 31,	
	<u>2011</u>	<u>2010</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 1,208,447	\$ 1,278,020
Investments	-	20,432
Prepaid expenses	40,037	49,252
Promises-to-give receivable, current portion	25,219	125,000
Deposits on wheelchairs in production	185,418	209,961
	<u>1,459,121</u>	<u>1,682,665</u>
Promises-to-give receivable, net of current portion	-	48,544
Security deposit	7,828	7,828
Equipment, software, and website, net of depreciation	18,638	34,658
Wheelchair production costs, net of amortization	17,536	-
	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,503,123</u>	<u>\$ 1,773,695</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable	\$ 308,355	\$ 380,414
Accrued expenses	63,900	58,170
Total liabilities	<u>372,255</u>	<u>438,584</u>
Net assets:		
Unrestricted	536,942	647,661
Temporarily restricted	593,926	687,450
Total net assets	<u>1,130,868</u>	<u>1,335,111</u>
Total Liabilities and Net Assets	<u>\$ 1,503,123</u>	<u>\$ 1,773,695</u>

See notes to financial statements

FREE WHEELCHAIR MISSION

Statements of Activities

	Year Ended March 31,					
	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 4,954,394	\$ 952,617	\$ 5,907,011	\$ 4,191,400	\$ 1,193,477	\$ 5,384,877
Gift-in-kind shipping	17,635	-	17,635	7,742	-	7,742
Banquet ticket sales	55,123	-	55,123	23,338	-	23,338
Government grant revenue	-	-	-	74,397	-	74,397
Other grant revenue	-	-	-	-	98,544	98,544
Other income	2,558	-	2,558	1,191	-	1,191
Net assets released from restrictions:						
Expiration of time restrictions	173,544	(173,544)	-	27,601	(27,601)	-
Operating projects	872,597	(872,597)	-	969,705	(969,705)	-
Total Support, Revenue, and Reclassifications	6,075,851	(93,524)	5,982,327	5,295,374	294,715	5,590,089
EXPENSES:						
Program expenses	4,374,232	-	4,374,232	4,224,683	-	4,224,683
Supporting activities:						
General and administrative	467,984	-	467,984	449,543	-	449,543
Fundraising	1,344,354	-	1,344,354	1,044,751	-	1,044,751
	1,812,338	-	1,812,338	1,494,294	-	1,494,294
Total Expenses	6,186,570	-	6,186,570	5,718,977	-	5,718,977
Change in Net Assets	(110,719)	(93,524)	(204,243)	(423,603)	294,715	(128,888)
Net Assets, Beginning of Year	647,661	687,450	1,335,111	1,071,264	392,735	1,463,999
Net Assets, End of Year	\$ 536,942	\$ 593,926	\$ 1,130,868	\$ 647,661	\$ 687,450	\$ 1,335,111

See notes to financial statements

FREE WHEELCHAIR MISSION

Statements of Cash Flows

	Year Ended March 31,	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (204,243)	\$ (128,888)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	21,044	18,528
Non-cash gifts	(119,337)	(20,432)
Net change in:		
Federal grant receivable	-	34,512
Prepaid expenses	9,215	(16,164)
Deposits on wheelchairs in production	24,543	29,866
Promises-to-give receivable	148,325	(728)
Accounts payable	(72,059)	41,262
Accrued expenses	5,730	14,570
Net Cash Used in Operating Activities	<u>(186,782)</u>	<u>(27,474)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	139,769	-
Wheelchair production costs	(19,484)	-
Purchases of equipment, software, and website	<u>(3,076)</u>	<u>(6,030)</u>
Net Cash Provided by (Used in) Investing Activities	<u>117,209</u>	<u>(6,030)</u>
Change in Cash and Cash Equivalents	(69,573)	(33,504)
Cash and Cash Equivalents, Beginning of Year	<u>1,278,020</u>	<u>1,311,524</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,208,447</u>	<u>\$ 1,278,020</u>

See notes to financial statements

FREE WHEELCHAIR MISSION

Notes to Financial Statements

March 31, 2011 and 2010

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.

INVESTMENTS

Investments consist of donated stocks not yet liquidated. The 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).

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.

EQUIPMENT, SOFTWARE, AND WEBSITE

All expenditures of \$1,000 or more for equipment, software, and website 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, 2011 and 2010

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 those currently available at the discretion of the board for use in the organization's operations and those resources invested in equipment, software, and website.

Temporarily restricted net assets are those which are stipulated by donors 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

Other not-for-profit organizations have promised to provide additional funding to Free Wheelchair. This constitutes an unconditional promise-to-give and is recorded as an asset in the accompanying statements of financial position. Promises-to-give that are due in more than one year are discounted to present value.

FREE WHEELCHAIR MISSION

Notes to Financial Statements

March 31, 2011 and 2010

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, 2011 and 2010, Free Wheelchair incurred joint costs for informational and awareness activities that included fundraising appeals. These activities include both meetings and events.

	March 31,	
	2011	2010
Program services	\$ 20,640	\$ 20,493
Fundraising	20,753	20,493
	<u>\$ 41,393</u>	<u>\$ 40,986</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.

FREE WHEELCHAIR MISSION

Notes to Financial Statements

March 31, 2011 and 2010

3. PROMISES-TO-GIVE RECEIVABLE:

Promises-to-give receivable are due from various nonprofit organizations and will be collected as follows:

	March 31,	
	2011	2010
Due within 1 year	\$ 25,219	\$ 125,000
Due within 2 years	-	50,000
Gross amount of promises-to-give	25,219	175,000
Discount to present value	-	(1,456)
Total promises-to-give, net of discount	25,219	173,544
Less current portion	(25,219)	(125,000)
Promises-to-give receivable, net of current portion	<u>\$ -</u>	<u>\$ 48,544</u>

4. EQUIPMENT, SOFTWARE, AND WEBSITE:

Equipment, software, and website consist of:

	March 31,	
	2011	2010
Equipment	\$ 39,891	\$ 36,814
Software	15,707	15,707
Website	28,380	28,380
	83,978	80,901
Less accumulated depreciation	(65,340)	(46,243)
Net investment in equipment, software, and website	<u>\$ 18,638</u>	<u>\$ 34,658</u>

FREE WHEELCHAIR MISSION

Notes to Financial Statements

March 31, 2011 and 2010

5. WHEELCHAIR PRODUCTION COSTS:

Wheelchair production costs consist of:

	March 31,	
	2011	2010
Mold for producing chairs	\$ 59,484	\$ 40,000
Less accumulated amortization	(41,948)	(40,000)
Net investment in wheelchair production costs	<u>\$ 17,536</u>	<u>\$ -</u>
Amortization expense	<u>\$ 1,948</u>	<u>\$ -</u>

6. LEASES:

Free Wheelchair leases office space under operating leases ending May 2011. Lease expense for the years ended March 31, 2011 and 2010, was \$84,608 and \$81,873, respectively. Future minimum payments total \$12,436.

7. TEMPORARILY RESTRICTED NET ASSETS:

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

	March 31,	
	2011	2010
Wheelchairs for specific countries	\$ 568,707	\$ 513,906
Stewardship Foundation, promise-to-give	-	98,544
Servant's Trust, promise-to-give	-	75,000
Other promises-to-give receivable	25,219	-
	<u>\$ 593,926</u>	<u>\$ 687,450</u>

8. RELATED PARTIES:

For the years ended March 31, 2011 and 2010, a board member's company provided insurance services to Free Wheelchair. No monies were paid directly to this board member.

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.