

LUKE'S WINGS, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2010

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LUKE'S WINGS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2010

ASSETS

	<u>2010</u>
Assets	
Cash	\$ 3,397
Pledges Receivable	<u>10</u>
Total Assets	<u>\$ 3,407</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts Payable	<u>\$ 12,923</u>
Net Liabilities	
Unrestricted	<u>(9,516)</u>
Total Liabilities and Net Assets	<u>\$ 3,407</u>

See accompanying notes and independent auditors' report.

LUKE'S WINGS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

	Unrestricted
REVENUES	
Proceeds from Fundraising Events	\$ 40,830
Contributions	36,570
TOTAL REVENUES	77,400
EXPENSES	
Program Services	
Transportation	45,684
Supporting Services	
Management and General	18,679
Fundraising	25,585
TOTAL EXPENSES	89,949
CHANGE IN NET ASSETS	(12,549)
NET ASSETS BEGINNING OF YEAR	3,033
NET ASSETS AT END OF YEAR	\$ (9,516)

See accompanying notes and independent auditors' report.

LUKE'S WINGS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Providing Transportation</u>	<u>Management and General</u>	<u>Fundraising</u>	
Travel and Transportation	\$ 45,684	\$ -	\$ -	\$ 45,684
Fund Raising Events	-	-	19,547	19,547
In-Kind Contributions	-	-	-	-
Professional Fees	-	6,961	-	6,961
Local Travel	-	2,250	2,250	4,500
Telephone	-	955	955	1,910
Shipping and Postage	-	330	330	660
Office and Supplies	-	999	999	1,998
Meeting and Meals	-	707	707	1,415
Website	-	3,336	1,112	4,448
Bank Fees	-	1,315	-	1,315
Miscellaneous	-	1,826	(315)	1,511
	<u>\$ 45,684</u>	<u>\$ 18,679</u>	<u>\$ 25,585</u>	<u>\$ 89,949</u>

See accompanying notes and independent auditors' report.

LUKE'S WINGS, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in Net Assets	\$ (12,549)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by (Used in) Operating Activities:	
(Increase) Decrease in Operating Assets	
Pledges Receivable	2,196
Prepaid Expenses and Other Assets	-
Increase (Decrease) in Operating Liabilities	
Accounts Payable	<u>11,813</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>1,460</u>
NET DECREASE IN CASH	1,460
CASH - BEGINNING OF YEAR	<u>1,937</u>
CASH - END OF YEAR	<u>\$ 3,397</u>
Supplemental Disclosures of Cash Flow Information:	
Interest paid	<u>\$ -</u>

See accompanying notes and independent auditors' report.

LUKE'S WINGS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

1 - Nature of Activities and Summary of Significant Accounting Policies

(a) Nature of Activities

Luke's Wings is a Maryland based nonprofit organization that is dedicated to the support of U.S. service members who have been wounded in battle. The organization provides families travel planning services and airplane tickets to visit those service members currently hospitalized at medical and rehabilitation centers all over the country.

As nonprofit described in Section 501 (c)(3) of the Internal Revenue Code, Luke's Wings is exempt from federal and state income taxes.

(b) Basis of Accounting

Net assets, revenues and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts specifically restricted or designated for future periods are reported as temporarily or permanently restricted support that increases these net asset classes. Luke's Wings has no restricted net assets at December 31, 2010.

(c) Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the supporting services benefited.

(d) Contributions and Contributed Services

Contributions are recognized in the period received or when the donor makes an unconditional promise to give. Luke's Wings receives a significant amount of donated services from a number of unpaid volunteers who assist in fundraising and management. The value of contributed services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

(e) In-Kind Contributions

The value of contributed services, other than that provided by unpaid volunteers, is based on fair values established from information provided by the donor. Such items have been reflected as both in kind contributions support and as fund raising expense.

LUKE'S WINGS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

(e) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles sometimes requires management to make certain estimates and assumptions that may affect the reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

2 - Related Party Transactions

During 2010 Fletcher Gill as Chief Executive Office was reimbursed \$2,500 and \$2,000 for mileage incurred during the years ended December 31, 2010 and 2009 respectively. Mr. Gill was also reimbursed \$1,910 for cell phone useage.

3 - Subsequent Events

On May 19, 2011, The organization was informed by the Texas Vetrans Commission that it was awarded a Fund for Veterans grant in the amount of \$300,000. The grant will allow Luke's Wings to fly Texas Veterans anywhere for major life events and takes effect July 31, 2011.

LIVELY, OSTRYE & WORCH, P.C.

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Independent Auditors' Report

To the Board of Directors
Luke's Wings, Inc.
Rockville, Maryland

We have audited the accompanying statement of financial position of Luke's Wings, Inc. (a nonprofit organization) as of December 31, 2010 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 Luke's Wings, Inc. as of December 31, 2010, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lively, Ostrye & Worch, P.C.
Kensington, Maryland

July 28, 2011