

United Service Organizations, Inc.

These financial statements reflect the accounts of USO World Headquarters and its international and domestic centers. U.S. operations chartered by USO World Headquarters are financially autonomous and, therefore, are not included in these financial statements. The complete report on the examination of our financial statements by our auditors, Grant Thornton, LLP, as of and for the years ended December 31, 2007 and December 31, 2006, will be made available on request.

Statement of Financial Position, December 31, 2007 and 2006

	2007	2006
ASSETS		
Cash and cash equivalents	\$ 23,469,010	\$ 14,409,951
Contributions receivable, net	6,102,510	1,849,176
Other receivables	580,607	1,661,080
Prepaid expenses and other assets	517,144	849,173
Inventory	2,287,608	1,582,655
Investments	60,035,021	57,100,043
Note receivable	46,699	226,533
Fixed assets-net	3,939,765	3,639,824
TOTAL ASSETS	\$96,978,364	\$81,318,435

LIABILITIES AND NET ASSETS	2007	2006
Liabilities		
Accounts payable and accrued expenses	\$8,784,052	\$6,446,227
Deferred rent	712,034	746,703
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TOTAL LIABILITIES	9,496,086	7,192,930
NET ASSETS		
Unrestricted		
Operating	19,981,443	12,311,582
Board-designated		
Spirit of Hope	32,870,241	29,555,213
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Total unrestricted	52,851,684	41,866,795
Temporarily restricted		
Desert Storm Education Fund	1,024,627	1,199,237
Time Restriction	1,796,730	1,845,370
Ongoing Program Activities	4,314,300	3,533,089
Capital Projects	1,853,094	–
USO Councils and Others	43,920	83,091
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Total temporarily restricted	9,032,671	6,660,787
Permanently restricted		
Camp Casey	25,000	25,000
Spirit of Hope	25,572,923	25,572,923
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Total permanently restricted	25,597,923	25,597,923
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TOTAL NET ASSETS	87,482,278	74,125,505
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TOTAL LIABILITIES AND NET ASSETS	\$96,978,364	\$81,318,435

United Service Organizations, Inc.

Statement of Activities, Year Ended December 31, 2007 and 2006

	2007			2006	
REVENUE AND SUPPORT	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
Programs					
USO center revenue	\$9,271,676	\$ –	\$ –	\$9,271,676	\$9,535,152
Contributed materials, facilities and services	109,798,682	5,861,105	–	115,659,787	83,497,430
Grants and sponsorships	1,880,376	123,894	–	2,004,270	2,843,504
Public support					
Corporate, foundation and individual giving	7,994,354	8,599,531	–	16,593,885	12,624,234
Public appeals	42,446,273	–	–	42,446,273	32,325,150
United Way, CFC and other federated	1,472,066	–	–	1,472,066	1,040,528
Investment income	3,314,522	58,270	–	3,372,792	6,440,121
Rental and other income	788,982	–	–	788,982	393,703
TOTAL REVENUE AND SUPPORT	176,966,931	14,642,800	–	191,609,731	148,699,822
TRANSFER	(435,000)	435,000	–	–	–
NET ASSETS RELEASED FROM RESTRICTIONS	12,705,916	(12,705,916)	–	–	–
TOTAL REVENUE FROM OTHER SUPPORT	\$189,237,847	\$2,371,884	–	\$191,609,731	\$148,699,822

	2007			2006	
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
OPERATING EXPENSES					
Program services					
USO operations	\$27,498,629	\$ –	\$ –	\$27,498,629	\$26,725,260
Contributed materials, facilities and services	114,873,445	–	–	114,873,445	84,041,589
Entertainment	4,484,184	–	–	4,484,184	5,789,610
Communications and public awareness outreach	11,173,000	–	–	11,173,000	7,451,945
TOTAL PROGRAM EXPENSES	158,029,258	–	–	158,029,258	124,008,404
SUPPORTING SERVICES					
Fundraising	12,604,540	–	–	12,604,540	12,767,448
Management and general	7,619,160	–	–	7,619,160	6,571,080
TOTAL SUPPORTING SERVICES	20,223,700	–	–	20,223,700	19,338,528
TOTAL OPERATING EXPENSES	178,252,958	–	–	178,252,958	143,346,932
CHANGES IN NET ASSETS	10,984,889	2,371,884	–	13,356,773	5,352,890
NET ASSETS, BEGINNING OF YEAR	41,866,795	6,660,787	25,597,923	74,125,505	68,772,615
NET ASSETS, END OF YEAR	\$52,851,684	\$9,032,671	\$25,597,923	\$87,482,278	\$74,125,505