

# UNITED SERVICE ORGANIZATIONS, INC., AND SUBSIDIARIES

These financial statements reflect the accounts of USO World Headquarters, its international centers and centers at Fort Hood, Texas, and Hickam Air Force Base and Honolulu Airport in Hawaii. 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 auditor, Deloitte & Touche, LLP, as of and for the years ended Dec. 31, 2002 and 2001, will be made available on request.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2002 AND 2001

	2002	2001
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,948,702	\$ 4,351,452
Contributions receivable	5,700,755	13,256,006
Other receivables - net of allowance of \$3,287 in 2002 and \$5,382 in 2001	1,580,409	1,768,080
Prepaid expenses and other assests	228,654	141,531
Inventory	408,566	279,216
Investments	22,602,454	17,481,127
Note receivable	845,595	978,168
Funds held by USO Councils and others	95,281	99,881
Fixed assets - net	980,135	1,022,263
<b>TOTAL ASSETS</b>	<b>\$44,390,551</b>	<b>\$39,377,724</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$1,919,292	\$1,442,438
Severance payable	71,118	45,870
<b>Total liabilities</b>	<b>1,990,410</b>	<b>1,488,308</b>
 <b>NET ASSETS:</b>		
Unrestricted:		
Operating	8,063,687	8,507,891
Board designated:		
Capital Reserve Fund	1,975,156	2,002,974
Spirit of Hope Endowment Fund	4,307,661	3,122,595
<b>Total unrestricted</b>	<b>14,346,504</b>	<b>13,633,460</b>
Temporarily restricted:		
Desert Storm Education Fund	1,339,345	1,531,747
Time	1,031,988	
USO Councils and Others	95,281	99,881
Estate of Casey	25,000	25,000
<b>Total temporarily restricted</b>	<b>2,491,614</b>	<b>1,656,628</b>
Permanently restricted:		
Spirit of Hope Endowment Fund	25,562,023	22,599,328
<b>Total net assets</b>	<b>42,400,141</b>	<b>37,889,416</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$44,390,551</b>	<b>\$39,377,724</b>

# UNITED SERVICE ORGANIZATIONS, INC., AND SUBSIDIARIES

## YEARS ENDED DECEMBER 31, 2002

	2002			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE:</b>				
Programs:				
USO center revenue	\$ 11,361,916	\$ -	\$ -	\$11,361,916
In-kind program support	27,279,876	-	-	27,279,876
Entertainment sponsorships	3,667,333	-	-	3,667,333
	<b>42,309,125</b>	-	-	<b>42,309,125</b>
Fundraising:				
Public appeals	8,310,590	-	-	8,310,590
Special events	816,672	-	-	816,672
Annual fund	3,518,543	327,816	-	3,846,359
United Way, CFC, and other organizations	839,699	-	-	839,699
Spirit of Hope Endowment	1,511,385	-	2,962,695	4,474,080
Licensing	-	-	-	-
	<b>14,996,889</b>	<b>327,816</b>	<b>2,962,695</b>	<b>18,287,400</b>
Investment income	(196,595)	(80,017)	-	(276,612)
Rental and other income	277,366	-	-	277,366
Net assets released from restrictions	116,985	(116,985)	-	-
<b>Total support and revenue</b>	<b>57,503,770</b>	<b>130,814</b>	<b>2,962,695</b>	<b>60,597,279</b>
<b>EXPENSES:</b>				
Programs:				
USO centers	\$13,201,729	-	-	13,201,729
In-kind program expenses	27,279,876	-	-	27,279,876
Entertainment	4,835,865	-	-	4,835,865
Special programs	114,921	-	-	114,921
Other programs	835,171	-	-	835,171
	<b>46,267,562</b>	-	-	<b>46,267,562</b>
Fundraising:				
Public appeals	6,010,297	-	-	6,010,297
Annual fund	311,013	-	-	311,013
United Way, CFC, and other organizations	151,843	-	-	151,843
Special events	442,230	-	-	442,230
Spirit of Hope Endowment	403,019	-	-	403,019
General fundraising	251,880	-	-	251,880
	<b>7,570,282</b>	-	-	<b>7,570,282</b>
Management and general:				
Budget and finance	\$625,174	-	-	\$625,174
Headquarters services department	107,046	-	-	107,046
Executive department	1,001,510	-	-	1,001,510
Human resources	476,998	-	-	476,998
Management information systems	37,982	-	-	37,982
	<b>2,248,710</b>	-	-	<b>2,248,710</b>
<b>Total expenses</b>	<b>56,086,554</b>	-	-	<b>56,086,554</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,417,216</b>	<b>130,814</b>	<b>2,962,695</b>	<b>4,510,725</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>13,633,460</b>	<b>1,656,628</b>	<b>22,599,328</b>	<b>37,889,416</b>
<b>TRANSFER OF NET ASSETS</b>	<b>(704,172)</b>	<b>704,172</b>	-	-
<b>NET ASSETS, END OF YEAR</b>	<b>\$14,346,504</b>	<b>\$2,491,614</b>	<b>\$25,562,023</b>	<b>\$42,400,141</b>

# DIARIES CONSOLIDATED STATEMENTS OF ACTIVITIES

## DECEMBER 31, 2002 AND 2001

	2001		
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$11,077,353	\$ -	\$ -	\$ 11,077,353
21,176,066	-	-	21,176,066
4,108,042	-	-	4,108,042
<b>36,361,461</b>	-	-	<b>36,361,461</b>
7,824,235	-	-	7,824,235
603,254	-	-	603,254
5,066,737	-	-	5,066,737
624,513	-	-	624,513
521,091	-	9,001,973	9,523,064
19,889	-	-	19,889
<b>14,659,719</b>	-	<b>9,001,973</b>	<b>23,661,692</b>
246,872	51,655	-	298,527
237,602	-	-	237,602
148,821	(148,821)	-	-
<b>51,654,475</b>	<b>(97,166)</b>	<b>9,001,973</b>	<b>60,559,282</b>
12,148,551	-	-	12,148,551
21,176,066	-	-	21,176,066
4,936,160	-	-	4,936,160
160,355	-	-	160,355
392,506	-	-	392,506
<b>38,813,638</b>	-	-	<b>38,813,638</b>
4,943,834	-	-	4,943,834
115,558	-	-	115,558
149,161	-	-	149,161
330,795	-	-	330,795
464,544	-	-	464,544
374,456	-	-	374,456
<b>6,378,348</b>	-	-	<b>6,378,348</b>
\$612,467	-	-	\$612,467
106,595	-	-	106,595
500,435	-	-	500,435
452,313	-	-	452,313
63,904	-	-	63,904
<b>1,735,714</b>	-	-	<b>1,735,714</b>
<b>46,927,700</b>	-	-	<b>46,927,700</b>
4,726,775	(97,166)	9,001,973	13,631,582
8,906,685	1,753,794	13,597,355	24,257,834
-	-	-	-
<b>\$13,633,460</b>	<b>\$1,656,628</b>	<b>\$22,599,328</b>	<b>\$37,889,416</b>