

**FINANCIAL STATEMENTS
(Unaudited)**

WP-ORG, INC

For the fiscal year ended

September 30, 2005

**Jackson Ashby Goldstine, PC
Certified Public Accountants**

WP-ORG, INC
Table of Contents

Table of Contents	i
Accountants' Compilation Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Fund Balance	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

**JACKSON ASHBY GOLDSTINE, PC
CERTIFIED PUBLIC ACCOUNTANTS
655 Broadway, Suite 565
Denver, CO 80203**

March 19, 2006

Board of Advisors
WP-Org, Inc.
Abingdon, Virginia

Accountants' Compilation Report

We have compiled the accompanying Statement of Financial Position, as of September 30, 2005, and the accompanying Statement of Activities and Changes in Fund Balance, Statement of Functional Expenses, and Statement of Cash Flows of **WP-Org, Inc.**, for the year then ended, in accordance with Statements on Standards for Accounting and Review Services established by the *American Institute of Certified Public Accountants*.

Our compilation is limited to presenting in the form of financial statements information that is the representation of the management of **WP-Org, Inc.** We have not audited nor reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.


JACKSON ASHBY GOLDSTINE, P.C.
DENVER, COLORADO

WP-Org, Inc.
Statement of Financial Position
September 30, 2005

ASSETS	
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 47,881
 <u>Fixed Assets</u>	
Capitalized Equipment	140,485
Less Accumulated Depreciation	100,508
Fixed Assets net of Accumulated Depreciation	<u>39,977</u>
 <u>Other Assets</u>	
Deposits	748
Certificates of Deposit	20,757
Total Other Assets	<u>21,505</u>
 TOTAL ASSETS	
	\$ <u>109,363</u>
 LIABILITIES	
<u>Current Liabilities</u>	
Lusk Memorial Fund (Restricted Cash)	\$ 3,242
Total Current Liabilities	<u>3,242</u>
 FUND BALANCE	
Ending Fund Balance	\$ <u>106,121</u>
 TOTAL LIABILITIES AND FUND BALANCE	
	\$ <u>109,363</u>

See accountants' compilation report

WP-Org, Inc.
Statement of Activities and Changes in Fund Balance
for the year ended
September 30, 2005

Contributions	\$	232,926
In-kind Revenue (Volunteer Labor Contributed)		271,770
		<u>504,696</u>
Less Expenses (Including Volunteer Labor)		477,102
Results of Program Activities Net		<u>27,594</u>
 Other Income and Expenses		
Interest Income		<u>2,750</u>
Total Other Income		<u>2,750</u>
 Unrelated Business Income Activity		
Web Advertising		8,898
Credit Card Processing Fees		374,000
Less Credit Card Processing Costs		<u>371,616</u>
Net Credit Card Processing		<u>2,384</u>
		11,282
Less UBI Labor Expense (Allocation)		<u>31,716</u>
Net Unrelated Business Income/(Loss)		<u>(20,434)</u>
Tax on Unrelated Business Income/(Loss)		<u>-</u>
Unrelated Business Income/(Loss) net of Tax		<u>(20,434)</u>
 Net Results of Activities		
		9,910
Opening Fund Balance		<u>96,211</u>
Ending Fund Balance	\$	<u><u>106,121</u></u>

See accountants' compilation report

WP-Org, Inc.
Statement of Functional Expenses
for the year ended
September 30, 2005

Functional Expenses	Educational Expenses	UBI Expenses	Total
Credit Card Processing Costs	\$ -	\$ 371,616	\$ 371,616
Employee Leasing	123,443	31,716	155,159
Consulting	23,430		23,430
In-kind Labor (Cost of Volunteer Labor)	271,772		271,772
Internet costs	26,183		26,183
Bank Fees	19,149		19,149
Telephone	3,318		3,318
Travel	5,248		5,248
Repairs/Maintenance	2,921		2,921
Interest	60		60
Postage/Delivery	385		385
Supplies	929		929
Corporation Fees	39		39
Printing	226		226
Total Functional Expenses	<u>\$ 477,102</u>	<u>\$ 403,332</u>	<u>\$ 880,434</u>

See accountants' compilation report

WP-Org, Inc.
Statement of Cash Flows for the Year Ended
September 30, 2005

Cash Provided by Operations:	
Results of Activities-FY 2004	\$ 9,910
Increase in other current liabilities	<u>3,243</u>
Total Cash Provided by Operations	13,153
Cash Provided by Investing:	
Increase in Fixed Assets	(7,212)
Increase in CDs	<u>(605)</u>
Total Cash Provided by Investing	(7,817)
Change in Cash	5,336
Opening Cash Deficit	<u>42,545</u>
Ending Cash Deficit	<u>\$ 47,881</u>

See accountants' compilation report

WP-ORG INC
Notes to Financial Statements
Sept 30, 2005

Organization and Nature of Activities

WP-ORG, Inc., is a Delaware non-stock, not-for-profit corporation, established on June 18, 1998, as described in Section 501(c)(3) of the Internal Revenue Code and approved in the status letter dated February 22, 2001. As such, WP-ORG is exempt from federal and state income taxes. Our resident agent in Delaware is Harvard Business Services INC.

WP-ORG operates a free computer network serving the extended West Point Community. This network is composed of a series of Web pages and automated Email remailers called Listservers. These remailers serve USMA class year groups, parents of current cadets, and West Point societies as well as other special interest groups that are a part of our community.

The primary physical location hosts our server farm, and is supported by a Time Warner T-1 access line to the Internet. This is located in Pflugerville, Texas, north of Austin.

WP-ORG, INC., has the use of two full-time leased employees, a system engineer in Austin at the server farm, and an IT manager located on a satellite link in California. Our administrative center is on Buffalo Mountain in southwest Virginia where our part-time-leased CFO is located. The leased employees are sourced through Trinet of San Leandro, CA.

All management decisions are made through a corporate listserver connecting our board members we call advisors. Those archived records constitute our corporate minutes.

Public Support and Revenue

WP-ORG, INC., operations are financed through bi-annual fund drives on the Internet. The average donation is \$50. Two-thirds comes in through a credit card gateway, the balance in checks to our administrative center. The drives average thirty days to meet the budget forecast, at which time we broadcast a message to stop sending money. Complete records of all our fund drives are available on line: <http://www.west-point.org/wp/fd16/program/> We have no pledge program.

Credit Card transactions come in through the Authorize Net gateway, then processed by Discover/AMEX/NOVA for MC&VISA. Total costs for these transactions average 3% across all card providers. We build the web interfaces for these in Austin.

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets, or that require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are also recorded at \$15 per hour in the period received.

Estimates

Management has used estimates in the preparation of the financial statements in conformity with generally accepted accounting principles.

Capitalized Equipment	Useful Life	5 Years
-----------------------	-------------	---------

WP-ORG INC
Notes to Financial Statements
Sept 30, 2004

Cash and Cash Equivalents

WP-ORG considers all certificates of deposit with a maturity within one year or less of the balance sheet date to be cash equivalents.

Investments

Investments are either Money Market Funds or Certificates of Deposit, and are carried at fair market value (FMV).

NOTE 1: Summary of Significant Accounting Policies

Capitalized Equipment (Greater than \$1200) and Leasehold Improvements

Capitalized equipment consists of computers, networking equipment, and supporting peripherals. These items are capitalized at cost for all purchases greater than \$1,200 and depreciated on a straight line method. Lesser amounts are expensed. Equipment is being depreciated over an estimated useful life of 5 years. Leasehold improvements are being amortized over the shorter of the lease term, or useful life. Depreciation for the fiscal year 2005 ended September 30 amounted to \$0.

NOTE 2: Investments

WP-ORG, INC., had investments of \$20,757 in certificates of deposit with original maturity dates of greater than three months. Investments are stated at fair value.

NOTE 3: Cash and Equivalents

	PER BOOKS	FMV
BLUE RIDGE BANK	(\$10,583)	(\$10,583)
CLEARING ACCOUNT	1,000	1,000
PETTY CASH	1,027	1,027
MONEY MARKET ACCOUNT	56,437	56,437
TOTAL CASH	<u>\$47,881</u>	<u>\$47,881</u>

NOTE 4: Operating Lease Commitment

WP-ORG leases the premises at Pflugerville, Texas. The current lease runs through February 28, 2006. The monthly rental payments are \$850. The internal financing rate of WP-ORG, INC., is 6%.

Year	Total Payments	Interest	Rents
2005	\$9,900	\$275	\$9,625
2006	1,650	8	1,642
TOTAL	\$11,550	\$283	\$11,267

WP-ORG INC
Notes to Financial Statements
Sept 30, 2004

NOTE 5: Donated Services

Donated services are the life blood of WP-ORG. Each of our more than 500 listservers has a volunteer moderator, responsible for administration and policy oversight. Additionally, we have our Advisors (board members), and many technical support volunteers. Each fiscal year we activate an On-Line survey to gather the volunteer data and report it with our year end financials. Volunteer hours are valued at \$15 per hour. In the year ended September 30, 2005, approximately 20,000 hours were contributed for a value of \$300,000. In 2004 approximately 18,118 hours were contributed for a value of \$271,770.

NOTE 6: Functional allocation of Expenses

The CFO and Austin System Engineer are both tasked with operation of the credit card web pages which produce UBI (Unrelated Business Income). UBI is taxable and that portion of the time used in the production of that UBI needs to be expensed against that income.

VOLUNTEER HOURS FY 2004

EMPLOYEE LEASING		HRS	UBI	UBI	UBI
		PER YEAR	HRS	%	LABOR
CFO	\$34,230	2054	691	33.63%	\$11,512
Sys Engineer	\$63,843	2054	650	31.65%	\$20,204
TOTAL UBI LABOR	\$98,073	4108	1339	32.59%	\$31,716