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May 16, 2016

VIA ELECTRONIC TRANSMISSION

Mr. Anthony Odierno
Chairman
Wounded Warrior Project
4899 Belfort Road, Suite 300
Jacksonville, Florida 32256

Dear Mr. Odierno:

Thank you for your responses on April 5 and April 13, 2016. Providing assistance to our nation's veteran population is a noble and sacred endeavor. After review of the WWP's Form 990s encompassing Fiscal Years 2013 and 2014, as well as its Consolidated Financial Statements for the same fiscal years, WWP's claim that 80.6% of its total expenditures went to provide services for veterans raises some serious questions.

It appears that WWP's claim is based upon its Consolidated Financial Statements, not its Form 990s. According to WWP's 2013 Form 990, which runs during FY 2014, it appears \$248,005,439 was spent on total expenses, of which \$189,558,100 was spent on program expenses – approximately 76.4% and less than 80.6%. In FY2014, according to WWP's Consolidated Financial Statements, it spent \$300,279,601 on total expenses, of which \$242,145,985 was for program expenses – approximately 80.6%.

However, the Consolidated Financial Statement for FY2014 includes \$80,710,673 in donated media which cannot be included on the Form 990. Thus, 33.3% of program services WWP reportedly spent on veterans was actually free media and advertising. This explains part of the numerical discrepancy between the two forms, but also partially illustrates how WWP arrives at its 80.6% figure. It includes free media as a program service to veterans. It is not clear whether the donated media was only outreach to veterans to help them access programs or whether it was for fundraising purposes. Absent donated media, WWP's program service percentage falls well below 80.6% to 66.6%.

Further, separate from its Consolidated Financial Statement, WWP's FY2014 Form 990 shows what it considers to be functional expenses. For example, WWP spent \$40,916,885 on program service costs that were joint educational and fundraising solicitations. As you are aware, Statement of Position 98-2 allows for combined educational activities and fundraising solicitations to be counted as program expenses. It is not clear to what extent these solicitations provide any benefit to veterans or provide direct support to WWP's mission. Further, most charity watchdog organizations do not count this type of spending as a program expense because it generally does not provide any benefit in support of a charity's mission other than fundraising. As such, claiming this nearly \$41 million dollars as program services for veterans is questionable. And if no benefit is really derived for veterans, WWP's program service percentage falls further below 80.6%.

In addition, WWP created a separate 501(c)(3) to serve as a Long-Term Support Trust. In FY 2013, WWP transferred \$9,100,000 to the Trust, and in FY 2014 it transferred \$28,000,000. This \$37,100,000 appears to be counted as a program expense on behalf of veterans. However, the Trust's FY 2014 Form 990 shows that the only expense was \$134,721 to Barclay's for managing the Trust. It would be helpful if WWP could describe, in detail, what benefit is provided to veterans by the Long-Term Support Trust. Further, WWP has advertised that it spent \$65.4 million on long-term support programs, yet it appears almost \$40 million of it was simply transferred to the Trust.¹ It would be helpful if WWP could address how the \$65.4 million was spent and whether its assertion that all of it was spent on veterans is accurate.

And finally, WWP noted in its April 12, 2016 response to the Committee that the conferences, conventions, and meetings line item "consist of, in some instances, in-kind contributions to the organization, not cash expenditures made by [WWP]." In a March 14, 2016 email to my staff, WWP noted that,

of the approximately \$26 million that was spent on conferences and events between October 1, 2013 and September 30, 2014, approximately 94 percent (or approximately \$24,392,000) was associated with program services delivered to Wounded Warriors and their families.

According to the documents provided to the Committee, in FY 2013 WWP hosted approximately 3,426 events ranging from Alumni events to Warriors to Work events. Of the 3,426 events, 76% were Alumni with the vast majority consisting of sporting events, such as MLB baseball, NBA basketball, or NHL Hockey games. The next closest program events were Physical Health & Wellness at approximately 515, or 15%.

In FY 2014, WWP hosted approximately 4,485 events ranging from Alumni events to Peer Support events. Of the 4,485, 71% were Alumni and, again, the vast majority consisted of sporting events. The next closest program events were Physical Health & Wellness at

¹ Attachment A, available at <https://www.woundedwarriorproject.org/programs/independence-program>

approximately 785, or 17%. Therefore, it appears that the vast majority of the 94% of program services provided to veterans consisted of tickets to sporting events. In light of these percentages, and the fact that many expenses could be in-kind donations to sporting events, it is important to determine with as much precision as possible, how much donor money was actually spent on veterans as opposed to in-kind donations.

In total, when taking the aforementioned into account, of the \$242 million WWP spent on program expenses in FY 2014, it appears that approximately \$150 million of it was not actually spent on veterans by WWP and a large portion of it was in-kind donations. This calls WWP's claim that it spends 80.6% of its donations on veteran programming into question.

As I noted in my initial letter to you, the WWP has a tremendous responsibility to operate efficiently and to make the most out of the money it receives from the donating public. And as a tax exempt organization, it is able to take advantage of favorable tax treatment so as to ensure that our nation's wounded, and often times most vulnerable, are properly assisted with the help of the generosity of the American people. The trust WWP has engendered amongst the donating public requires it to be as transparent and open as possible with respect to its spending practices.

Accordingly, please answer the following questions:

1. Is WWP counting donated media as part of its 80.6%? If so, please describe the types of donated media and the purpose. For example, was the donated media primarily outreach to veterans to help them access programs and services? Was the donated media primarily for donation solicitations and fundraising? Please explain.
2. Please provide examples of joint educational and fundraising solicitations. In addition, please describe in detail the benefit conferred to veterans such that labeling it a program expense is accurate.
3. How much money has been spent from the Long-Term Support Trust since its creation and what was it spent on?
4. What is the purpose of the Long-Term Support Trust and how is WWP employing it for that purpose?
5. With respect to Alumni events, please answer the following:
 - a. Are staff members included in the number of participants?
 - b. How much has WWP spent on Alumni events for FY 2013 and FY 2014?
 - c. How many Alumni events were in-kind donations versus WWP funding the event?

6. On page 1, footnote 1 of WWP's "Supplemental Responses" it states in part, "Wounded Warrior Project estimates that it conducted more than 200 Benefits training and education programs for warriors in each of FY 2013 and FY 2014. In addition, Wounded Warrior Project estimates that it assisted more than 1500 individual warriors in obtaining and processing VA Benefits claims in each of FY 2013 and FY 2014."
 - a. How did WWP arrive at its estimate that it assisted more than 1500 veterans in "obtaining and processing VA benefits"?
 - b. Approximately how many veterans did WWP assist in processing VA Benefit claims in FY 2013 and FY 2014?
 - c. Approximately how many of the 1500 actually received VA Benefits in FY 2013 and FY 2014?
 - d. Please describe the assistance that is provided. For example, do WWP staff walk through the process by which VA forms must be filled out? Does WWP mail the forms? Does WWP provide VA certified attorneys for assistance?
7. On page 2 of WWP's April 5, 2016, response it notes that an independent review of spending practices was overseen by the Board of Directors. Please provide a copy of that review.

Thank you in advance for your cooperation with this request. Please number your responses according to their corresponding questions and respond no later than June 1, 2016. If you have any questions, please contact Josh Flynn-Brown of my Committee staff at (202) 224-5225.

Sincerely,



Charles E. Grassley
Chairman
Committee on the Judiciary