

# **Adopt-a-Soldier Platoon, Inc.**

**Financial Statements**

**December 31, 2012**

# Adopt-a-Soldier Platoon, Inc.

## CONTENTS

December 31, 2012

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	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
Adopt-a-Soldier Platoon, Inc.

We have audited the accompanying financial statements of Adopt-a-Soldier Platoon, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adopt-a-Soldier Platoon, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Adopt-a-Soldier Platoon, Inc.'s 2011 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 10, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Clifton, New Jersey  
August 5, 2013

# Adopt-a-Soldier Platoon, Inc.

## STATEMENT OF FINANCIAL POSITION

December 31, 2012

( with comparative information as of December 31, 2011 )

ASSETS	2012	2011
Cash	\$ 10,704	\$ 16,444
Contributions receivable	10,000	-
Inventory	6,236	3,840
Prepaid expenses	681	-
Fixed assets, net	1,788	2,776
<b>Total Assets</b>	<b>\$ 29,409</b>	<b>\$ 23,060</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities - accounts payable and accrued expenses	\$ 4,081	\$ 3,633
Net Assets		
Unrestricted	21,410	14,614
Temporarily restricted	3,918	4,813
<b>Total Net Assets</b>	<b>25,328</b>	<b>19,427</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 29,409</b>	<b>\$ 23,060</b>

See accompanying notes to financial statements.

# Adopt-a-Soldier Platoon, Inc.

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2012

( with summarized information for the year ended December 31, 2011 )

	Temporarily		Totals	
	Unrestricted	Restricted	2012	2011
Revenues:				
Contributions	\$ 77,077	\$ 73,467	\$ 150,544	\$ 98,601
In-kind contributions	204,555		204,555	300,141
Donated professional services & facilities	14,034		14,034	23,923
Dividends / interest earned	17		17	18
Net assets released from restrictions	74,362	(74,362)	-	-
Total revenues	<u>370,045</u>	<u>(895)</u>	<u>369,150</u>	<u>422,683</u>
Expenses:				
Program expenses				
Soldier welfare & morale	343,113		343,113	430,028
Supporting services				
Fundraising expenses	3,145		3,145	4,397
Management & general expenses	16,991		16,991	15,879
Total expenses	<u>363,249</u>	<u>-</u>	<u>363,249</u>	<u>450,304</u>
Increase (decrease) in net assets	6,796	(895)	5,901	(27,621)
Net assets - beginning	14,614	4,813	19,427	47,048
Net assets - ending	<u>\$ 21,410</u>	<u>\$ 3,918</u>	<u>\$ 25,328</u>	<u>\$ 19,427</u>

See accompanying notes to financial statements.

# Adopt-a-Soldier Platoon, Inc.

## STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2012

( with summarized information for the year ended December 31, 2011 )

	Program Services	Supporting Services		Total Expenses	
	Soldier welfare & morale	Management & General	Fundraising	2012	2011
Direct program expenses					
Care Packages & Related	\$ 222,875	\$ -	\$ -	\$ 222,875	\$ 261,501
Supplies	12,377	-	-	12,377	10,903
Equipment	43,376	-	-	43,376	35,173
Entertainment	16,817	-	-	16,817	9,504
Troop Morale	72,570	-	-	72,570	55,580
Troop Morale & Welfare - Other	10,570	-	-	10,570	18,839
Total Direct program expenses	306,015	-	-	306,015	335,920
Donated Postage	17,946	-	-	17,946	52,425
Travel & meetings	9,638	156	-	9,794	22,931
Donated art design services	-	-	-	-	10,613
Donated warehouse facilities	8,034	-	-	8,034	7,810
Supplies	1,348	839	-	2,187	1,910
Cloth patches for donors	-	-	471	471	3,518
Donor recognition materials	-	-	723	723	398
Advertising	-	-	300	300	370
Fashion Show	-	-	1,495	1,495	-
PayPal Transaction Fees	-	-	156	156	111
Accounting Fees	-	4,000	-	4,000	3,500
Donated professional accounting services	-	6,000	-	6,000	5,500
Telephone & communications	-	1,341	-	1,341	1,716
Depreciation Expense	-	988	-	988	988
Data Processing	-	2,088	-	2,088	963
Postage	132	310	-	442	382
Post Office box rental	-	25	-	25	96
State registration fees	-	290	-	290	175
Registered Agent Fees (Mass)	-	29	-	29	-
Miscellaneous	-	925	-	925	978
Total expenses year ended December 31, 2012	\$ 343,113	\$ 16,991	\$ 3,145	\$ 363,249	
Percent of total expenses	94.4%	4.7%	0.9%	100.0%	
Total expenses year ended December 31, 2011	\$ 430,028	\$ 15,879	\$ 4,397		\$ 450,304
Percent of total expenses	95.5%	3.5%	1.0%		100.0%

See accompanying notes to financial statements.

# Adopt-a-Soldier Platoon, Inc.

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2012

( with comparative information for the year ended December 31, 2011)

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase / (decrease) in net assets	\$ 5,901	\$ (27,621)
Adjustments to reconcile increase / (decrease) in net assets to net cash used in operating activities:		
Depreciation	988	989
Changes in operating assets and liabilities:		
(Increase) / decrease in accounts receivable	(10,000)	11,206
(Increase) / decrease in inventory	(2,396)	(3,840)
(Increase) / decrease in prepaid expenses	(682)	
Increase / (decrease) in accounts payable	-	(576)
Increase / (decrease) in accrued expenses	449	(363)
<b>Net cash used in operating activities</b>	<u>(5,740)</u>	<u>(20,205)</u>
Net decrease in cash	(5,740)	(20,205)
Cash at beginning of year	16,444	36,649
Cash at end of year	<u>\$ 10,704</u>	<u>\$ 16,444</u>

See accompanying notes to financial statements.

# Adopt-a-Soldier Platoon, Inc.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

(with comparative information for the year ended December 31, 2011)

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### 1. Nature of the Organization

Adopt-a-Soldier Platoon, Inc. (the Organization) is a New Jersey domestic non-profit corporation, incorporated on May 29, 2007. Its mission is to lift the morale and support the welfare of active members and veterans of the United States Armed Forces, their immediate families, and the immediate families of deceased veterans.

The Organization is run entirely by volunteers. There are no employees. The Organization's By-Laws prohibit salaries and benefits. Volunteers are reimbursed for out-of-pocket expenditures incurred in the conduct of business on behalf of the Organization.

Contributions are received primarily from a network of individual and business supporters that has grown mostly by word-of-mouth. The Organization maintains a public website ([www.adoptasoldierplatoon.org](http://www.adoptasoldierplatoon.org)) for informing the public about its mission and to solicit contributions from individuals and businesses domiciled in New Jersey. Contributions are recognized upon receipt of funds, property or written pledges. On January 14, 2013, the Organization received a "Certificate for Solicitation" from the Commonwealth of Massachusetts enabling it to solicit donations from the general public during the remainder of 2013.

### 2. Summary of Significant Accounting Policies

#### *Basis of Financial Statement Presentation*

The accompanying financial statements have been prepared in accordance with the Not-for-Profit Entities Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) ("ASC Section 958"). The Balance Sheet and Income Statement Subtopics of ASC 958 require the Organization to present its net assets and its revenue and gains (losses) based upon the existence or absence of donor imposed restrictions into these classes:

*Unrestricted Net Assets* - Net assets not subject to donor-imposed stipulations.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets.



## Adopt-a-Soldier Platoon, Inc.

### NOTES TO FINANCIAL STATEMENTS

December 31, 2012

(with comparative information for the year ended December 31, 2011)

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The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. The Organization reports gifts of cash and other assets as temporarily or permanently restricted revenue if they are received with donor stipulation that limits the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Functional Expenses* - The costs of providing various program and supporting services have been summarized on a functional basis on the statement of functional expenses. Certain costs have been allocated among program and supporting services as follows:

*Program Services* – Distribution of personal care supplies, foodstuffs and recreational items to U.S. military units serving abroad, primarily those stationed in combat zones. Support numerous combat surgical hospitals in Afghanistan, Kuwait and Germany to help comfort the wounded during recovery and transport and help maintain morale of medical staff. Provide equipment such as laptop computers, webcams, digital cameras and camcorders to allow troops to communicate with their families. Provide exercise and sporting equipment. Sponsor special events and activities and provide recreational equipment in connection with morale, welfare and recreation (MWR) activities conducted at military bases.

*Management and General* - All other operating expenses incurred by the Organization in the accomplishment of its tax exempt purposes.

*Fundraising* - All expenses incurred with the purpose of raising funds, promoting public awareness and recognizing donor contributions.

#### *Uses of Estimates*

Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

## **Adopt-a-Soldier Platoon, Inc.**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2012**

**(with comparative information for the year ended December 31, 2011)**

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#### ***Tax Exempt Status***

The Organization received a tax determination letter from the Internal Revenue Service and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, only unrelated business income is subject to income tax. For the years ended December 31, 2012 and 2011 the Organization has determined that no income taxes are due for its activities. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

#### ***Cash***

For purposes of the statement of cash flows, cash consists of demand deposits held in banks.

#### ***Contributions Receivable***

Contributions receivable are all due within one year. Management evaluates total contributions receivable, and includes in the allowance for doubtful accounts an estimate of losses to be sustained. Uncollectible amounts are charged against the allowance account when management determines the possibility of collection is unlikely. The allowance for doubtful accounts at December 31, 2012 and 2011 were both \$0.

#### ***Advertising***

Advertising is expensed in the year incurred.

#### ***Equipment and Depreciation***

The Organization's policy is to capitalize equipment valued at \$1,000 or more. Existing equipment acquired in prior years is necessary to maintain the Organization's website and to communicate with grantees and donors. A significant portion of the cost of this equipment was funded by a donation restricted for this purpose. Capital assets are depreciated over its useful life. Computer and related equipment is depreciated over five years on a straight line basis.

## **Adopt-a-Soldier Platoon, Inc.**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2012**

**(with comparative information for the year ended December 31, 2011)**

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#### *Inventory*

Inventory consists of purchased and donated products. Purchased inventory is valued at the lower of cost or market using the first-in, first-out (FIFO) method. Donated inventory is stated at its estimated fair value on the date of receipt. Thereafter, it is stated at the lower of cost or market.

#### *Concentration of Revenues*

The Organization's largest donor was responsible for 18 percent of the total revenues during the year, about 9.2 percent being cash and donated postage and the remaining 8.8 percent being gifts-in-kind and donated warehouse space. If this donor was lost in the future, management does not believe it would prevent the Organization from accomplishing its overall mission. Nevertheless, management is continually seeking new donors which would reduce the risk of concentration of revenues.

#### *Support*

Support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of donated assets is transferred to the Organization. Gifts in kind are recorded at fair value at the date of the gift.

The Organization receives donated personal care and comfort items, foodstuffs, and recreation equipment. The valuation of contributed goods is based on management's estimate of fair value for each item received. Items are valued upon receipt. Fair values are determined based on numerous factors which may include (a) amounts specified by the donor as being the wholesale selling price, (b) current retail or selling price of similar items, if known, or (c) management's own subjective appraisals based on research. Additionally, items of a unique or personal nature which do not have readily determinable fair values and goods which do not conform to the Organization's size or quality requirements for shipping are either assigned a nominal value or not assigned a value.

Donated services are recognized in the financial statements at their fair value as contributions, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

A number of unpaid volunteers have made a contribution of their time to the Organization's program. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

## Adopt-a-Soldier Platoon, Inc.

### NOTES TO FINANCIAL STATEMENTS

December 31, 2012

(with comparative information for the year ended December 31, 2011)

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#### *Reclassifications*

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

#### *Subsequent Events*

The Organization has evaluated events and transactions for potential recognition or disclosure through August 5, 2013, the date the financial statements were available to be issued. No subsequent events have been identified by management.

#### **3. Inventories**

The inventory balance at December 31, 2012 and December 31, 2011, was \$6,236 and \$3,840, respectively. The December 31, 2012 inventory balance consists primarily of exercise gear, and includes foodstuffs and electronic items purchased during December 2012. The December 31, 2011 inventory balance consists of a gift-in-kind donation of foodstuffs and personal grooming items. All goods for program services purchased by the Organization or received as gifts-in-kind from donors are shipped usually within a one week window to military units for distribution to the troops.

#### **4. Fixed Assets**

Fixed assets as of December 31, 2012 and December 31, 2011, at cost, consists of:

	<u>2012</u>	<u>2011</u>	<u>Useful life</u>
Computer equipment	\$ 4,979	\$ 4,979	5 years
Less accumulated depreciation	<u>(3,191)</u>	<u>(2,203)</u>	
Total Fixed assets	<u>\$ 1,788</u>	<u>\$ 2,776</u>	

## Adopt-a-Soldier Platoon, Inc.

### NOTES TO FINANCIAL STATEMENTS

December 31, 2012

(with comparative information for the year ended December 31, 2011)

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#### 5. Gifts-in-Kind

During the years ended December 31, 2012 and December 31, 2011, the Organization received the following non-cash contributions:

	<u>2012</u>	<u>2011</u>
Personal care / comfort items	\$ 41,787	\$ 81,949
Foodstuffs	105,532	96,956
Recreation equipment	39,290	68,811
Postage & shipping	<u>17,946</u>	<u>52,425</u>
	<u>\$ 204,555</u>	<u>\$ 300,141</u>

Personal care and comfort items consist of items such as soap, oral hygiene products, shampoo, skin cream, neck pillows, and clothing articles. Recreation equipment consists primarily of fitness and exercise gear and electronic equipment used to support morale, welfare and recreation programs at military bases. Electric equipment includes digital movie cameras, computers, webcams, portable DVD players for use by hospital patients, karaoke machines, and video game equipment and software.

#### 6. Donated Professional Services & Facilities

During the years ended December 31, 2012 and December 31, 2011, the Organization received the following donations of professional services and facilities:

	<u>2012</u>	<u>2011</u>
Professional audit	\$ 6,000	\$ 5,500
Design services	0	10,613
Warehouse space	<u>8,034</u>	<u>7,810</u>
	<u>\$ 14,034</u>	<u>\$ 23,923</u>

On April 25, 2011, the State of New Jersey raised the audit threshold of nonprofits to \$500,000 of revenues from \$250,000. The Organization, however, has continued to retain the services of a public accounting firm to conduct an audit as it plans to register in other state jurisdictions that maintain lower audit thresholds. The professional fees to conduct the audit were \$10,000, of which services valued at \$6,000 were donated.

The Organization is provided with limited warehouse space donated by a local business. The

## **Adopt-a-Soldier Platoon, Inc.**

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2012**

**(with comparative information for the year ended December 31, 2011)**

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space is available for use during normal business hours and is used for receiving donated goods and preparing care packages to be mailed to the troops. The annual use of the warehouse space is valued at \$8,034 as determined by quotes from local retail storage facilities.

#### **7. Temporarily Restricted Net Assets**

Cash contributions and gifts-in-kind donated for use in connection with specific program services are so identified to assure that they are used in accordance with the donor's express wishes. At December 31, 2012, \$3,918 is temporarily restricted for several projects including care for the wounded, KIA (killed-in-action) bracelets to honor the fallen and entertainment activities to be conducted at U.S. military bases. At December 31, 2011, \$4,813 was temporarily restricted, primarily for the purchase of KIA bracelets.

#### **8. Expense Allocation**

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.