

Adopt-a-Soldier Platoon, Inc.

Financial Statements

December 31, 2013

Adopt-a-Soldier Platoon, Inc.

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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, 2013, 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, 2013, 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 2012 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 5, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Clifton, New Jersey
August 8, 2014

Adopt-a-Soldier Platoon, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2013

(with comparative information as of December 31, 2012)

ASSETS	2013	2012
Cash	\$ 98,076	\$ 10,704
Contributions receivable, net	2,500	10,000
Other receivables	24,045	-
Inventory	17,593	6,236
Prepaid expenses	48,446	681
Fixed assets, net	800	1,788
Total Assets	\$ 191,460	\$ 29,409
 LIABILITIES AND NET ASSETS		
Liabilities - accounts payable and accrued expenses	\$ 4,856	\$ 4,081
Net Assets		
Unrestricted	81,063	21,410
Temporarily restricted	105,541	3,918
Total Net Assets	186,604	25,328
Total Liabilities and Net Assets	\$ 191,460	\$ 29,409

See accompanying notes to financial statements.

Adopt-a-Soldier Platoon, Inc.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2013

(with summarized information for the year ended December 31, 2012)

	Unrestricted	Temporarily Restricted	Totals	
			2013	2012
Revenues:				
Contributions	\$ 94,673	\$ 69,192	\$ 163,865	\$ 150,544
In-kind contributions	218,745	-	218,745	204,555
Special event revenue	-	139,955	139,955	-
Special event In-kind contributions	-	10,200	10,200	-
Special event direct costs	-	(52,798)	(52,798)	-
Stock grants	-	25,000	25,000	-
Donated professional services & facilities	14,996	-	14,996	14,034
Dividends / interest income	670	-	670	17
Net realized loss on investment	-	(955)	(955)	-
Net assets released from restrictions	88,971	(88,971)	-	-
Total revenues	<u>418,055</u>	<u>101,623</u>	<u>519,678</u>	<u>369,150</u>
Expenses:				
Program expenses				
Soldier welfare & morale	339,637	-	339,637	343,113
Supporting services				
Fundraising expenses	1,000	-	1,000	3,145
Management & general expenses	17,765	-	17,765	16,991
Total program and supporting services expenses	<u>358,402</u>	<u>-</u>	<u>358,402</u>	<u>363,249</u>
Increase in net assets	59,653	101,623	161,276	5,901
Net assets - beginning	21,410	3,918	25,328	19,427
Net assets - ending	<u>\$ 81,063</u>	<u>\$ 105,541</u>	<u>\$ 186,604</u>	<u>\$ 25,328</u>

See accompanying notes to financial statements.

Adopt-a-Soldier Platoon, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2013

(with summarized information for the year ended December 31, 2012)

	Program Services	Supporting Services		Total Expenses	
	Soldier welfare & morale	Management & General	Fundraising	2013	2012
Direct program expenses					
Care Packages and Related	\$ 226,423	\$ -	\$ -	\$ 226,423	\$ 213,293
Troop Morale and Related	9,796	-	-	9,796	55,418
Operation Combat Care	64,788	-	-	64,788	37,304
Total Direct program expenses	301,007	-	-	301,007	306,015
Donated Postage	15,092	-	-	15,092	17,946
Travel & meetings	4,342	291	-	4,633	9,794
Donated warehouse facilities	8,996	-	-	8,996	8,034
Supplies	1,573	321	-	1,894	2,187
Cloth patches for donors	-	-	-	-	471
Advertising	-	-	-	-	300
Fashion Show	-	-	-	-	1,495
Fundraising - Other	-	-	380	380	-
Fundraising - PayPal Transaction Fees	-	-	620	620	156
Accounting Fees	-	4,000	-	4,000	4,000
Donated professional accounting services	-	6,000	-	6,000	6,000
Telephone & communications	-	1,499	-	1,499	1,341
Depreciation Expense	-	988	-	988	988
Data Processing	-	2,007	-	2,007	2,088
Postage	8,627	433	-	9,060	442
Post Office box rental	-	-	-	-	25
State registration fees	-	884	-	884	290
Registered Agent Fees	-	149	-	149	29
Miscellaneous expenses	-	1,193	-	1,193	1,648
Total expenses year ended December 31, 2013	\$ 339,637	\$ 17,765	\$ 1,000	\$ 358,402	\$ 363,249
Percent of total expenses	94.8%	5.0%	0.2%	100.0%	
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%

See accompanying notes to financial statements.

Adopt-a-Soldier Platoon, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2013

(with comparative information for the year ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase in net assets	\$ 161,276	\$ 5,901
Adjustments to reconcile increase / (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	988	988
Changes in operating assets and liabilities:		
(Increase) / decrease in contributions receivable	7,500	(10,000)
(Increase) / decrease in other receivables	(24,045)	-
(Increase) / decrease in inventory	(11,357)	(2,396)
(Increase) / decrease in prepaid expenses	(47,765)	(682)
Increase / (decrease) in accounts payable and accrued expenses	775	449
Net cash provided by (used in) operating activities	<u>87,372</u>	<u>(5,740)</u>
Net increase (decrease) in cash	87,372	(5,740)
Cash at beginning of year	<u>10,704</u>	<u>16,444</u>
Cash at end of year	<u>\$ 98,076</u>	<u>\$ 10,704</u>

See accompanying notes to financial statements.

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 (with comparative information for the year ended December 31, 2012)

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) for informing the public about its mission and to solicit contributions from individuals and businesses domiciled in New Jersey and the Commonwealth of Massachusetts.

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.

The Organization records contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 (with comparative information for the year ended December 31, 2012)

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 – Program services focus primarily on the following three areas:

(1) Care Cartons - This program activity primarily involves the distribution of personal care supplies and foodstuffs to U.S. military units serving abroad, primarily those stationed in combat zones;

(2) Troop Morale - This program activity supports MWR (morale, welfare and recreation) activities – It includes the distribution to troops serving abroad recreational items such as sports equipment, physical fitness equipment, video game systems, and musical instruments. On occasion, the Organization conducts Military Appreciation Tours that include video game tournaments, celebrity “meet and greet sessions” and entertainment shows; and,

(3) Combat Care - This program activity provides aid and support to combat surgical hospitals in Afghanistan, Kuwait and Germany, and to military personal and veterans who were wounded or injured during their service. This activity encompasses hospitalized troops both home and abroad as well as personnel transitioning to civilian life with permanent injuries.

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

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

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NOTES TO FINANCIAL STATEMENTS

December 31, 2013 (with comparative information for the year ended December 31, 2012)

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.

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, 2013 and 2012, 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 and funds in the Organization's PayPal account as of the year-end.

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, 2013 and 2012 were both \$0.

Advertising

Advertising is expensed in the year incurred. During 2013 and 2012, advertising expense was \$0 and \$300, respectively.

Fixed Assets

The Organization's policy is to capitalize equipment valued at \$1,000 or more.

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 (with comparative information for the year ended December 31, 2012)

Capital assets are depreciated over its useful life. Computer and related equipment is depreciated over five years on a straight line basis.

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 25.2 percent of the total revenues during the year, about 12.2 percent of the total revenues being cash and donated postage and the remaining 13 percent of the total revenues 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.

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December 31, 2013 (with comparative information for the year ended December 31, 2012)

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.

Investments

Investments are stated at fair value based upon quoted market prices.

Comparative Information

The financial statements include certain 2012 comparative information. With respect to the statement of activities, such prior year information is not presented by net asset class and, in the statement of functional expenses, 2012 expenses by natural classification are presented in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's 2012 financial statements from which the summarized information was derived.

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 8, 2014, the date the financial statements were available to be issued. No subsequent events have been identified by management.

3. Other Receivables

On October 28, 2013, the Organization received a grant of 1,507 shares of common stock valued at \$25,000 on the day of the grant. On December 30, 2013, the Organization sold the stock on the open market at a loss of \$955, leaving \$24,045 available for use. Included in other receivables at December 31, 2013 was \$24,045 which was due from the Registrar and Transfer Company from the sale of the stock.

4. Inventories

The inventory balance at December 31, 2013 and December 31, 2012, was \$17,593 and \$6,236, respectively. The December 31, 2013 inventory balance consists primarily of

Adopt-a-Soldier Platoon, Inc.

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December 31, 2013 (with comparative information for the year ended December 31, 2012)

physical fitness equipment, coffee, video games and gaming accessories, foodstuffs and personal grooming items. The December 31, 2012 inventory balance consists primarily of exercise gear, and includes foodstuffs and electronic items purchased during December 2012.

5. Fixed Assets

Fixed assets as of December 31, 2013 and December 31, 2012, at cost, consists of:

	<u>2013</u>	<u>2012</u>	<u>Useful life</u>
Computer equipment	\$ 4,979	\$ 4,979	5 years
Less accumulated depreciation	<u>(4,179)</u>	<u>(3,191)</u>	
Total Fixed assets	<u>\$ 800</u>	<u>\$ 1,788</u>	

Depreciation expense for computer equipment in 2013 and 2012 was \$988.

6. Gifts-in-Kind

During the years ended December 31, 2013 and December 31, 2012, the Organization received the following non-cash contributions:

	<u>2013</u>	<u>2012</u>
Personal care / comfort items	\$ 53,894	\$ 41,787
Foodstuffs	115,661	105,532
Recreation equipment	34,098	39,290
Postage & shipping	15,092	17,946
Items donated for fundraising auction	<u>10,200</u>	<u>0</u>
	<u>\$ 228,945</u>	<u>\$ 204,555</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.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2013 (with comparative information for the year ended December 31, 2012)

7. Donated Professional Services & Facilities

During the years ended December 31, 2013 and December 31, 2012, the Organization received the following donations of professional services and facilities:

	<u>2013</u>	<u>2012</u>
Professional audit	\$ 6,000	\$ 6,000
Warehouse space	<u>8,996</u>	<u>8,034</u>
	<u>\$ 14,996</u>	<u>\$ 14,034</u>

For the years ended December 31, 2013 and 2012 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 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. For the years ended December 31, 2013 and 2012, the annual use of the warehouse space was valued at \$8,996 and \$8,034, respectively as determined by quotes from local retail storage facilities.

8. Dividends & Interest

The Organization held common stock that was granted to it on October 28, 2013 until it was sold on December 30, 2013. The Organization received the following dividend and interest payments:

	<u>2013</u>	<u>2012</u>
Interest	\$ 30	\$ 17
Dividends	<u>640</u>	<u>0</u>
	<u>\$ 670</u>	<u>\$ 17</u>

9. 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, 2013, \$105,541 is temporarily restricted, primarily for Operation Combat Care. At December 31, 2012, \$3,918 was 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.

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 (with comparative information for the year ended December 31, 2012)

10. 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.
