

Adopt-a-Soldier Platoon, Inc.
Financial Statements
December 31, 2014

Adopt-a-Soldier Platoon, Inc.

CONTENTS December 31, 2014

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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 statement of financial position as of December 31, 2014, 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 audit. We conducted our audit 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, 2014, 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 2013 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated August 8, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Karabulut & Yasosky LLP

Clifton, New Jersey
July 27, 2015

Adopt-a-Soldier Platoon, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2014, with comparative amounts as of December 31, 2013

ASSETS	<u>2014</u>	<u>2013</u>
Cash	\$ 189,634	\$ 98,076
Contributions receivable, net	-	2,500
Other receivables	-	24,045
Inventory	33,529	17,593
Prepaid expenses	1,580	48,446
Fixed assets, net	-	800
Total Assets	<u>\$ 224,743</u>	<u>\$ 191,460</u>
LIABILITIES AND NET ASSETS		
Liabilities - accounts payable and accrued expenses	<u>\$ 45,696</u>	<u>\$ 4,856</u>
Net Assets		
Unrestricted	21,090	81,063
Temporarily restricted	<u>157,957</u>	<u>105,541</u>
Total Net Assets	<u>179,047</u>	<u>186,604</u>
Total Liabilities and Net Assets	<u>\$ 224,743</u>	<u>\$ 191,460</u>

See accompanying notes to financial statements.

Adopt-a-Soldier Platoon, Inc.

STATEMENT OF ACTIVITIES

December 31, 2014, with summarized totals for the year ended December 31, 2013

	Unrestricted	Temporarily Restricted	Totals	
			2014	2013
Revenues:				
Contributions	\$ 82,528	\$ 62,720	\$ 145,248	\$ 163,865
In-kind contributions	197,366	-	197,366	218,745
Special event revenue	-	169,369	169,369	139,955
Special event In-kind contributions	-	30,503	30,503	10,200
Special event direct costs	-	(86,465)	(86,465)	(52,798)
Stock grants	-	49,473	49,473	25,000
Donated professional services & facilities	14,996	-	14,996	14,996
Dividends / interest income	727	-	727	670
Net realized gain / (loss) on investment	552	-	552	(955)
Net assets released from restrictions	173,184	(173,184)	-	-
Total revenues	<u>469,353</u>	<u>52,416</u>	<u>521,769</u>	<u>519,678</u>
Expenses:				
Program expenses				
Soldier welfare & morale	504,700	-	504,700	339,637
Supporting services				
Fundraising expenses	5,170	-	5,170	1,000
Management & general expenses	19,456	-	19,456	17,765
Total program and supporting services expenses	<u>529,326</u>	<u>-</u>	<u>529,326</u>	<u>358,402</u>
Increase /(decrease) in net assets	(59,973)	52,416	(7,557)	161,276
Net assets - beginning	81,063	105,541	186,604	25,328
Net assets - ending	<u>\$ 21,090</u>	<u>\$ 157,957</u>	<u>\$ 179,047</u>	<u>\$ 186,604</u>

See accompanying notes to financial statements.

Adopt-a-Soldier Platoon, Inc.

STATEMENT OF FUNCTIONAL EXPENSES December 31, 2014, with summarized totals for 2013

	Program Services	Supporting Services		Total Expenses	
	Soldier welfare & morale	Management & General	Fundraising	2014	2013
Direct program expenses					
Care Packages and Related	\$ 168,751	\$ -	\$ -	\$ 168,751	\$ 226,423
Troop Morale and Related	117,343	-	-	117,343	9,796
Operation Combat Care	132,562	-	-	132,562	64,788
Total Direct program expenses	418,656	-	-	418,656	301,007
Donated Postage	-	-	-	-	15,092
Travel & meetings	34,505	25	-	34,530	4,633
Donated warehouse facilities	8,996	-	-	8,996	8,996
Supplies	2,029	621	-	2,650	1,894
Cloth patches for donors	-	-	937	937	-
Fundraising - Other	-	-	3,259	3,259	380
Fundraising - PayPal Transaction Fees	-	-	974	974	620
Accounting Fees	-	4,000	-	4,000	4,000
Donated professional accounting services	-	6,000	-	6,000	6,000
Telephone & communications	-	2,069	-	2,069	1,499
Depreciation Expense	-	800	-	800	988
Data Processing	-	3,028	-	3,028	2,007
Postage	40,514	563	-	41,077	9,060
State registration fees	-	509	-	509	884
Registered Agent Fees	-	148	-	148	149
Miscellaneous expenses	-	1,693	-	1,693	1,193
Total expenses year ended December 31, 2014	\$ 504,700	\$ 19,456	\$ 5,170	\$ 529,326	\$ 358,402
Percent of total expenses	95.3%	3.7%	1.0%	100.0%	
Total expenses year ended December 31, 2013	\$ 339,637	\$ 17,765	\$ 1,000		\$ 358,402
Percent of total expenses	94.8%	5.0%	0.2%		100.0%

See accompanying notes to financial statements.

Adopt-a-Soldier Platoon, Inc.

STATEMENT OF CASHFLOWS

December 31, 2014, with comparative amounts for the year ended December 31, 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (7,557)	\$ 161,276
Adjustments to reconcile increase / (decrease) in net assets to net cash provided by operating activities:		
Depreciation	800	988
Changes in operating assets and liabilities:		
(Increase) / decrease in contributions receivable	2,500	7,500
(Increase) / decrease in other receivables	24,045	(24,045)
(Increase) / decrease in inventory	(15,936)	(11,357)
(Increase) / decrease in prepaid expenses	46,866	(47,765)
Increase / (decrease) in accounts payable and accrued expenses	<u>40,840</u>	<u>775</u>
Net cash provided by operating activities:	<u>91,558</u>	<u>87,372</u>
Net increase in cash	91,558	87,372
Cash at beginning of year	<u>98,076</u>	<u>10,704</u>
Cash at end of year	<u>\$ 189,634</u>	<u>\$ 98,076</u>

See accompanying notes to financial statements.

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 (with comparative information for the year ended December 31, 2013)

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. In January 2015, the Organization advised the Secretary of State of the Commonwealth of Massachusetts that it no longer wished to be a registered charity in the Commonwealth.

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 resulting from revenue whose use by the Organization is not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets resulting from revenue whose use by the Organization is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those donor-imposed stipulations.

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 (with comparative information for the year ended December 31, 2013)

Permanently Restricted Net Assets - Net assets resulting from revenue whose use by the Organization is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

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:

Direct 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 morale, welfare and recreation (MWR) activities. It includes the distribution to troops serving abroad of 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.

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 (with comparative information for the year ended December 31, 2013)

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.

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, 2014 and 2013, 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.

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 (with comparative information for the year ended December 31, 2013)

Fixed Assets

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

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 10.0 percent of the total revenues during the year. 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 factors which may include (a) amounts specified by the donor as being the wholesale selling price, (b) 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.

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 (with comparative information for the year ended December 31, 2013)

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 and income recognition

Investments are stated at fair value based upon quoted market prices. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date.

Comparative Information

The financial statements include certain 2013 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, 2013 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 2013 financial statements from which the summarized information was derived.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure through July 27, 2015, 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. Contributions Receivable

Contributions Receivable as of December 31, 2014 and December 31, 2013, consists of:

	<u>2014</u>	<u>2013</u>
Contributions Receivable	\$ 10,000	\$ 2,500
Less allowance for doubtful accounts	<u>(10,000)</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$ 2,500</u>

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 (with comparative information for the year ended December 31, 2013)

5. Inventories

The inventory balance at December 31, 2014 and December 31, 2013, was \$33,529 and \$17,593, respectively. The December 31, 2014 inventory balance consists primarily of physical fitness equipment and foodstuffs. The December 31, 2013 inventory balance consists primarily of physical fitness equipment, coffee, video games, gaming accessories, foodstuffs and personal grooming items.

6. Fixed Assets

Fixed assets as of December 31, 2014 and December 31, 2013, at cost, consists of:

	<u>2014</u>	<u>2013</u>	<u>Useful life</u>
Computer equipment	\$ 4,979	\$ 4,979	5 years
Less accumulated depreciation	<u>(4,979)</u>	<u>(4,179)</u>	
Total Fixed assets	<u>\$ 0</u>	<u>\$ 800</u>	

Depreciation expense for computer equipment in 2014 was \$800 and \$988 in 2013.

7. Gifts-in-Kind

During the years ended December 31, 2014 and December 31, 2013, the Organization received the following non-cash contributions:

	<u>2014</u>	<u>2013</u>
Personal care / comfort items	\$ 25,516	\$ 53,894
Foodstuffs	128,754	115,661
Recreation equipment	28,329	34,098
Postage & shipping	1,257	15,092
Items donated for fundraising auction	<u>30,503</u>	<u>10,200</u>
	<u>\$ 227,869</u>	<u>\$ 228,945</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.

Adopt-a-Soldier Platoon, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014 (with comparative information for the year ended December 31, 2013)

8. Donated Professional Services & Facilities

During the years ended December 31, 2014 and December 31, 2013, the Organization received the following donations of professional services and facilities:

	<u>2014</u>	<u>2013</u>
Professional accounting services	\$ 6,000	\$ 6,000
Warehouse facilities	<u>8,996</u>	<u>8,996</u>
	<u>\$ 14,996</u>	<u>\$ 14,996</u>

For the years ended December 31, 2014 and 2013 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, 2014 and 2013, the annual use of the warehouse space was valued at \$8,996 and \$8,996, respectively as determined by quotes from local retail storage facilities.

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 expressed wishes. At December 31, 2014, \$157,957 is temporarily restricted, primarily for Operation Combat Care. At December 31, 2013, \$105,541 was temporarily restricted, primarily for Operation Combat Care.

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.
