

**ADOPT-A-SOLDIER PLATOON, INC.**  
**FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2017**

**Grippo & Company**  
Certified Public Accountants

**ADOPT-A-SOLDIER PLATOON, INC.**

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*Grippe & Company*  
*Certified Public Accountants*  
447 Pearl Street  
Woodbridge, NJ 07095

**INDEPENDENT AUDITORS' 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, 2017, and the 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.

**Auditors' 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 auditors' judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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, 2017 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Grippe & Company*

July 2, 2018

**ADOPT-A-SOLDIER PLATOON, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**

**Assets**

Cash and cash equivalents	\$ 325,077
Contributions receivable (Note 3)	16,300
Inventory (Notes 4 and 6)	57,370
Furniture and equipment, net of accumulated depreciation of \$6,991 (Note 5)	<u>2,967</u>
Total Assets	<u><u>\$ 401,714</u></u>

**Liabilities**

Accounts payable and accrued expenses	<u>\$ 29,621</u>
Total Liabilities	<u>29,621</u>

**Net Assets**

Unrestricted	177,449
Temporarily restricted (Note 7)	<u>194,644</u>
Total Net Assets	<u>372,093</u>
Total Liabilities and Net Assets	<u><u>\$ 401,714</u></u>

The accompanying notes are an integral part of this financial statement.

**ADOPT-A-SOLDIER PLATOON, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues and Support (Note 8)</b>			
Contributions	\$ 65,795	187,860	\$ 253,655
Non-government grants		75,000	75,000
In-kind contributions (Note 6)	10,608	215,070	225,678
Special event revenue, net of direct costs of \$112,097		99,857	99,857
Special event in-kind contributions (Note 6)		35,923	35,923
Interest income	334		334
Net assets released from restrictions (Note 7)	<u>572,146</u>	<u>(572,146)</u>	<u>-</u>
Total Revenues and Support	<u>648,883</u>	<u>41,564</u>	<u>690,447</u>
<b>Expenses</b>			
Program services--			
Soldier welfare and morale, including in-kind expenses of \$230,921 (Note 6)	549,007		549,007
Supporting services--			
Fundraising	4,386		4,386
Management and general	<u>22,026</u>		<u>22,026</u>
Total Expenses	<u>575,419</u>	<u>-</u>	<u>575,419</u>
<b>Changes in Net Assets</b>	73,464	41,564	115,028
<b>Net Assets - Beginning of Year</b>	<u>103,985</u>	<u>153,080</u>	<u>257,065</u>
<b>Net Assets - End of Year</b>	<u>\$ 177,449</u>	<u>\$ 194,644</u>	<u>\$ 372,093</u>

The accompanying notes are an integral part of this financial statement.

**ADOPT-A-SOLDIER PLATOON, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Soldier Welfare and Morale</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct program expenses--				
Care Packages	\$ 179,353	\$ -	\$ -	\$ 179,353
Troop Morale	61,325			61,325
Operation Wounded Care	254,232			254,232
Total direct program expenses	<u>494,910</u>	<u>-</u>	<u>-</u>	<u>494,910</u>
				-
Other expenses--				
Postage	37,115	1,029	73	38,217
Donated warehouse facilities	10,608			10,608
Travel and meetings	3,305	696		4,001
Supplies	1,760	1,540		3,300
Advertising			175	175
Fundraising			4,138	4,138
Accounting fees		7,723		7,723
Insurance		2,546		2,546
Telephone and communications		2,612		2,612
Depreciation expense		891		891
Data processing		3,200		3,200
State registration fees		528		528
Registered agent fees		385		385
Miscellaneous expenses	1,309	876		2,185
				-
Total expenses	<u>\$ 549,007</u>	<u>\$ 22,026</u>	<u>\$ 4,386</u>	<u>\$ 575,419</u>
				-
Per cent of total expenses	<u>95.4%</u>	<u>3.8%</u>	<u>0.8%</u>	<u>100.0%</u>

The accompanying notes are an integral part of this financial statement,

**ADOPT-A-SOLDIER PLATOON, INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Cash Flows From Operating Activities</b>	
Changes in net assets	\$ 115,028
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities--	
Depreciation	891
Changes in operating assets and liabilities--	
Contributions receivable	(16,300)
Inventory	(33,747)
Prepaid expenses	202
Accounts payable and accrued expenses	3,539
Net Cash Provided by Operating Activities	<u>69,613</u>
 <b>Net Increase in Cash and Cash Equivalents</b>	 69,613
 <b>Cash and Cash Equivalents - Beginning of Year</b>	 255,464
 <b>Cash and Cash Equivalents - End of Year</b>	 <u><u>\$ 325,077</u></u>

The accompanying notes are an integral part of this financial statement.

**ADOPT-A-SOLDIER PLATOON, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**1. ORGANIZATION AND NATURE OF ACTIVITIES**

Adopt-A-Soldier Platoon, Inc. (the "Organization") is a New Jersey domestic non-profit entity which was incorporated in 2007 for the purpose of lifting the morale and supporting the welfare of active members and veterans of the United States Armed Forces, their immediate families, and the immediate families of deceased veterans.

The By-Laws of the Organization prohibit salaries and benefits. Accordingly, the Organization does not have any employees. Rather it is staffed by volunteers who are reimbursed for any expenses incurred on behalf of the Organization.

Contributions are received primarily from a network of individual and business supporters that have grown mostly by word-of-mouth. In addition, the Organization maintains a public website ([www.adoptasoldierplatoon.org](http://www.adoptasoldierplatoon.org)) to inform the public about its mission and to solicit contributions from individuals and businesses.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

• ***Basis of Presentation and Use of Estimates***

The accompanying financial statements include all accounts of the Organization and are prepared on the accrual basis of accounting. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

• ***Net Asset Classifications***

The Organization follows established standards for external financial reporting by not-for-profit organizations which require that resources be classified for accounting and reporting purposes into three net asset categories according to donor-imposed restrictions. The three net asset categories are unrestricted, temporarily restricted, and permanently restricted net assets.

Permanently restricted net assets contain donor-imposed restrictions that stipulate that the resources be maintained permanently, but permit the Organization to use all or part of the income earned on these assets for either specified or unspecified purposes. The Organization does not have any permanently restricted net assets.

Temporarily restricted net assets contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or expenditures that meet the donor-specified purpose.

Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired.

Revenues are reported as unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions and such restrictions are not met within the same calendar year. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions on net assets are reported as a reclassification to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

- ***Cash and Cash Equivalents***

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

- ***Concentration of Credit Risk***

The Organization maintains its regular cash balances and investments with highly respected financial institutions. Cash and cash equivalent deposits at times during the year exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Management believes that the Organization is not exposed to any significant credit risk due to the credit quality of the financial institution holding these investments.

- ***Grants and Contributions***

The Organization records income from grants in the period received, unless designated otherwise by the grantors. Contributions are also recorded in the period when cash is received or in the period when an unconditional promise has been made.

- ***In-Kind Contributions***

In-kind gifts are recorded at fair value on the date of the contribution. The Organization receives donated personal care and comfort items, foodstuffs, and recreation equipment. The valuation of these contributed goods is based on management's estimate of the fair value of each item received, which is based on such factors as the amount specified by the donor based on the wholesale selling price or management's own subjective appraisal based on research. In addition, 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 no value at all.

Donated services are recognized in the financial statements at their fair value as contributions if the services create or enhance non-financial assets or require specialized skills which would otherwise be purchased and are performed by individuals with these skills.

A number of unpaid volunteers have made contributions of their time to various programs of the Organization. Such contributions have not been reflected in the financial statements due to the difficulty of determining objective measurement or valuation.

- ***Investment Income Recognition***

The Organization records interest and dividends as income is earned.

- ***Inventory***

Inventory consists of both purchased and donated products. Purchased products are stated at the lower of FIFO (first-in, first-out) cost method or market value whereas donated inventory is stated at the lower of estimated fair value on the date of receipt or market value.

- **Fixed Assets**

The Organization follows the policy of capitalizing furniture and equipment at cost or fair value if acquired by gift for those assets with a value of \$1,000 or more. Depreciation is computed on a straight-line basis over 5 years. Assets are removed from the records at the time of disposal.

- **Functional Expenses**

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs have been allocated to direct program and supporting services benefited as follows:

(1) Direct Program Services

Operation Care Cartons is a program activity that involves the distribution of personal care supplies and foodstuffs to United States military units serving abroad, primarily those stationed in combat zones.

Operation Morale, Welfare and Recreation (MWR) is a program that includes the distribution of recreational items such as sports equipment, physical fitness equipment, video game systems, and musical instruments to troops serving abroad. In addition, on occasion the Organization conducts Military Appreciation Tours that include video game tournaments, celebrity "meet and greet sessions" and entertainment shows.

Operation Wounded Care is a program activity that 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.

(2) Fundraising

Fundraising includes all expenses associated with raising funds, promoting public awareness of the programs of the Organization, and recognizing donor contributions.

(3) Management and General

All other indirect operating expenses incurred by the Organization in achieving its tax exempt mission are classified as management and general.

- **Income Taxes**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to Federal income tax although it is taxed on business income that is not substantially related to the Organization's exempt purpose. The Organization did not have any unrelated business income for the year ended December 31, 2017. Furthermore, Federal tax law requires that the Organization be operated in a manner consistent with its initial exemption application in order to maintain exempt status. Management has analyzed its operations and concluded that they remain in compliance with the requirements for exemption.

The accounting standard on accounting for uncertainty in income taxes requires tax effects of an uncertain tax position be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by the taxing authority.

The Organization's management has analyzed its tax positions, and has concluded that as of December 31, 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

- **Subsequent Events**

For the year ended December 31, 2017, the Organization has evaluated subsequent events for potential recognition or disclosure through July 2, 2018, the date the financial statements were available for issuance. Prior to issuance of the financial statements, the organization established a new website (aasp.vet) to replace the old one referenced in Note 1.

**3. CONTRIBUTIONS RECEIVABLE**

Contributions receivable in the amount of \$16,300 was received prior to the date of this report.

**4. INVENTORY**

The inventory balance \$57,370 consists primarily of personal care items, foodstuffs, and clothing articles and includes \$3,067 of purchased items and \$54,303 of donated items.

**5. FIXED ASSETS**

Fixed assets consist of computer equipment in the amount of \$9,958 net of accumulated depreciation of \$6,991. The useful life of the equipment is 5 years.

**6. IN-KIND GIFTS**

During the year the Organization received the following non-cash contributions, of which \$30,680 was for an increase in inventory items reflected in the Statement of Financial Position:

Personal care and comfort items	\$ 78,697
Foodstuffs	92,102
Recreation equipment and supplies	28,924
Donated warehouse facilities	10,608
Other	15,347
	<u>225,678</u>
Special event contributions	35,923
Total	<u><u>\$ 261,601</u></u>

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

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 services and preparing care packages to be mailed to the troops. The in-kind value assigned to the warehouse space was determined by quotes from local retail storage facilities. Special event contributions are primarily for auction items for "Salute to American Heroes", the Organization's annual fund raising event.

**7. TEMPORARILY RESTRICTED NET ASSETS**

During the year the Organization released \$572,146 from temporarily net assets for soldier welfare and morale. At December 31, 2017, \$194,644 was temporarily restricted for various program expenses.

**8. CONCENTRATION OF REVENUES**

The largest donor of the Organization contributed 14.5% of the total revenues for the year ended December 31, 2017. If this donor was lost in the future, management does not believe that it would prevent the Organization from accomplishing its overall mission. Nevertheless, management continues to seek new donors in order to reduce the risk associated with concentration of revenues.

**9. CONTINGENCIES**

It is possible that the Organization may become involved in legal claims arising in the ordinary course of its activities. In the opinion of management, the outcome of any legal proceedings is covered by the Organization's insurance policies subject to normal deductions, and would not have a material effect on its financial position or changes in net assets.