

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

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2019**

**Luisi & Company**  
Certified Public Accountants

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

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report	3
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 13

*Luisi & Company*  
Certified Public Accountants  
5 Kerri Lane  
Lincoln Park, NJ 07035

**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, 2019, the statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. The financial statements of Adopt-A-Soldier Platoon, Inc. as of December 31, 2018 were audited by other auditors whose report dated July 3, 2019, expressed an unqualified opinion on those 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, 2019 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Luisi & Company*

May 29, 2020

**Adopt-a-Soldier Platoon, Inc.**  
**Statements of Financial Position**  
**December 31, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 456,056	\$ 384,617
Contributions receivable	5,250	5,750
Inventory	43,612	17,371
Prepaid expenses	1,655	2,514
Equipment, net	8,155	1,866
Total Assets	\$ 514,728	\$ 412,118
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 13,532	\$ 17,955
Other liabilities	-	280
Total Liabilities	13,532	18,235
 Net Assets		
Without donor restrictions	258,333	227,908
With donor restrictions	242,863	165,975
Total Net Assets	501,196	393,883
 Total Liabilities and Net Assets	 \$ 514,728	 \$ 412,118

The accompanying notes are an integral part of these financial statements.

**Adopt-a-Soldier Platoon, Inc.**  
**Statements of Activities**  
**For the Years Ended December 31, 2019 and 2018**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Operating revenues and other support:</b>				
Contributions	\$ 150,297	\$ 64,685	\$ 214,982	\$ 160,037
Non-government grants		100,000	100,000	100,000
In-kind contributions	11,908	152,719	164,627	222,963
Special event revenue, net of direct costs of \$114,350 and \$101,908		106,200	106,200	104,030
Special event In-kind contributions		42,806	42,806	28,312
Interest income	464		464	433
Net assets released from restrictions	389,522	(389,522)	-	-
<b>Total revenues and support</b>	<b>552,191</b>	<b>76,888</b>	<b>629,079</b>	<b>615,775</b>
<b>Operating expenses:</b>				
Program services:				
Soldier welfare and morale, including in-kind expenses	488,354		488,354	563,545
<b>Total program services expenses</b>	<b>488,354</b>	<b>-</b>	<b>488,354</b>	<b>563,545</b>
Supporting services				
Fundraising	6,886		6,886	8,316
Management and general	26,526		26,526	22,124
<b>Total supporting services expenses</b>	<b>33,412</b>	<b>-</b>	<b>33,412</b>	<b>30,440</b>
<b>Total expenses</b>	<b>521,766</b>	<b>-</b>	<b>521,766</b>	<b>593,985</b>
<b>Increase (decrease) in net assets</b>	<b>30,425</b>	<b>76,888</b>	<b>107,313</b>	<b>21,790</b>
<b>Net assets - beginning of year</b>	<b>227,908</b>	<b>165,975</b>	<b>393,883</b>	<b>372,093</b>
<b>Net assets - end of year</b>	<b>\$ 258,333</b>	<b>\$ 242,863</b>	<b>\$ 501,196</b>	<b>\$ 393,883</b>

The accompanying notes are an integral part of these financial statements.

**Adopt-a-Soldier Platoon, Inc**  
**Statement of Functional Expenses**  
**For the Years Ended December 31, 2019 and 2018**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2019 Total</u>	<u>2018 Total</u>
	<u>Soldier Welfare and Morale</u>	<u>Management and General</u>	<u>Fundraising</u>		
Direct program expenses					
Care Packages	\$ 130,692	\$ -	\$ -	\$ 130,692	\$ 227,262
Troop Morale	30,793			30,793	67,709
Operation Wounded Care	210,654			210,654	185,597
<b>Total direct program expenses</b>	<b>372,139</b>	<b>-</b>	<b>-</b>	<b>372,139</b>	<b>480,568</b>
Postage	94,630	639	39	95,308	64,067
Donated warehouse facilities	11,908			11,908	11,908
Travel & meetings	5,040	206		5,246	6,326
Supplies	1,912	260		2,172	661
Advertising			600	600	-
Fundraising			5,392	5,392	4,513
Accounting Fees		10,000		10,000	10,000
Insurance		2,567		2,567	965
Equip Rental and Maintenance	2,157			2,157	2,247
Telephone & communications		3,200		3,200	2,999
Depreciation Expense		1,199		1,199	1,101
Data Processing		4,984		4,984	3,914
State registration fees		528		528	528
Registered Agent Fees		139		139	262
Miscellaneous expenses	568	2,804	855	4,227	3,926
<b>Total expenses</b>	<b>\$ 488,354</b>	<b>\$ 26,526</b>	<b>\$ 6,886</b>	<b>\$ 521,766</b>	<b>\$ 593,985</b>
Per cent of total expenses - 2019	<u>93.6%</u>	<u>5.1%</u>	<u>1.3%</u>	<u>100.0%</u>	
Per cent of total expenses - 2018	<u>94.9%</u>	<u>3.7%</u>	<u>1.4%</u>		<u>100.0%</u>

The accompanying notes are an integral part of these financial statements.

**Adopt-a-Soldier Platoon, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities:</b>		
Changes in net assets	\$ 107,313	\$ 21,790
Adjustments to reconcile change in net assets to cash provided by operating activities-		
Depreciation	1,219	1,101
Changes in operating assets and liabilities--		
Contributions receivable	500	10,550
Inventory	(26,241)	39,999
Prepaid Expenses	859	(2,514)
Accounts payable and accrued expenses	(4,423)	(11,666)
Other liabilities	(280)	280
Net Cash Provided by Operating Activities	<u>78,947</u>	<u>59,540</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of equipment	(7,508)	-
Net Cash Provided by Investing Activities	<u>(7,508)</u>	<u>-</u>
<b>Net Increase in Cash and Cash Equivalents</b>	71,439	59,540
<b>Cash and Cash Equivalents - Beginning of Year</b>	384,617	325,077
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 456,056</u>	<u>\$ 384,617</u>

The accompanying notes are an integral part of these financial statements.

**ADOPT-A-SOLDIER PLATOON, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**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 (<https://aasp.vet>) to inform the public about its mission and to solicit contributions from individuals and businesses. The Organization is registered to solicit donations in New Jersey and the Commonwealth of Massachusetts.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- ***Basis of Accounting 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.

- ***Basis of Presentation***

The Organization follows established standards for external financial reporting by not-for-profit entities based on recommendations of the Financial Accounting Standards Board (*Accounting Standards Update ASU 2016-14*). This new standard is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in the financial statements about its liquidity and availability of resources, expenses, investment returns and cash flows. Specifically, the new guidance replaces the three classes of net assets (unrestricted, temporarily restricted and permanently restricted) previously presented in the financial statements with two classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's financial resources along with its management of liquidity risk and availability of its financial assets for general expenses for one year from the date of the statement of financial position.. Accordingly, as required, the Organization first adopted ASU 2016-14 for its 2018 financial statements and has restated its prior year's financial statements for comparative purposes.

- ***Net Asset Classifications***

Net assets and revenues and support are classified based on the existence or absence of donor-imposed restrictions. Therefore, net assets and changes therein are classified and reported as follows:



Net assets without donor restrictions are net assets available for use in general operations by the Organization and are not subject to any donor-imposed restrictions.

Net assets with donor restrictions are net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature and will be released by incurring expenses that satisfy the restricted purposes or by occurrence of the passage of time or other events specified by donors. Other donor-imposed restrictions may be permanent or perpetual in nature and may or may not specify how any income on these net assets may be applied. The Organization does not have any net assets that are permanent or perpetual in nature.

- ***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. For purposes of the Statement of Cash Flows cash consists of demand deposits held in banks and funds in the Organization's Pay Pal account as of December 31, 2019 and 2018.

- ***Concentration of Credit Risk***

The Organization maintains its regular cash balances and investments with a highly respected financial institution. Cash and cash equivalent deposits at times during the year exceed the National Credit Union Administration (NCUA) limit of \$250,000. 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.

- ***Investment Income Recognition***

The Organization records interest as income is earned.

- ***Grants and Cash 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.

- **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 years ended December 31, 2019 and 2018. 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 annually analyzes its operations, and has 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, 2019 and 2018, 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, currently there are no audits for any tax periods in progress.

- **Subsequent Events**

For the year ended December 31, 2019, the Organization has evaluated subsequent events for potential recognition or disclosure through May 29, 2020, the date the financial statements were available for issuance. In March 2020, the World Health Organization declared an outbreak of a novel coronavirus disease (COVID-19) as a pandemic disrupting businesses across the country. While the disruption is currently expected to be temporary, there is uncertainty around the duration. The Organization expects that these changes may have a negative impact on its operating results and charitable activities in 2020. However, the exact financial impact and duration cannot be reasonably estimated at this time.

**3. CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of two donations totaling \$5,250, of which \$5,000 was received prior to issuance of this report. The remaining \$250 represents monies due from a grant recipient who promised to refund any portion of a grant to provide veterinary care for his injured service dog if he was subsequently reimbursed for insurance.

**4. INVENTORY**

The inventory balance at December 31, 2019 and 2018 amounted to \$43,612 and \$17,371, respectively. The detail of the inventory for each year is:

	<u>2019</u>	<u>2018</u>
Foodstuffs and personal care items	\$ 13,895	\$ 11,085
Other (coffee makers and exercise gear)	29,717	6,286
	<u>\$ 43,612</u>	<u>\$ 17,371</u>
Purchased items	\$ 19,941	\$ 7,637
Donated items	23,671	9,734
	<u>\$ 43,612</u>	<u>\$ 17,371</u>

**5. EQUIPMENT**

Fixed assets consist of computer equipment and camera in the amount of \$8,155 net of accumulated equipment of \$9,290 in 2019 and \$8,092 in 2018. As reflected in the statement of cash flows, \$7,508 of the equipment was purchased in 2019.

The useful life of the equipment is 5 years.

**6. IN-KIND GIFTS**

During the years ended December 31, 2019 and 2018, the Organization received the following non-cash contributions:

	<u>2019</u>	<u>2018</u>
Personal care and comfort items	\$ 17,414	\$ 32,595
Foodstuffs	117,449	152,905
Recreational equipment and supplies	10,181	24,496
Donated warehouse facilities	11,908	11,908
Other	7,725	1,059
	<u>164,677</u>	<u>222,963</u>
Special event contributions	42,806	28,312
Totals	<u>\$ 207,483</u>	<u>\$ 251,275</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. In addition, a number of unpaid volunteers have made a contribution of their time to the Organization's program. This value of this contributed time is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

**7. NET ASSETS WITH DONOR RESTRICTIONS**

As of December 31, 2019 and 2018, the Organization had contributions restricted by donors for specified purposes. Purpose restrictions are generally specific to a certain program or use in a specific geographic region. At December 31, 2019 and 2018, the Organization had \$242,863 and \$165,975, respectively, of net assets restricted by donors.

**8. CONCENTRATION OF REVENUES**

The largest donor of the Organization contributed 15.1% and 15.3% of the total revenues for the years ended December 31, 2019 and 2018. 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.

**10. LIQUIDITY AND AVAILABILITY**

Financial assets of the Organization available for general expenditures within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$ 456,056
Accounts receivable	5,250
Less- Net assets restricted by donors	(242,863)
Board of Directors designated reserve fund	(5,000)
Financial assets available for general expenditures	<u>\$ 213,443</u>