

ADOPT-A-SOLDIER PLATOON, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021

Luisi & Company
Certified Public Accountants

ADOPT-A-SOLDIER PLATOON, INC.

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Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of Adopt-A-Soldier Platoon, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities by fund allocation, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Adopt-A-Soldier Platoon, Inc. as of December 31, 2021 and 2020 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Adopt-A-Soldier Platoon, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of Adopt-A-Soldier Platoon, Inc. to continue as a going concern one year from the date of the financial statements.

Auditors' Responsibility For the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Luisi & Company

May 5, 2022

Adopt-a-Soldier Platoon, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 420,179	\$ 390,778
Contributions receivable	925	15,000
Inventory	18,040	18,187
Prepaid expenses	1,221	1,677
Equipment, net	4,125	5,753
Total Assets	\$ 444,490	\$ 431,395
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 19,554	\$ 11,825
Total Liabilities	19,554	11,825
 Net Assets		
Without donor restrictions	337,791	325,558
With donor restrictions	87,145	94,012
Total Net Assets	424,936	419,570
Total Liabilities and Net Assets	\$ 444,490	\$ 431,395

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, 2021 and 2020

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	
Operating revenues and other support:				
Contributions	\$ 137,215	\$ 33,885	\$ 171,100	\$ 201,953
In-kind contributions		113,006	113,006	72,607
Special event revenue, net of direct costs of \$86,959 in 2021		108,036	108,036	
Special event In-kind contributions		26,989	26,989	
Interest income	442		442	691
Net assets released from restrictions	288,783	(288,783)		
Total revenues and support	<u>426,440</u>	<u>(6,867)</u>	<u>419,573</u>	<u>275,251</u>
Operating expenses:				
Program services:				
Soldier weffare and morale, including in-kind expenses	386,777		386,777	326,782
Total program services expenses	<u>386,777</u>	<u>-</u>	<u>386,777</u>	<u>326,782</u>
Supporting services				
Fundraising	3,922		3,922	5,552
Management and general	23,508		23,508	24,543
Total supporting services expenses	<u>27,430</u>	<u>-</u>	<u>27,430</u>	<u>30,095</u>
Total expenses	<u>414,207</u>	<u>-</u>	<u>414,207</u>	<u>356,877</u>
Increase (decrease) in net assets	12,233	(6,867)	5,366	(81,626)
Net assets - beginning of year	325,558	94,012	419,570	501,196
Net assets - end of year	<u>\$ 337,791</u>	<u>\$ 87,145</u>	<u>\$ 424,936</u>	<u>\$ 419,570</u>

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

Adopt-a-Soldier Platoon, Inc
Statements of Functional Expenses
For the Years Ended December 31, 2021 and 2020

	Program Services	Supporting Services		2021 Total	2020 Total
	Soldier Welfare and Morale	Management and General	Fundraising		
Direct Program Expenses					
Care Packages	\$ 96,867	\$ -	\$ -	\$ 96,867	\$ 58,275
Troop Morale	42,934			42,934	62,285
Operation Wounded Care	195,307			195,307	160,786
Total Direct Program Expenses	335,108	-	-	335,108	281,346
Other Expenses					
Postage	33,654	379	144	34,177	26,347
Donated warehouse facilities	15,600			15,600	12,324
Travel and meetings		436	1,690	2,126	3,594
Supplies	65	629		694	2,568
Advertising			250	250	600
Fundraising			1,838	1,838	4,689
Accounting fees		10,000		10,000	10,000
Insurance		1,890		1,890	2,100
Equipment rental and maintenance	1,877			1,877	2,067
Telephone and communications	276	1,964		2,240	2,397
Depreciation expense		1,628		1,628	2,402
Data processing	197	4,301		4,498	4,197
State registration fees		734		734	668
Registered agent fees		188		188	148
Miscellaneous expenses		1,359		1,359	1,430
Total Expenses	\$ 386,777	\$ 23,508	\$ 3,922	\$ 414,207	\$ 356,877
Per cent of total expenses - 2021	<u>93.4%</u>	<u>5.7%</u>	<u>0.9%</u>		
Per cent of total expenses - 2020	<u>91.6%</u>	<u>6.9%</u>	<u>1.5%</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 5,366	\$ (81,626)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities--		
Depreciation	1,628	2,402
Change in operating assets and liabilities--		
Contributions receivable	14,075	(9,750)
Inventory	147	25,424
Prepaid expenses	456	(22)
Accounts payable and accrued expenses	7,729	(1,706)
Net Cash Provided (Used) By Operating Activities	<u>29,401</u>	<u>(65,278)</u>
 Cash Flows From Investing Activities		
Purchase of equipment	<u>-</u>	<u>-</u>
Net Cash Used for Investing Activities	<u>-</u>	<u>-</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	29,401	(65,278)
 Cash and Cash Equivalents - Beginning of Year	<u>390,778</u>	<u>456,056</u>
 Cash and Cash Equivalents - End of Year	<u>\$ 420,179</u>	<u>\$ 390,778</u>

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

**ADOPT-A-SOLDIER PLATOON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 includes 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*). 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.

• ***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 restrictions may be permanent or perpetual in nature and may or may not specify how restrictions may be

- **Subsequent Events**

For the year ended December 31, 2021, the Organization has evaluated subsequent events for potential recognition or disclosure through May 5, 2022, the date the financial statements were available for issuance.

The Organization expects some disruption of its activities during 2022 due to (1) the actions recommended to the public by health authorities, restrictions and advisories promulgated by Federal, State and local governments and the perception of the general public as to any COVID-19 Virus, and (2) supply chain disruptions.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable of \$925 at December 31, 2021 were collected prior to the issuance of this report.

4. INVENTORY

The inventory balance at December 31, 2021 and 2020 amounted to \$18,040 and \$18,187, respectively. The detail of the inventory for each year is:

	<u>2021</u>	<u>2020</u>
Foodstuffs and personl care items	\$ 4,551	\$ 4,964
Other (coffee makers and exercise gear	13,489	13,223
	<u>\$ 18,040</u>	<u>\$ 18,187</u>
Purchased items	\$ 8,256	\$ 8,696
Donated items	9,784	9,491
	<u>\$ 18,040</u>	<u>\$ 18,187</u>

5. EQUIPMENT

Fixed assets consist of computer equipment and camera in the amount of \$4,125 net of accumulated depreciation of \$13,320 in 2021 and \$11,692 in 2020. There were no purchases or disposal of equipment in 2021. The useful life of the equipment is 5 years.

6. IN-KIND GIFTS

During the years ended December 31, 2020 and 2019, the Organization received the following non-cash contributions:

	<u>2021</u>	<u>2020</u>
Personal care and comfort items	\$ 8,074	\$ 5,490
Foodstuffs	69,325	37,631
Recreational equipment and supplies	8,074	12,467
Donated warehouse facilities	15,600	12,324
Special event contributions	26,989	
Other	11,933	4,695
Totals	<u>\$ 139,995</u>	<u>\$ 72,607</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. No event was conducted in 2020 due to the COVID-19 pandemic. In addition, 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 the financial statements since it is not susceptible to objective measurement or valuation.

7. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021 and 2020, 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, 2021 and 2020, the Organization had \$87,145 and \$94,012, respectively, of net assets restricted by donors.

8. CONCENTRATION OF REVENUES

The largest donor of the Organization contributed 13.0% and 20.6% of the total revenues for the years ended December 31, 2021 and 2020. 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	\$ 420,179
Accounts receivable	925
Less- Net assets restricted by donors	(87,145)
Board of Trustees designated reserve fund	(5,000)
Financial assets available for general expenditures	<u>\$ 328,959</u>