

ADOPT-A-SOLDIER PLATOON, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022

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, 2022 and 2021 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, 2022 and 2021 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 8, 2023

Adopt-a-Soldier Platoon, Inc.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 402,143	\$ 420,179
Contributions receivable	-	925
Inventory	41,131	18,040
Prepaid expenses	4,263	1,221
Equipment, net	2,627	4,125
Total Assets	\$ 450,164	\$ 444,490
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 12,861	\$ 19,554
Total Liabilities	12,861	19,554
 Net Assets		
Without donor restrictions	325,976	337,791
With donor restrictions	111,327	87,145
Total Net Assets	437,303	424,936
Total Liabilities and Net Assets	\$ 450,164	\$ 444,490

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, 2022 and 2021

	2022		Total	2021
	Without Donor Restrictions	With Donor Restrictions		
Operating revenues and other support:				
Contributions	\$ 153,298	\$ -	\$ 153,298	\$ 171,100
In-kind contributions		109,126	109,126	97,406
Donated facilities		17,550	17,550	15,600
Special event revenue, net of direct costs of \$68,340 in 2022 and \$86,959 in 2021		117,808	117,808	108,036
Special event In-kind contributions		24,557	24,557	26,989
Interest income	369		369	442
Net assets released from restrictions	244,859	(244,859)		
Total revenues and support	<u>398,526</u>	<u>24,182</u>	<u>422,708</u>	<u>419,573</u>
Operating expenses:				
Program services:				
Soldier weffare and morale, including in-kind expenses	374,455		374,455	386,777
Total program services expenses	<u>374,455</u>	<u>-</u>	<u>374,455</u>	<u>386,777</u>
Supporting services				
Fundraising	8,917		8,917	3,922
Management and general	26,969		26,969	23,508
Total supporting services expenses	<u>35,886</u>	<u>-</u>	<u>35,886</u>	<u>27,430</u>
Total expenses	<u>410,341</u>	<u>-</u>	<u>410,341</u>	<u>414,207</u>
Increase (decrease) in net assets	(11,815)	24,182	12,367	5,366
Net assets - beginning of year	337,791	87,145	424,936	419,570
Net assets - end of year	<u>\$ 325,976</u>	<u>\$ 111,327</u>	<u>\$ 437,303</u>	<u>\$ 424,936</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, 2022 and 2021

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2022 Total</u>	<u>2021 Total</u>
	<u>Soldier Welfare and Morale</u>	<u>Management and General</u>	<u>Fundraising</u>		
Direct Program Expenses					
Care Packages	\$ 42,396	\$ -	\$ -	\$ 42,396	\$ 96,867
Troop Morale	109,930			109,930	42,934
Operation Wounded Care	170,456			170,456	195,307
Total Direct Program Expenses	322,782	-	-	322,782	335,108
Other Expenses					
Postage	27,286	1,071		28,357	34,177
Donated warehouse facilities	17,550			17,550	15,600
Travel and meetings	1,409		5,813	7,222	2,126
Supplies	2,028	1,432		3,460	694
Advertising				-	250
Fundraising			3,104	3,104	1,838
Accounting fees		10,000		10,000	10,000
Insurance		2,182		2,182	1,890
Equipment rental and maintenance	1,902			1,902	1,877
Telephone and communications		2,290		2,290	2,240
Depreciation expense	1,498			1,498	1,628
Data processing		6,620		6,620	4,498
State registration fees				-	734
Registered agent fees		261		261	188
Miscellaneous expenses		3,113		3,113	1,359
Total Expenses	\$ 374,455	\$ 26,969	\$ 8,917	\$ 410,341	\$ 414,207
Per cent of total expenses - 2022	<u>91.3%</u>	<u>6.6%</u>	<u>2.2%</u>		
Per cent of total expenses - 2021	<u>93.4%</u>	<u>5.7%</u>	<u>0.9%</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Changes in net assets	\$ 12,367	\$ 5,366
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities--		
Depreciation	1,498	1,628
Change in operating assets and liabilities--		
Contributions receivable	925	14,075
Inventory	(23,091)	147
Prepaid expenses	(3,042)	456
Accounts payable and accrued expenses	(6,693)	7,729
Net Cash Provided (Used) By Operating Activities	<u>(18,036)</u>	<u>29,401</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	 (18,036)	 29,401
 Cash and Cash Equivalents - Beginning of Year	 <u>420,179</u>	 <u>390,778</u>
 Cash and Cash Equivalents - End of Year	 <u>\$ 402,143</u>	 <u>\$ 420,179</u>

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

**ADOPT-A-SOLDIER PLATOON, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

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 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, 2022 and 2021.

- **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, hostile or remote areas.

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 abroad, and to military personnel 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, 2022 and 2021. 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, 2022 and 2021, 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, 2022, the Organization has evaluated subsequent events for potential recognition or disclosure through May 8, 2023, the date the financial statements were available for issuance.

The Organization does not expect any significant disruption of its activities during 2023 relating to issues relating to the residual effects of the COVID-19 Virus.

3. CONTRIBUTIONS RECEIVABLE

All pledged contributions for the year were received by December 31, 2022.

4. INVENTORY

The inventory balance at December 31, 2022 and 2021 amounted to \$41,131 and \$18,040, respectively. The detail of the inventory for each year is:

	<u>2022</u>	<u>2021</u>
Foodstuffs and personal care items	\$ 8,978	\$ 4,551
Other (coffee makers and exercise gear)	32,153	13,489
	<u>\$ 41,131</u>	<u>\$ 18,040</u>
Purchased items	\$ 4,978	\$ 8,256
Donated items	36,153	9,784
	<u>\$ 41,131</u>	<u>\$ 18,040</u>

5. EQUIPMENT

Fixed assets consist of computer equipment and camera in the amount of \$2,627 net of accumulated depreciation of \$14,818 in 2022 and \$13,320 in 2021. There were no purchases or disposal of equipment in 2022. The useful life of the equipment is 5 years.

6. IN-KIND GIFTS

During the years ended December 31, 2022 and 2021, the Organization received the following non-cash contributions:

	<u>2022</u>	<u>2021</u>
Personal care and comfort items	\$ 43,202	\$ 8,074
Foodstuffs	34,166	69,325
Recreational equipment and supplies	30,508	8,074
Donated warehouse facilities	17,550	15,600
Special event contributions	24,557	26,989
Other	1,250	11,933
Totals	<u>\$ 151,233</u>	<u>\$ 139,995</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 Mp3 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. 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, 2022 and 2021, 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, 2022 and 2021, the Organization had \$111,327 and \$87,145, respectively, of net assets restricted by donors.

8. CONCENTRATION OF REVENUES

The largest donor of the Organization contributed 17.8% and 13.0% of the total revenues for the years ended December 31, 2022 and 2021. 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	\$ 402,143
Less- Net assets restricted by donors	(111,327)
Board of Trustees designated reserve fund	(5,000)
Financial assets available for general expenditures	<u>\$ 285,816</u>