

*Financial Statements*

**Adopt a Platoon  
Soldier Support Effort, Inc.**

Years Ended, December 31, 2021 and 2020

**Adopt a Platoon Soldier Support Effort, Inc.**  
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**Years Ended, December 31, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Adopt a Platoon Soldier Support Effort, Inc.  
San Benito, Texas

We have audited the accompanying financial statements of Adopt a Platoon Soldier Support Effort, Inc. (a Texas nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 from 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 Platoon Soldier Support Effort, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years 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 Platoon Soldier Support Effort, Inc. 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 11, 2021. In our opinion, the summarized comparative information presented herein as part of and for the year ended, December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Mathews & Cripe, LLC*

September 16, 2022

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

	<u>ASSETS</u>	
	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,542,127	\$ 1,784,791
Accounts receivable	-	-
Inventory	367,398	228,758
Prepaid expenses	<u>166,178</u>	<u>185,578</u>
Total current assets	<u>2,075,703</u>	<u>2,199,127</u>
<b>PROPERTY &amp; EQUIPMENT</b>		
Land	30,000	30,000
Buildings & improvements	262,802	262,802
Vehicles	31,391	31,391
Furniture & equipment	<u>53,912</u>	<u>52,513</u>
	378,105	376,706
Less: accumulated depreciation	<u>(142,590)</u>	<u>(124,165)</u>
Net property & equipment	<u>235,515</u>	<u>252,541</u>
<b>OTHER ASSETS</b>		
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,311,218</u>	<u>\$ 2,451,668</u>

See independent auditor's report and notes to the financial statements.

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

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LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable & accrued expenses	\$ 552,744	\$ 322,007
Total Current Liabilities	<u>552,744</u>	<u>322,007</u>
Total Liabilities	<u>552,744</u>	<u>322,007</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,758,474	2,129,661
With donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>1,758,474</u>	<u>2,129,661</u>
Total Liabilities and Net Assets	<u>\$ 2,311,218</u>	<u>\$ 2,451,668</u>

See independent auditor's report and notes to the financial statements.

**Adopt a Platoon Soldier Support Effort, Inc.**  
**Statements of Activities**  
**For the Year Ended, December 31, 2021 with Comparative**  
**Totals for the Year Ended, December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total Summarized Information 2020
<b>PUBLIC SUPPORT</b>				
Donations	\$ 7,234,546	\$ -	\$ 7,234,546	\$ 7,146,723
	<u>7,234,546</u>	<u>-</u>	<u>7,234,546</u>	<u>7,146,723</u>
<b>REVENUE</b>				
Royalty list	91,601	-	91,601	84,218
Interest & misc.	283	-	283	91,917
	<u>91,884</u>	<u>-</u>	<u>91,884</u>	<u>176,135</u>
Total support and net revenue	<u>7,326,430</u>	<u>-</u>	<u>7,326,430</u>	<u>7,322,858</u>
<b>EXPENSES</b>				
Program services				
Troop support	6,463,992	-	6,463,992	5,254,116
Support Services				
Management	302,004	-	302,004	302,648
Fundraising	931,621	-	931,621	832,125
Total expenses	<u>7,697,617</u>	<u>-</u>	<u>7,697,617</u>	<u>6,388,888</u>
Changes in Net Assets	(371,187)	-	(371,187)	933,969
Net assets - beginning of year	<u>2,129,661</u>	<u>-</u>	<u>2,129,661</u>	<u>1,195,692</u>
Net assets - end of year	<u>\$ 1,758,474</u>	<u>\$ -</u>	<u>\$ 1,758,474</u>	<u>\$ 2,129,661</u>

See independent auditor's report and notes to the financial statements.

**Adopt a Platoon Soldier Support Effort, Inc.**  
**Statements of Functional Expenses**  
**For the Year Ended, December 31, 2021 with Comparative**  
**Totals for the Year Ended, December 31, 2020**

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>	
	<u>Troop Support</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>2021</u>	<u>Summarized Information 2020</u>
Advertising	\$ -	\$ 446	\$ -	\$ 446	\$ -
Agency fee	-	6,758	66,437	73,195	13,034
Back-end premiums	-	1,708	16,796	18,504	17,647
Bank & finance charges	-	1,862	-	1,862	286
Computer services	27,268	2,150	21,139	50,557	54,545
Conferences & travel	2,998	-	-	2,998	2,231
Depreciation	18,424	-	-	18,424	18,659
Dues & registration	4,100	-	-	4,100	4,100
Food, supplies, etc.	5,887,539	-	-	5,887,539	4,842,194
Front-end premiums	-	1,658	16,297	17,955	26,088
Fulfillment	-	1,272	12,506	13,778	14,982
Insurance	39,253	-	-	39,253	18,118
Legal & accounting	-	17,301	27,044	44,345	50,606
Mail list management	-	1,981	19,471	21,452	21,024
Meals & lodging	2,620	-	-	2,620	1,065
Miscellaneous	20,052	1,192	11,708	32,952	26,620
Occupancy	68,919	-	-	68,919	70,829
Office supplies & expense	26,754	-	-	26,754	16,451
Postage & shipping	-	38,881	354,606	393,487	321,441
Printing & production costs	-	39,224	385,617	424,841	351,358
Repairs & maintenance	15,071	-	-	15,071	29,977
Salaries & wages	320,242	173,314	-	493,556	441,810
Taxes	30,752	14,258	-	45,010	45,823
<b>Total Functional Expenses</b>	<b>\$ 6,463,992</b>	<b>\$ 302,004</b>	<b>\$ 931,621</b>	<b>\$ 7,697,617</b>	<b>\$ 6,388,888</b>

See independent auditor's report and notes to the financial statements.

**Adopt a Platoon Soldier Support Effort, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended, December 31, 2021 and 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (371,186)	\$ 933,969
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	18,424	18,659
PPP loan forgiveness	-	(88,125)
Net Change in:		
Inventory	(138,640)	(53,017)
Prepaid expenses	19,400	(78,167)
Accounts payable and accrued expenses	230,737	(605,814)
Total adjustments	129,921	(806,464)
Net Cash Provided (Used) by Operating Activities	(241,265)	127,505
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property & equipment	(1,399)	(12,728)
Net Cash Provided (Used) by Investing Activities	(1,399)	(12,728)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	-	88,125
Net Cash Provided (Used) by Financing Activities	-	88,125
<b>NET INCREASE (DECREASE) IN CASH</b>	(242,664)	202,902
<b>CASH AT BEGINNING OF YEAR</b>	1,784,791	1,581,889
<b>CASH AT END OF YEAR</b>	\$ 1,542,127	\$ 1,784,791

See independent auditor's report and notes to the financial statements.



**Adopt a Platoon Soldier Support Effort, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended, December 31, 2021 and 2020**

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	<u>2021</u>	<u>2020</u>
<b>SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS</b>		
Acquisition of equipment	\$ 1,399	\$ 12,728
Less: equipment loans	<u>-</u>	<u>-</u>
Cash Used for Acquisition of Equipment	<u>\$ 1,399</u>	<u>\$ 12,728</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash Paid During the Year for:

Interest	<u>\$ -</u>	<u>\$ -</u>
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See independent auditor's report and notes to the financial statements.

**Adopt A Platoon Soldier Support Effort, Inc.**  
**Notes to Financial Statements**  
**For the Years ended, December 31, 2021 and 2020**

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Adopt A Platoon (the Organization) is a non-profit organization, founded in 1998, and is dedicated to improving quality of life and raising morale for deployed military forces by providing on-going care packages. The Organization's main support is from donations from the general public and direct-mail donor contributions.

BASIS OF PRESENTATION

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended, December 31, 2020, from which summarized information was derived.

CONTRIBUTIONS

Contributions received are recorded as with, or without donor restrictions depending on the nature and existence of donor restrictions.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly-liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment are capitalized when the total purchase price exceeds \$500 and are carried at cost, less accumulated depreciation. Depreciation is provided using the straight-line method based upon the estimated useful lives of the asset. Furniture, fixtures, equipment and vehicles are depreciated over 5-7 years. Buildings and leasehold improvements are depreciated using the straight-line method over 39 years.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

**Adopt A Platoon Soldier Support Effort, Inc.**  
**Notes to Financial Statements**  
**For the Years ended, December 31, 2021 and 2020**

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAXES (continued)

The Organization's forms 990, *Return of Organization Exempt from Income Tax*, for the years 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

COSTS OF JOINT ACTIVITIES

FASB ASC 958-720-50-2, "*Accounting for Costs of Activities That Include Fund Raising*", establishes accounting standards for recording costs associated with joint activities (activities which are part fundraising and have elements of one or more other functions, such as program or general and administrative). The pronouncement requires that the criteria of purpose, audience and content be met in order to allocate any portion of the costs of joint activities to a functional area other than fundraising.

SHIPPING COSTS

The Organization includes shipping costs in program services. Total shipping costs for the years ended, December 31, 2021 and 2020, were \$ 788,624 and \$ 610,204 respectively.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense for the years ended, December 31, 2021 and 2020, were \$446 and \$-0-, respectively.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMPENSATED ABSENCES

Vacation, personal, and sick pay are considered expenditures in the year paid, and do not carry over from year to year. Therefore, there are no accrued liabilities for compensated absences.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with the current year presentation.

**Adopt A Platoon Soldier Support Effort, Inc.**  
**Notes to Financial Statements**  
**For the Years ended, December 31, 2021 and 2020**

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on assumptions market participants would use when pricing an asset. Generally accepted accounting principles provide a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and the lowest priority to unobservable inputs [level 3 measurements]. The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets and liabilities that are required to be recorded at fair value on the balance sheet are categorized based on the inputs to valuation techniques as follows:

Level 1. These are assets and liabilities where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access. As of December 31, 2021, there are no Level 1 assets or liabilities.

Level 2. These are assets and liabilities where values are based on the following inputs:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

As of December 31, 2021, there are no Level 2 assets or liabilities.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement. As of December 31, 2021, there are no Level 3 assets or liabilities.

The carrying amounts reflected on the balance sheets for cash, receivables, and accounts payable approximate their respective fair values due to the short maturities of those instruments.

B. CONTINGENCY

The Organization maintains cash balances at various financial institutions. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per depositor per insured financial institution. Amounts in excess of insured limits at December 31, 2021 and 2020, were \$528,920 and \$945,923, respectively.

**Adopt A Platoon Soldier Support Effort, Inc.**  
**Notes to Financial Statements**  
**For the Years ended, December 31, 2021 and 2020**

C. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 1,542,127	\$ 1,784,791
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,542,127</u>	<u>\$ 1,784,791</u>

D. INVENTORY

Inventory is stated at cost and consists of the following:

	<u>2021</u>	<u>2020</u>
Marketing Materials	\$ 193,496	\$ 177,372
Troop Support	173,902	51,386
	<u>\$ 367,398</u>	<u>\$ 228,758</u>

E. ALLOCATION OF JOINT ACTIVITIES

During the years ended, December 31, 2021 and 2020, the Organization incurred joint costs of approximately \$5,045,879 and \$4,190,959 respectively, for printing, postage and related costs primarily related to fundraising appeals. Pursuant to FASB ASC 958-720-50-2, these costs were allocated to the functional areas as follows:

	<u>2021</u>	<u>2020</u>
Program Services	\$ 4,019,496	\$ 3,253,819
Fund Raising	931,621	829,014
Management	94,762	108,126
	<u>\$ 5,045,879</u>	<u>\$ 4,190,959</u>

**Adopt A Platoon Soldier Support Effort, Inc.**  
**Notes to Financial Statements**  
**For the Years ended, December 31, 2021 and 2020**

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F. CONCENTRATIONS

Approximately 96% of the Organization's revenue is derived from the fundraising efforts of a professional fundraising company. In the event the professional fundraiser no longer performed services for the Organization, the current level of the Organization's operations and services would be negatively impacted. At December 31, 2021, there is no provision in the financial statements for such an event as a reasonable estimate cannot be made and no losses are anticipated.

G. RELATED PARTY TRANSACTIONS

Rent Expense

The Organization leases office space from property owned by the executive director, under a month-to-month operating lease. The total rent paid for the year ended, December 31, 2021, was \$21,600.

H. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 16, 2022, the date which the financial statements were available to be issued.