

Financial Statements

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

December 31, 2019

Adopt a Platoon Soldier Support Effort, Inc.
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For the Years Ended, December 31, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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.

Mathews & Cripe, LLC

May 31, 2020

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

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 1,581,889	\$ 1,526,150
Accounts receivable	-	-
Inventory	175,741	640,704
Prepaid expenses	107,411	197,867
Total current assets	<u>1,865,041</u>	<u>2,364,721</u>
PROPERTY & EQUIPMENT		
Land	30,000	30,000
Buildings & improvements	250,075	250,075
Vehicles	31,391	31,391
Furniture & equipment	52,513	45,630
	<u>363,979</u>	<u>357,096</u>
Less: accumulated depreciation	<u>(105,507)</u>	<u>(91,296)</u>
Net property & equipment	<u>258,472</u>	<u>265,800</u>
OTHER ASSETS		
	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,123,513</u>	<u>\$ 2,630,521</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, 2019 and 2018

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts payable & accrued expenses	\$ 927,821	\$ 497,997
Total Current Liabilities	<u>927,821</u>	<u>497,997</u>
Total Liabilities	<u>927,821</u>	<u>497,997</u>
NET ASSETS		
Without donor restrictions	1,195,692	2,132,524
With donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>1,195,692</u>	<u>2,132,524</u>
Total Liabilities and Net Assets	<u>\$ 2,123,513</u>	<u>\$ 2,630,521</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, 2019 with Comparative
Totals for the Year Ended, December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
PUBLIC SUPPORT				
Donations	\$ 5,792,263	\$ -	\$ 5,792,263	\$ 6,563,705
	<u>5,792,263</u>	<u>-</u>	<u>5,792,263</u>	<u>6,563,705</u>
REVENUE				
Royalty list	106,715	-	106,715	104,176
Interest & misc.	13,374	-	13,374	25,597
	<u>120,089</u>	<u>-</u>	<u>120,089</u>	<u>129,773</u>
Total support and net revenue	<u>5,912,352</u>	<u>-</u>	<u>5,912,352</u>	<u>6,693,478</u>
EXPENSES				
Program services				
Troop support	5,775,834	-	5,775,834	5,599,877
Support Services				
Management	205,550	-	205,550	147,016
Fundraising	867,800	-	867,800	1,026,444
Total expenses	<u>6,849,184</u>	<u>-</u>	<u>6,849,184</u>	<u>6,773,337</u>
Changes in Net Assets	(936,832)	-	(936,832)	(79,859)
Net assets - beginning of year	<u>2,132,524</u>	<u>-</u>	<u>2,132,524</u>	<u>2,212,383</u>
Net assets - end of year	<u>\$ 1,195,692</u>	<u>\$ -</u>	<u>\$ 1,195,692</u>	<u>\$ 2,132,524</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, 2019 with Comparative
Totals for the Year Ended, December 31, 2018

	Program Services	Support Services		Total	
	Troop Support	Management & General	Fundraising	2019	2018
Advertising	\$ -	\$ 4,623	\$ -	\$ 4,623	\$ 1,130
Agency fee	-	-	63,674	63,674	67,267
Back-end premiums	-	-	17,878	17,878	19,667
Bank & finance charges	-	2,614	-	2,614	32,115
Computer services	44,590	-	26,183	70,773	45,780
Conferences & travel	3,092	-	-	3,092	4,227
Depreciation	17,111	-	-	17,111	15,961
Dues & registration	-	9,340	-	9,340	380
Food, supplies, etc.	5,266,528	713	-	5,267,241	4,993,720
Front-end premiums	-	-	9,409	9,409	17,680
Fulfillment	-	-	13,748	13,748	16,045
Insurance	13,603	7,902	-	21,505	6,997
Legal & accounting	-	14,633	30,916	45,549	64,393
Mail list management	-	-	27,303	27,303	52,890
Meals & lodging	2,846	-	-	2,846	1,713
Miscellaneous	15,680	-	23,562	39,242	36,631
Occupancy	75,455	-	-	75,455	76,113
Office supplies & expense	9,900	-	-	9,900	17,265
Postage & shipping	-	2,900	314,596	317,496	383,810
Printing & production costs	-	-	340,531	340,531	395,093
Repairs & maintenance	16,556	-	-	16,556	32,399
Salaries & wages	271,872	151,129	-	423,001	452,022
Taxes	38,601	11,696	-	50,297	40,039
Total Functional Expenses	\$ 5,775,834	\$ 205,550	\$ 867,800	\$ 6,849,184	\$ 6,773,337

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (936,832)	\$ (79,859)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	17,111	15,961
Net Change in:		
Inventory	464,963	(164,265)
Prepaid expenses	90,456	72,162
Accounts payable and accrued expenses	429,823	201,422
Total adjustments	<u>1,002,353</u>	<u>125,280</u>
Net Cash Provided (Used) by Operating Activities	<u>65,521</u>	<u>45,421</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property & equipment	<u>(9,782)</u>	<u>(51,934)</u>
Net Cash Provided (Used) by Investing Activities	<u>(9,782)</u>	<u>(51,934)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	55,739	(6,513)
CASH AT BEGINNING OF YEAR	<u>1,526,150</u>	<u>1,532,663</u>
CASH AT END OF YEAR	<u>\$ 1,581,889</u>	<u>\$ 1,526,150</u>

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS		
Acquisition of equipment	\$ 9,782	\$ 51,934
Less: equipment loans	<u>-</u>	<u>-</u>
Cash Used for Acquisition of Equipment	<u>\$ 9,782</u>	<u>\$ 51,934</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, 2019 and 2018

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, 2017, 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, 2019 and 2018

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 2016, 2017 and 2018 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, 2019 and 2018, were \$ 476,372 and \$ 611,555 respectively.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense for the years ended, December 31, 2019 and 2018, were \$4,623 and \$1,130, 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, 2019 and 2018

B. 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>2019</u>	<u>2018</u>
Financial assets at year-end	\$ 1,581,889	\$ 1,526,150
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,581,889</u>	<u>\$ 1,526,150</u>

C. INVENTORY

Inventory is stated at cost and consists of the following:

	<u>2019</u>	<u>2018</u>
Marketing Materials	\$ 106,845	\$ 168,058
Troop Support	68,896	472,645
	<u>\$ 175,741</u>	<u>\$ 640,703</u>

C. ALLOCATION OF JOINT ACTIVITIES

During the years ended, December 31, 2019 and 2018, the Organization incurred joint costs of approximately \$4,192,234 and \$4,627,178 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>2019</u>	<u>2018</u>
Program Services	\$ 3,338,946	\$ 3,624,376
Fund Raising	852,575	1,001,877
Management	713	925
	<u>\$ 4,192,234</u>	<u>\$ 4,627,178</u>

Adopt A Platoon Soldier Support Effort, Inc.
Notes to Financial Statements
For the Years ended, December 31, 2019 and 2018

D. 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, 2019 and 2018, were \$462,771 and \$294,982, respectively.

The Organization is in a dispute with their direct mail service provider concerning mailing costs, the outcome of which is expected to be favorable and resolved in the subsequent year.

E. CONCENTRATIONS

Approximately 97% 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, 2019, there is no provision in the financial statements for such an event as a reasonable estimate cannot be made and no losses are anticipated.

F. RELATED PARTY TRANSACTIONS

Troop Support

During the year, the Organization purchased troop food and supplies from a local retail supermarket which is owned by one of the Organization's board members. Total purchases for the year were \$711,819.

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, 2019, was \$21,600.

G. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 31, 2020, the date which the financial statements were available to be issued.