

Financial Statements

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

December 31, 2020

Adopt a Platoon Soldier Support Effort, Inc.
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For the Years Ended, December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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. 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2020. In our opinion, the summarized comparative information presented herein as part of and for the year ended, December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of a Matter – COVID-19

As more fully described in Note H to the financial statements, the Organization has not been negatively impacted by the outbreak of the novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organization in March 2020.

Mathews & Cripe, LLC

August 11, 2021

Adopt a Platoon Soldier Support Effort, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 1,784,791	\$ 1,581,889
Accounts receivable	-	-
Inventory	228,758	175,741
Prepaid expenses	<u>185,578</u>	<u>107,411</u>
Total current assets	<u>2,199,127</u>	<u>1,865,041</u>
PROPERTY & EQUIPMENT		
Land	30,000	30,000
Buildings & improvements	262,802	250,075
Vehicles	31,391	31,391
Furniture & equipment	<u>52,513</u>	<u>52,513</u>
	376,706	363,979
Less: accumulated depreciation	<u>(124,165)</u>	<u>(105,507)</u>
Net property & equipment	<u>252,541</u>	<u>258,472</u>
OTHER ASSETS		
	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 2,451,668</u></u>	<u><u>\$ 2,123,513</u></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, 2020 and 2019

<u>LIABILITIES AND NET ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Accounts payable & accrued expenses	\$ <u>322,007</u>	\$ <u>927,821</u>
Total Current Liabilities	<u>322,007</u>	<u>927,821</u>
Total Liabilities	<u>322,007</u>	<u>927,821</u>
NET ASSETS		
Without donor restrictions	2,129,661	1,195,692
With donor restrictions	<u>-</u>	<u>-</u>
Total Net Assets	<u>2,129,661</u>	<u>1,195,692</u>
Total Liabilities and Net Assets	<u><u>\$ 2,451,668</u></u>	<u><u>\$ 2,123,513</u></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, 2020 with Comparative
Totals for the Year Ended, December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	Summarized Information 2019
PUBLIC SUPPORT				
Donations	\$ 7,146,723	\$ -	\$ 7,146,723	\$ 5,792,263
	<u>7,146,723</u>	<u>-</u>	<u>7,146,723</u>	<u>5,792,263</u>
REVENUE				
Royalty list	84,218	-	84,218	106,715
Interest & misc.	91,917	-	91,917	13,374
	<u>176,135</u>	<u>-</u>	<u>176,135</u>	<u>120,089</u>
Total support and net revenue	<u>7,322,858</u>	<u>-</u>	<u>7,322,858</u>	<u>5,912,352</u>
EXPENSES				
Program services				
Troop support	5,254,116	-	5,254,116	5,775,834
Support Services				
Management	302,648	-	302,648	205,550
Fundraising	832,125	-	832,125	867,800
Total expenses	<u>6,388,889</u>	<u>-</u>	<u>6,388,888</u>	<u>6,849,184</u>
Changes in Net Assets	933,969	-	933,969	(936,832)
Net assets - beginning of year	<u>1,195,692</u>	<u>-</u>	<u>1,195,692</u>	<u>2,132,524</u>
Net assets - end of year	<u>\$ 2,129,661</u>	<u>\$ -</u>	<u>\$ 2,129,661</u>	<u>\$ 1,195,692</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, 2020 with Comparative
Totals for the Year Ended, December 31, 2019

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>	
	<u>Troop Support</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2020</u>	<u>Summarized Information 2019</u>
Advertising	\$ -	\$ -	\$ -	\$ -	\$ 4,623
Agency fee	-	-	13,034	13,034	63,674
Back-end premiums	-	-	17,647	17,647	17,878
Bank & finance charges	-	286	-	286	2,614
Computer services	29,668	-	24,877	54,545	70,773
Conferences & travel	2,231	-	-	2,231	3,092
Depreciation	18,659	-	-	18,659	17,111
Dues & registration	4,100	-	-	4,100	9,340
Food, supplies, etc.	4,734,067	108,127	-	4,842,194	5,267,241
Front-end premiums	-	-	26,088	26,088	9,409
Fulfillment	-	-	14,982	14,982	13,748
Insurance	10,176	7,942	-	18,118	21,505
Legal & accounting	-	19,994	30,612	50,606	45,549
Mail list management	-	-	21,024	21,024	27,303
Meals & lodging	1,065	-	-	1,065	2,846
Miscellaneous	13,966	-	12,655	26,621	39,242
Occupancy	70,829	-	-	70,829	75,455
Office supplies & expense	16,451	-	-	16,451	9,900
Postage & shipping	-	1,593	319,848	321,441	317,496
Printing & production costs	-	-	351,358	351,358	340,531
Repairs & maintenance	29,977	-	-	29,977	16,556
Salaries & wages	288,809	153,001	-	441,810	423,001
Taxes	34,118	11,705	-	45,823	50,297
Total Functional Expenses	\$ 5,254,116	\$ 302,648	\$ 832,125	\$ 6,388,889	\$ 6,849,184

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, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 933,969	\$ (936,832)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	18,659	17,111
PPP loan forgiveness	(88,125)	
Net Change in:		
Inventory	(53,017)	464,963
Prepaid expenses	(78,167)	90,456
Accounts payable and accrued expenses	(605,814)	429,823
Total adjustments	(806,464)	1,002,353
Net Cash Provided (Used) by Operating Activities	127,505	65,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property & equipment	(12,728)	(9,782)
Net Cash Provided (Used) by Investing Activities	(12,728)	(9,782)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	88,125	-
Net Cash Provided (Used) by Financing Activities	88,125	-
NET INCREASE (DECREASE) IN CASH	202,902	55,739
CASH AT BEGINNING OF YEAR	1,581,889	1,526,150
CASH AT END OF YEAR	\$ 1,784,791	\$ 1,581,889

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
SCHEDULE OF NON-CASH INVESTING AND FINANCING TRANSACTIONS		
Acquisition of equipment	\$ 12,728	\$ 9,782
Less: equipment loans	<u>-</u>	<u>-</u>
Cash Used for Acquisition of Equipment	<u>\$ 12,728</u>	<u>\$ 9,782</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>

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, 2020 and 2019

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, 2019, 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, 2020 and 2019

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 2017, 2018 and 2019 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, 2020 and 2019, were \$ 610,204 and \$ 476,372 respectively.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense for the years ended, December 31, 2020 and 2019, were \$-0- and \$4,623, 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, 2020 and 2019

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, 2020, 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, 2020, 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, 2020, 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, 2020 and 2019, were \$945,923 and \$462,771, respectively.

Adopt A Platoon Soldier Support Effort, Inc.
Notes to Financial Statements
For the Years ended, December 31, 2020 and 2019

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>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 1,784,791	\$ 1,581,889
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,784,791</u>	<u>\$ 1,581,889</u>

D. INVENTORY

Inventory is stated at cost and consists of the following:

	<u>2020</u>	<u>2019</u>
Marketing Materials	\$ 177,372	\$ 106,845
Troop Support	51,386	68,896
	<u>\$ 228,758</u>	<u>\$ 175,741</u>

E. ALLOCATION OF JOINT ACTIVITIES

During the years ended, December 31, 2020 and 2019, the Organization incurred joint costs of approximately \$4,190,959 and \$4,192,234 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>2020</u>	<u>2019</u>
Program Services	\$ 3,253,819	\$ 3,338,946
Fund Raising	829,014	852,575
Management	108,126	713
	<u>\$ 4,190,959</u>	<u>\$ 4,192,234</u>

Adopt A Platoon Soldier Support Effort, Inc.
Notes to Financial Statements
For the Years ended, December 31, 2020 and 2019

E. ALLOCATION OF JOINT ACTIVITIES (continued)

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.

F. CONCENTRATIONS

Approximately 95% 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, 2020, 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

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 \$729,981.

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, 2020, was \$21,600.

H. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 15, 2021, the date which the financial statements were available to be issued.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.