

A Soldier's Child, Inc.

(A Nonprofit Organization)

**Financial Statements
With Independent Auditors' Report Thereon**

For the Years Ended December 31, 2014 and 2013

**H A Beasley & Company, PC
Certified Public Accountants
Murfreesboro, Tennessee**



H A Beasley & Company, PC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of A Soldier's Child, Inc.

We have audited the accompanying financial statements of A Soldier's Child, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities, statements of functional expenses, statements of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 A Soldier's Child, Inc. as of December 31, 2014 and 2013, 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.

A handwritten signature in black ink, appearing to be 'HAB' or similar, written over a horizontal line.

H A Beasley & Company, PC

May 15, 2015

A Positive Difference Through Professional Accounting Service

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A SOLDIER'S CHILD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

	ASSETS	
	2014	2013
CURRENT ASSETS		
Cash and equivalents	\$ 599,573	\$ 273,576
Prepaid expenses	4,500	3,697
Total current assets	604,073	277,273
PROPERTY AND EQUIPMENT, NET	448	778
TOTAL ASSETS	<u>\$ 604,521</u>	<u>\$ 278,051</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,384	\$ 1,024
Accrued expenses	7,231	6,375
Total current liabilities	9,615	7,399
NET ASSETS		
Unrestricted	594,906	270,652
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 604,521</u>	<u>\$ 278,051</u>

See accompanying notes to financial statements and independent auditors' report.

A SOLDIER'S CHILD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Unrestricted revenue and other support		
Contributions	\$ 197,025	\$ 179,742
Fundraising events	135,429	113,155
Corporate sponsorships	<u>563,151</u>	<u>182,061</u>
Total unrestricted revenue and other support	895,605	474,958
Expenses		
Program services	460,413	264,779
Supporting services		
Management and general	28,759	22,419
Fundraising	<u>82,179</u>	<u>44,572</u>
Total expenses	<u>571,351</u>	<u>331,770</u>
CHANGE IN NET ASSETS	324,254	143,188
Net assets at beginning of year	<u>270,652</u>	<u>127,464</u>
NET ASSETS AT END OF YEAR	<u>\$ 594,906</u>	<u>\$ 270,652</u>

See accompanying notes to financial statements and independent auditors' report.

A SOLDIER'S CHILD, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014				2013			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management & General	Fund- raising			Management & General	Fund- raising	
Compensation and related expenses								
Wages	\$ 73,917	\$ 9,240	\$ 9,240	\$ 92,397	\$ 51,539	\$ 6,443	6,443	\$ 64,425
Employee benefits	14,876	1,860	1,860	18,596	10,098	1,262	1,262	12,622
Payroll taxes	5,653	707	707	7,067	3,979	498	498	4,975
Total compensation and expenses	94,446	11,807	11,807	118,060	65,616	8,203	8,203	82,022
Program services	315,002	-	-	315,002	167,458	-	-	167,458
Advertising and promotion	6,335	792	792	7,919	9,755	1,219	1,219	12,193
Donor management	-	-	7,110	7,110				
Office supplies	2,515	315	315	3,145	550	69	69	688
Equipment rental and maintenance	46	6	6	58	-	-	-	-
Professional fees	-	10,592	22,043	32,635	-	10,838	-	10,838
Contributions	100	-	-	100	4,812	-	-	4,812
Credit card fees	3,552	444	444	4,440	2,343	293	293	2,929
Telephone	2,446	306	306	3,058	1,139	143	143	1,425
Website expense	-	-	393	393	-	-	905	905
Dues and subscriptions	444	56	56	556	171	22	22	215
Bank charges	-	-	-	-	-	15	-	15
Printing and copying	2,177	272	272	2,721	1,689	211	211	2,111
Travel and entertainment	13,769	1,721	1,721	17,211	9,706	1,213	1,213	12,132
Rent	15,360	1,920	1,920	19,200	-	-	-	-
Depreciation	264	33	33	330	256	32	32	320
Miscellaneous expense	3,957	495	495	4,947	1,284	161	161	1,606
Total expenses before direct benefit cost of fundraising events	460,413	28,759	47,713	536,885	264,779	22,419	12,471	299,669
Direct benefit costs of fundraising events	-	-	34,466	34,466	-	-	32,101	32,101
Total expenses	<u>\$ 460,413</u>	<u>\$ 28,759</u>	<u>\$ 82,179</u>	<u>\$ 571,351</u>	<u>\$ 264,779</u>	<u>\$ 22,419</u>	<u>\$ 44,572</u>	<u>\$ 331,770</u>

See accompanying notes to financials statements and independent auditors' report.

A SOLDIER'S CHILD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

CASH FLOWS FROM OPERATING ACTIVITIES	2014	2013
Increase in net assets	\$ 324,254	\$ 143,188
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	330	320
(Increase) decrease in operating assets:		
Prepaid expenses	(803)	(3,697)
Increase (decrease) in operating liabilities:		
Accounts payable	1,360	1,024
Accrued payroll liabilities	856	(1,182)
Net Cash Provided by Operating Activities	325,997	139,653
 CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of equipment	-	(690)
 NET INCREASE IN CASH AND EQUIVALENTS	325,997	138,963
 CASH AND EQUIVALENTS AT BEGINNING OF YEAR	273,576	134,613
 CASH AND EQUIVALENTS AT END OF YEAR	\$ 599,573	\$ 273,576

See accompanying notes to financial statements and independent auditors' report.

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE A—NATURE OF ACTIVITIES, BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Operations

A Soldier's Child, Inc. (the "Organization") is a nonprofit organization under 501 (c) (3) of the Internal Revenue Code and was established in 2008. The Organization is headquartered in Murfreesboro, Tennessee and serves the children of fallen military personnel who have given their lives on active duty while defending the United States of America.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the reported amounts of revenue and other support and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization presents its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958, *Financial Statements for Not-for-Profit Organizations*. Accordingly, the Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.

Temporarily restricted net assets

Temporarily restricted net assets consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as temporarily restricted revenue, when received, and such unexpended amounts are reported as temporarily restricted net assets at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "net assets released from restrictions". The Organization had no temporarily restricted net assets as of December 31, 2014 and 2013.

Permanently restricted net assets

Permanently restricted net assets consist of donor restricted contributions, which are required to be held in perpetuity. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations. The Organization had no permanently restricted net assets as of December 31, 2014 and 2013.

Contributions

Contributions are recognized as revenues when received or unconditionally pledged. All contributions are available for unrestricted use unless specially restricted by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

All other donor-restricted contributions are reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE A—NATURE OF ACTIVITIES, BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Cash and Equivalents

Cash and equivalents include cash on hand and short-term investments with original maturities of three months or less.

Property and Equipment, Net

The Organization capitalizes all property and equipment expenditures with a cost of \$500 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or, for donated items, at fair value as of the date received. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred.

When property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the statement of activities for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets ranging from 3-5 years.

Functional Expenses

Presentation of operating expenses includes production costs directly incurred for program activities and supporting expense activity classifications of management and general as well as fundraising.

Income Taxes

The Organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and did not conduct unrelated business activities. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) (2) of the Internal Revenue Code.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2011, 2012 and 2013. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the years ended December 31, 2014 and 2013.

NOTE B—PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following as of December 31, 2014 and 2013:

	2014	2013
Furniture & Equipment	\$ 1,258	\$ 1,258
Less: Accumulated depreciation	(810)	(480)
	<u>\$ 448</u>	<u>\$ 778</u>

For the years ending December 31, 2014 and 2013 depreciation expense totaled \$330 and \$320, respectively.

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

NOTE C—FUNCTIONAL EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

For the years ended December 31, 2014 and 2013 the Organization incurred expenses related to program services amounting to \$460,413 and \$264,779, respectively, in relation to management and general amounting to \$28,759 and \$22,419, respectively, and in relation to fundraising \$82,179 and \$44,572, respectively.

NOTE D—RISK CONCENTRATION

The Federal Deposit Insurance Corporation ("FDIC") provides coverage up to \$250,000 for substantially all depository accounts. At times throughout the year, the Organization may maintain cash balances in certain accounts in excess of FDIC limits. As of December 31, 2014 and 2013 the Organization did not have any funds in excess of the FDIC limit.

NOTE E—RENT

In January 2014 the Organization entered into a lease agreement for specific office space expiring in December 2015 requiring no deposit or rent payments. Management estimated the rent cost for the office space if not contributed would be \$1,600 a month. During the year ended December 31, 2014 the Organization has recorded rent expense of \$19,200 and in turn increased contributions. During the year ended December 31, 2013 the Organization did not incur any rent expense.

NOTE F—RELATED PARTIES

During the years ended December 31, 2014 and 2013 certain members of the board and their companies have performed services for the Organization which totaled \$6,462 and \$6,838, respectively. As of December 31, 2014 and 2013 no amounts were due to or from related parties.

During the year ended December 31, 2014 the Organization paid \$10,650 to the treasurer of the board for services rendered in relation to the new donor software.

NOTE G—SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 15, 2015 which is the date the financial statements were available to be issued. There have been no adjustments to the financial statements to include any subsequent transactions or events.