

A Soldier's Child, Inc.
(A Nonprofit Organization)

Financial Statements
With Independent Auditors' Report Thereon

For the Years Ended December 31, 2012 and 2011

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



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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, 2012 and 2011, 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 of 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 A Soldier's Child as of December 31, 2012 and 2011, 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 the company name.

H A Beasley & Company, PC
Murfreesboro, Tennessee
May 16, 2013

A Positive Difference Through Professional Accounting Service

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A SOLDIER'S CHILD, INC.
Statements of Financial Position
As of December 31, 2012 and 2011

ASSETS		2012	2011
CURRENT ASSETS			
Cash and equivalents		\$ 134,613	\$ 68,743
Property and equipment, net		<u>408</u>	<u>-</u>
TOTAL ASSETS		<u>\$ 135,021</u>	<u>\$ 68,743</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accrued payroll liabilities		\$ 7,557	\$ -
NET ASSETS			
Unrestricted		<u>127,464</u>	<u>68,743</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 135,021</u>	<u>\$ 68,743</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted revenue and other support		
Contributions	\$ 174,679	\$ 97,930
Fundraising events	36,105	52,620
Corporate sponsorships	<u>18,790</u>	<u>-</u>
Total unrestricted revenue and other support	229,574	150,550
Expenses		
Program services	142,868	85,769
Supporting services		
Management and general	9,989	3,517
Fundraising	<u>17,996</u>	<u>18,054</u>
TOTAL EXPENSES	<u>170,853</u>	<u>107,341</u>
CHANGE IN NET ASSETS	58,721	43,209
Net assets at beginning of year	<u>68,743</u>	<u>25,534</u>
NET ASSETS AT END OF YEAR	<u>\$ 127,464</u>	<u>\$ 68,743</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, 2012 and 2011

	2012				2011			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management & General	Fund- raising			Management & General	Fund- raising	
Compensation and related expenses								
Wages	\$ 14,234	\$ 1,779	\$ 1,779	\$ 17,792	\$ 211	\$ 28	\$ 28	\$ 284
Employee Benefits	2,393	299	299	2,991	592	74	74	740
Payroll taxes	1,054	132	132	1,318	42	5	5	53
Total Compensation & expenses	17,882	2,210	2,210	22,101	845	105	105	1,057
Program Services	85,052	-	-	85,052	62,113	-	-	62,113
Events for Military Children	17,380	-	-	17,380	7,661	-	-	7,661
Advertising & Promotion	4,388	548	548	5,482	4,186	523	523	5,232
Office Supplies	979	122	122	1,223	-	-	-	-
Equipment Rental and maintenance	41	5	5	51	-	-	-	-
Professional Fees	-	5,015	-	5,015	-	1,518	-	1,518
Credit Card Fees	5,163	845	845	6,454	824	103	103	1,030
Telephone	1,218	152	152	1,522	1,227	153	153	1,534
Dues & Subscriptions	168	21	21	210	316	40	40	395
Printing & Copying	3,382	423	423	4,227	4,448	556	556	5,560
Storage Fees	632	-	-	631	-	-	-	-
Travel & Entertainment	6,498	812	812	8,123	4,149	519	519	5,186
Depreciation	128	16	16	160	-	-	-	-
Miscellaneous Expense	160	20	20	200	-	-	-	-
Total expenses before direct benefit cost of fundraising events	142,868	9,989	4,974	157,831	85,769	3,517	1,999	91,286
Direct benefit costs of fundraising events	-	-	13,022	13,022	-	-	16,055	-
Total expenses	\$ 142,868	\$ 9,989	\$ 17,998	\$ 170,853	\$ 85,769	\$ 3,517	\$ 18,054	\$ 91,286

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

A SOLDIER'S CHILD, INC.
Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

CASH FLOWS FROM OPERATING ACTIVITIES	2012	2011
Increase in net assets	\$ 58,721	\$ 43,209
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	160	-
Increase (decrease) in operating liabilities:		
Accrued payroll liabilities	<u>7,557</u>	<u>(32)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	66,438	43,177
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of equipment	<u>(568)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	(568)	-
NET INCREASE IN CASH AND EQUIVALENTS	65,870	43,177
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>68,743</u>	<u>25,566</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 134,613</u>	<u>\$ 68,743</u>

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

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

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 the 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".

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 temporary or permanently restricted net assets as of December 31, 2012 and 2011.

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

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

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.

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

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 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 3-15 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.

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

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

Income Taxes (continued)

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 2009, 2010 and 2011. 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, 2012 and 2011.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the presentation in 2012.

NOTE B—EQUIPMENT

As of December 31, 2012 and 2011 total equipment is less accumulated depreciation of \$160 and \$-0-, respectively. For the year ending December 31, 2012 and 2011 depreciation totaled \$160 and \$-0-, respectively.

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 year ended December 31, 2012 and 2011 the Organization incurred expenses amounting to \$142,737 and \$85,769, respectively, related to program services and \$9,974 and \$3,517, respectively, related to management and general, and \$17,981 and \$18,054, respectively, to fundraising.

NOTE D—RISK CONCENTRATION

At times throughout the year, the Organization may maintain cash balances in certain accounts in excess of FDIC limits. In November 2008, the Federal Deposit Insurance Corporation ("FDIC") increased coverage to \$250,000 for substantially all depository accounts.

NOTE D—RELATED PARTIES

During the years ended December 31, 2012 and 2011 certain members of the board and their companies have performed services for the Organization which totaled \$3,845 and \$9,372, respectively. As of December 31, 2012 and 2011 no amounts were due to or from related parties.

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 and 2011

NOTE E—SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 16, 2013 which is the date the financial statements were available to be issued. Through the date, management has determined that the Company did not have any material recognizable or non-recognizable subsequent events.