

A Soldier's Child, Inc.

(A Nonprofit Organization)

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

For the Years Ended December 31, 2015 and 2014

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



**H A Beasley
& Company, PLLC**

Certified Public Accountants

Independent Auditors' Report

Board of Directors and Stockholders
A Soldier's Child, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of A Soldier's Child, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, statements of 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.

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 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, Inc. as of December 31, 2015 and 2014, 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.


H A Beasley & Company, PLLC

Murfreesboro, Tennessee

May 6, 2016

A Positive Difference Through Professional Accounting Service

Murfreesboro Office: P.O. Box 11669 • 111 MTCS Drive • Murfreesboro, TN 37129 • (615) 895-5675

Shelbyville Office: P.O. Box 1044 • 306 Bethany Lane • Shelbyville, TN 37162 • (931) 680-0660

www.HABeasley.com

A SOLDIER'S CHILD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS		2015	2014
CURRENT ASSETS			
Cash and equivalents	\$	482,787	\$ 599,573
Prepaid expenses		<u>-</u>	<u>4,500</u>
Total current assets		482,787	604,073
PROPERTY AND EQUIPMENT, NET		<u>2,201</u>	<u>448</u>
TOTAL ASSETS	\$	<u><u>484,988</u></u>	<u><u>\$ 604,521</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$	6,933	\$ 2,384
Accrued expenses		<u>8,284</u>	<u>7,231</u>
Total current liabilities		15,217	9,615
NET ASSETS			
Unrestricted		<u>469,771</u>	<u>594,906</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>484,988</u></u>	<u><u>\$ 604,521</u></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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Unrestricted revenue and other support		
Contributions	\$ 161,941	\$ 197,025
Fundraising events	134,664	135,429
Corporate sponsorships	<u>250,477</u>	<u>563,151</u>
Total unrestricted revenue and other support	547,082	895,605
Expenses		
Program services	565,025	460,413
Supporting services		
Management and general	26,238	28,759
Fundraising	<u>80,954</u>	<u>82,179</u>
Total expenses	<u>672,217</u>	<u>571,351</u>
CHANGE IN NET ASSETS	(125,135)	324,254
Net assets at beginning of year	<u>594,906</u>	<u>270,652</u>
NET ASSETS AT END OF YEAR	<u>\$ 469,771</u>	<u>\$ 594,906</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, 2015 AND 2014

	2015				2014			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
		Management & General	Fund- raising			Management & General	Fund- raising	
Compensation and related expenses								
Wages	\$ 82,459	\$ 10,308	\$ 10,308	\$ 103,075	\$ 73,917	\$ 9,240	9,240	\$ 92,397
Employee benefits	15,447	1,931	1,931	19,309	14,876	1,860	1,860	18,596
Payroll taxes	6,307	789	789	7,885	5,653	707	707	7,067
Total compensation and expenses	104,213	13,028	13,028	130,269	94,446	11,807	11,807	118,060
Program services	397,700	-	-	397,700	315,002	-	-	315,002
Advertising and promotion	13,933	1,742	1,742	17,417	6,336	792	792	7,919
Donor management	-	-	4,327	4,327	-	-	7,110	7,110
Office supplies	1,762	220	220	2,202	2,515	315	315	3,145
Equipment rental and maintenance	763	96	96	955	46	6	6	58
Professional fees	-	5,284	10,569	15,853	-	10,592	22,043	32,635
Contributions	-	-	-	-	100	-	-	100
Credit card fees	2,743	343	343	3,429	3,552	444	444	4,440
Telephone	3,131	392	392	3,915	2,445	306	306	3,058
Website expense	-	-	1,843	1,843	-	-	393	393
Dues and subscriptions	1,764	221	221	2,206	444	56	56	556
Bank charges	-	34	-	34	-	-	-	-
Printing and copying	3,848	481	481	4,810	2,177	272	272	2,721
Travel and entertainment	11,050	1,381	1,381	13,812	13,769	1,721	1,721	17,211
Utilities	2,632	329	329	3,290	-	-	-	-
Rent	15,360	1,920	1,920	19,200	15,360	1,920	1,920	19,200
Depreciation	547	69	69	685	264	33	33	330
Miscellaneous expense	5,579	698	698	6,975	3,957	495	495	4,947
Total expenses before direct benefit cost of fundraising events	565,025	26,238	37,659	628,922	460,413	28,759	47,713	536,885
Direct benefit costs of fundraising events	-	-	43,295	43,295	-	-	34,466	34,466
Total expenses	\$ 565,025	\$ 26,238	\$ 80,954	\$ 672,217	\$ 460,413	\$ 28,759	\$ 82,179	\$ 571,351

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, 2015 AND 2014

CASH FLOWS FROM OPERATING ACTIVITIES	2015	2014
Change in net assets	\$ (125,135)	\$ 324,254
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	685	330
(Increase) decrease in operating assets:		
Prepaid expenses	4,500	(803)
Increase (decrease) in operating liabilities:		
Accounts payable	4,549	1,360
Accrued payroll liabilities	1,053	856
Net Cash Provided by (Used in) Operating Activities	(114,348)	325,997
 CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of equipment	(2,438)	-
 NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(116,786)	325,997
 CASH AND EQUIVALENTS AT BEGINNING OF YEAR	599,573	273,576
 CASH AND EQUIVALENTS AT END OF YEAR	\$ 482,787	\$ 599,573

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

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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 Smyrna, 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". The Organization had no temporarily restricted net assets as of December 31, 2015 and 2014.

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, 2015 and 2014.

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, 2015 AND 2014

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 2012, 2013 and 2014. 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, 2015 and 2014.

NOTE B—PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following as of December 31, 2015 and 2014:

	2015	2014
Furniture and equipment	\$ 3,696	\$ 1,258
Less: Accumulated depreciation	(1,495)	(810)
	<u>\$ 2,201</u>	<u>\$ 448</u>

For the years ending December 31, 2015 and 2014 depreciation expense totaled \$685 and \$330, respectively.

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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, 2015 and 2014 the Organization incurred expenses related to program services amounting to \$565,025 and \$460,413, respectively, in relation to management and general amounting to \$26,238 and \$28,759, respectively, and in relation to fundraising \$80,954 and \$82,179, 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, 2015 and 2014 funds in excess of the FDIC limit totaled \$219,984 and \$315,005, respectively.

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 years ended December 31, 2015 and 2014 the Organization has recorded rent expense of \$19,200 and in turn increased contributions. This lease agreement was subsequently renewed to expire in December 2017.

NOTE F—RELATED PARTIES

During the years ended December 31, 2015 and 2014 certain members of the board and their companies have performed services for the Organization which totaled \$9,345 and \$6,462, respectively. As of December 31, 2015 and 2014 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. There was no such activity for the year ended December 31, 2015.

NOTE G—SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 6, 2016 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.