

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

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

For the Years Ended December 31, 2013 and 2012

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, 2013 and 2012, 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 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, 2013 and 2012, 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', written over a horizontal line.

H A Beasley & Company, PC

May 13, 2014

A Positive Difference Through Professional Accounting Service

Phone: (615) 895-5675 • www.HABeasley.com • Fax: (615) 895-5660

P.O. Box 11669 • 111 MTCS Drive • Murfreesboro, TN 37129

A SOLDIER'S CHILD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	ASSETS	
	2013	2012
CURRENT ASSETS		
Cash and equivalents	\$ 273,576	\$ 134,613
Prepaid expenses	3,697	-
Total current assets	277,273	134,613
PROPERTY AND EQUIPMENT, NET	778	408
TOTAL ASSETS	<u>\$ 278,051</u>	<u>\$ 135,021</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 6,375	\$ 7,557
Accounts payable	1,024	-
Total current liabilities	7,399	7,557
NET ASSETS		
Unrestricted	270,652	127,464
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 278,051</u>	<u>\$ 135,021</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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Unrestricted revenue and other support		
Contributions	\$ 179,742	\$ 174,679
Fundraising events	113,155	36,105
Corporate sponsorships	<u>182,061</u>	<u>18,790</u>
Total unrestricted revenue and other support	474,958	229,574
Expenses		
Program services	264,779	142,868
Supporting services		
Management and general	22,419	9,989
Fundraising	<u>44,572</u>	<u>17,996</u>
Total expenses	<u>331,770</u>	<u>170,853</u>
CHANGE IN NET ASSETS	143,188	58,721
Net assets at beginning of year	<u>127,464</u>	<u>68,743</u>
NET ASSETS AT END OF YEAR	<u>\$ 270,652</u>	<u>\$ 127,464</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, 2013 AND 2012

	2013				2012			
	Program Services	Supporting Services			Program Services	Supporting Services		
		Management & General	Fund- raising	Total		Management & General	Fund- raising	Total
Compensation and related expenses								
Wages	\$ 51,539	\$ 6,443	\$ 6,443	\$ 14,234	\$ 1,779	1,779	\$ 17,792	
Employee Benefits	10,098	1,262	1,262	2,393	299	299	2,991	
Payroll taxes	3,979	498	498	1,054	132	132	1,318	
Total Compensation & expenses	65,616	8,203	8,203	17,681	2,210	2,210	22,101	
Program Services	167,458	-	-	85,052	-	-	85,052	
Events for Military Children	-	-	-	17,380	-	-	17,380	
Advertising & Promotion	9,755	1,219	1,219	4,386	548	548	5,482	
Office Supplies	550	69	69	979	122	122	1,223	
Equipment Rental and maintenance	-	-	-	41	5	5	51	
Professional Fees	-	10,838	-	10,838	5,015	-	5,015	
Contributions	4,812	-	-	4,812	-	-	-	
Credit Card Fees	2,343	293	293	5,163	645	645	6,453	
Telephone	1,139	143	143	1,425	152	152	1,522	
Website Expense	-	-	905	905	-	-	-	
Dues & Subscriptions	171	22	22	168	21	21	210	
Bank Charges	-	15	-	-	-	-	-	
Printing & Copying	1,689	211	211	3,382	423	423	4,228	
Storage Fees	-	-	-	632	-	-	632	
Travel & Entertainment	9,706	1,213	1,213	6,498	812	812	8,122	
Depreciation	256	32	32	128	16	16	160	
Miscellaneous Expense	1,284	161	161	160	20	20	200	
Total expenses before direct benefit cost of fundraising events	264,779	22,419	12,471	142,868	9,989	4,974	157,831	
Direct benefit costs of fundraising events	-	-	32,101	-	-	13,022	13,022	
Total expenses	\$ 264,779	\$ 22,419	\$ 44,572	\$ 142,868	\$ 9,989	\$ 17,996	\$ 170,853	

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, 2013 AND 2012

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2013</u>	<u>2012</u>
Increase in net assets	\$ 143,188	\$ 58,721
Adjustments to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	320	160
(Increase) decrease in operating assets:		
Prepaid expenses	(3,697)	-
Increase (decrease) in operating liabilities:		
Accounts payable	1,024	-
Accrued payroll liabilities	<u>(1,182)</u>	<u>7,557</u>
Net Cash Provided by Operating Activities	139,653	66,438
 CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of equipment	<u>(690)</u>	<u>(568)</u>
 NET INCREASE IN CASH AND EQUIVALENTS	138,963	65,870
 CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>134,613</u>	<u>68,743</u>
 CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 273,576</u>	<u>\$ 134,613</u>

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

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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". The Organization had no temporarily restricted net assets as of December 31, 2013 and 2012.

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, 2013 and 2012.

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, 2013 AND 2012

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 2010, 2011 and 2012. 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, 2013 and 2012.

NOTE B—PROPERTY AND EQUIPMENT, NET

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

	2013	2012
Furniture & Equipment	\$ 1,258	\$ 568
Less: Accumulated depreciation	(480)	(160)
	<u>\$ 778</u>	<u>\$ 408</u>

For the years ending December 31, 2013 and 2012 depreciation expense totaled \$320 and \$160, respectively.

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

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, 2013 and 2012 the Organization incurred expenses related to program services amounting to \$264,779 and \$142,738, respectively, in relation to management and general amounting to \$22,419 and \$9,989, respectively, and in relation to fundraising \$44,572 and \$17,996, 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, 2013 and 2012 the Organization did not have any funds in excess of the FDIC limit.

NOTE E—RELATED PARTIES

During the years ended December 31, 2013 and 2012 certain members of the board and their companies have performed services for the Organization which totaled \$6,838 and \$3,845, respectively. As of December 31, 2013 and 2012 no amounts were due to or from related parties.

NOTE F—SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 13, 2014 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.