

***A Soldier's Child, Inc.***

(A Nonprofit Organization)

**Financial Statements  
With Independent Auditor's Report Thereon**

For the Years Ended December 31, 2011 and 2010

**H A Beasley & Company, PC**

***Certified Public Accountants***

**Murfreesboro, Tennessee**



H.A. Beasley & Company, PC  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of A Soldier's Child, Inc. (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read 'H.A. Beasley', is written over the printed name of the auditor.

H.A. Beasley & Company, PC CPA's

Murfreesboro, Tennessee  
October 2, 2012

*A Positive Difference Through Professional Accounting Service*

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**A SOLDIER'S CHILD, INC.**  
**Statements of Financial Position**  
**As of December 31, 2011 and 2010**

	2011	2010
<b>ASSETS</b>		
Current Assets		
Cash	\$ 68,745	\$ 25,566
<b>TOTAL ASSETS</b>	<u>\$ 68,745</u>	<u>\$ 25,566</u>
<b>LIABILITIES</b>		
Current Liabilities		
Payroll Liabilities	\$ 2	\$ 32
<b>TOTAL LIABILITIES</b>	<u>2</u>	<u>32</u>
<b>NET ASSETS</b>		
Unrestricted Assets	25,534	18,442
Increase in Net Assets	<u>43,209</u>	<u>7,092</u>
<b>TOTAL NET ASSETS</b>	<u>68,743</u>	<u>25,534</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 68,745</u>	<u>\$ 25,566</u>

See accompanying notes and independent auditor's report.

**A SOLDIER'S CHILD, INC.**  
**Statements of Activities**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>UNRESTRICTED REVENUES AND SUPPORT</b>		
Donations	\$ 97,930	\$ 62,824
Fundraising	<u>52,620</u>	<u>2,425</u>
<b>TOTAL UNRESTRICTED REVENUES AND SUPPORT</b>	<b>150,550</b>	<b>65,249</b>
<b>EXPENSES</b>		
Program Services	75,132	41,557
Supporting services		
Management and general	5,135	4,585
Fundraising	<u>27,074</u>	<u>12,015</u>
<b>TOTAL EXPENSES</b>	<b><u>107,341</u></b>	<b><u>58,157</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b><u>43,209</u></b>	<b><u>7,092</u></b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b><u>25,534</u></b>	<b><u>18,442</u></b>
<b>NET ASSETS AT END OF YEAR</b>	<b><u><u>\$ 68,743</u></u></b>	<b><u><u>\$ 25,534</u></u></b>

See accompanying notes and independent auditor's report.

**A SOLDIER'S CHILD, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 43,209	\$ 7,092
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Increase (decrease) in operating liabilities:		
Payroll liabilities	<u>(30)</u>	<u>32</u>
<b>TOTAL ADJUSTMENTS</b>	<u>(30)</u>	<u>32</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>43,179</u>	<u>7,124</u>
<b>CASH AT THE BEGINNING OF YEAR</b>	<u>25,566</u>	<u>18,442</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 68,745</u></u>	<u><u>\$ 25,566</u></u>
<b>Interest Paid</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes and independent auditor's report.

**A SOLDIER'S CHILD, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2011**

	Program Services	Supporting Services		Total
		Management & General	Fund-Raising	
Compensation & Related Expenses				
Wages	\$ -	\$ 264	\$ -	\$ 264
Payroll taxes		55		55
Total Compensation & Related Expenses	-	319	-	319
Advertising	2,616		2,616	5,232
Annual Dinner			12,301	12,301
Audit Services		1,000		1,000
Bank Service Charges	1,015	15		1,030
Cell Phone	767	767		1,534
Contributions	740			740
Dues & Subscriptions		395		395
Dinner, Luncheon, Misc			3,754	3,754
Gifts to ASC Recipients	47,934			47,934
Golf Scramble			5,940	5,940
Journey Camp	7,661			7,661
Misc. Filing Fees		516		516
Postage and Delivery	5,282	278		5,560
Program Supplies	8,239			8,239
Travel: Fuel	878	877		1,755
Travel: Meals		968	1,092	2,060
Travel: Miscellaneous			1,371	1,371
	<u>\$ 75,132</u>	<u>\$ 5,135</u>	<u>\$ 27,074</u>	<u>\$ 107,341</u>

See accompanying notes and independent auditor's report.

**A SOLDIER'S CHILD, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2010**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management &amp; General</u>	<u>Fund-Raising</u>	
Compensation & Related Expenses				
Wages	\$ -	\$ 420	\$ -	\$ 420
Payroll taxes		32		32
Total Compensation & Related Expenses	-	452	-	452
Advertising	4,657		4,657	9,314
Bank Service Charges		354		354
Blackman High School Memorial Garden	8,639			8,639
Cell Phone	554	553		1,107
Contributions	1,150			1,150
Dues & Subscriptions		228		228
Events for Military Children	1,985			1,985
Gifts to ASC Recipients	18,091			18,091
Golf Scramble			7,358	7,358
Postage and Delivery	1,219	1,219		2,438
Program Supplies	3,483			3,483
Travel	1,779	1,779		3,558
	<u>\$ 41,557</u>	<u>\$ 4,585</u>	<u>\$ 12,015</u>	<u>\$ 58,157</u>

See accompanying notes and independent auditor's report.

**A SOLDIER'S CHILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 and 2010**

**NOTE A – NATURE OF ACTIVITIES**

A Soldier's Child, Inc. (ASC) is located in Murfreesboro, Tennessee. A Soldier's Child, Inc. is a tax-exempt organization under 501(c) (3) of the Internal Revenue Code. The purpose of ASC is to serve the children of fallen military personnel who have given their lives in combat while defending the United States of America. These children are provided with a meaningful gift on each birthday until adulthood to honor the memory of their fallen parent. Events are also organized at Christmas whereby the community can join with A Soldier's Child, Inc. to celebrate the holiday with the children of military personnel by providing gifts and a program to honor them and their parents. ASC also makes contributions to other nonprofit organizations that pursue similar objectives to that of ASC. ASC receives revenues from fundraising events and from donations from individuals and businesses and other charitable entities.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Basis of Presentation**

The Organization classifies net assets, revenues, gains and losses based on the existence or absence of donor-imposed restrictions as follows:

- **Unrestricted net assets-** Net assets that are not subject to donor-imposed stipulations.
- **Temporarily restricted net assets-** Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- **Permanently restricted net assets-** Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

Contributions received by the Organization are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

**Use of 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 these estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents include all monies in banks and highly liquid investments with initial maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.



**A SOLDIER'S CHILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 and 2010**

**Advertising Costs**

The Corporation expenses all advertising costs as they are incurred.

**Functional Allocation of Expenses**

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

**Income Taxes**

The Organization is exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made in the financial statements.

**NOTE C – CONTRIBUTED SERVICES**

During the current fiscal year, volunteers have performed a significant number of hours of service in accomplishing the organization's purposes which have not been reflected in the financial statements. These hours were donated and if they were recorded in the records based on a reasonable hourly wage would result in a significant increase in private donations as well as a comparable increase in program service expenses.

**NOTE D – RELATED PARTY TRANSACTIONS**

Certain members of the Board and their companies have performed services for ASC. Ledford Media (a corporation) was paid \$8,858 and \$4,380 for various promotional materials purchased by ASC during 2011 and 2010, respectively. Clayton Ledford, treasurer of ASC, is the sole shareholder of Ledford Media. Theron Hatch, vice chairman of ASC, was paid \$250 for work performed on ASC's website in 2010. Shannon Ledford, spouse of Clayton Ledford, was paid \$264 and \$420 for administrative work in 2011 and 2010, respectively. There are no amounts due to or from related parties at December 31, 2011 and 2010.

**NOTE E – CONCENTRATION OF RISK**

The organization receives a substantial amount of its support from individuals, businesses and other charitable entities. A significant reduction in the level of contributions, if this were to occur, could have an adverse impact on the Organization's programs and services.

**NOTE F – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 2, 2012 which is the financial statement issuance date.