

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

(A Nonprofit Organization)

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

For the Years Ended December 31, 2020 and 2019





## Independent Auditor's Report

To the Board of Directors of  
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, 2020 and 2019, 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 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 audits 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, 2020 and 2019, 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 blue ink, appearing to read 'Scott Miller', is written over a light blue rectangular background.

Miller CPA, PLLC  
Murfreesboro, Tennessee  
May 5, 2021

**A SOLDIER'S CHILD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 and 2019**

ASSETS		2020	2019
		<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>			
Cash and equivalents	\$	527,955	\$ 555,173
Certificate of deposit		209,114	
Interest receivable		<u>3,013</u>	<u>2,421</u>
Total current assets		740,082	557,594
 <b>PROPERTY AND EQUIPMENT, NET</b>		 7,221	 9,337
 <b>OTHER ASSETS</b>			
Prepaid expenses		3,500	-
Certificate of deposit		<u>-</u>	<u>204,500</u>
Total other assets		<u>3,500</u>	<u>204,500</u>
 <b>TOTAL ASSETS</b>		 <u>\$ 750,803</u>	 <u>\$ 771,431</u>
 <b>LIABILITIES AND NET ASSETS</b>			
 <b>CURRENT LIABILITIES</b>			
Accounts payable	\$	47,789	\$ 16,145
Accrued expenses		<u>8,401</u>	<u>17,414</u>
Total current liabilities		56,190	33,559
 <b>NET ASSETS</b>			
Net assets without donor restrictions		<u>694,613</u>	<u>737,872</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>		 <u>\$ 750,803</u>	 <u>\$ 771,431</u>

See accompanying notes to financial statements and independent auditor's report.

**A SOLDIER'S CHILD, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

	2020	2019
Revenue and other support		
Contributions	\$ 270,340	\$ 316,111
Fundraising events	294,878	249,793
Corporate sponsorships	480,286	684,214
Forgiveness of Payment Protection Program note payable	48,210	-
Interest income	4,668	4,554
Total revenue and other support	1,098,382	1,254,672
Expenses		
Program services	961,848	1,060,863
Supporting services		
Management and general	52,174	50,792
Fundraising	127,619	116,998
Total expenses	1,141,641	1,228,653
INCREASE (DECREASE) IN NET ASSETS	(43,259)	26,019
Net assets without donor restrictions at beginning of year	737,872	711,853
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	\$ 694,613	\$ 737,872

See accompanying notes to financial statements and independent auditor's report.

**A SOLDIER'S CHILD, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

	2020				2019			
	Supporting Services				Supporting Services			
	Program Services	Management and General	Fund- raising	Totals	Program Services	Management and General	Fund- raising	Totals
Compensation and related expenses								
Wages	\$ 177,642	\$ 22,206	\$ 22,206	\$ 222,054	\$ 162,662	\$ 20,333	\$ 20,333	\$ 203,328
Employee benefits	9,595	1,199	1,199	11,993	11,195	1,399	1,399	13,993
Payroll taxes	14,016	1,752	1,752	17,520	12,872	1,609	1,609	16,090
Total compensation and expenses	201,253	25,157	25,157	251,567	186,729	23,341	23,341	233,411
Program services	659,478	-	-	659,478	760,254	-	-	760,254
Advertising and promotion	21,483	2,685	2,685	26,853	23,085	2,885	2,885	28,855
Donor management	-	-	4,291	4,291	-	-	3,600	3,600
Office supplies	7,857	982	982	9,821	3,439	430	430	4,299
Equipment rental and maintenance	9,187	1,149	1,149	11,485	3,791	474	474	4,739
Professional fees	-	13,417	26,995	40,412	-	10,913	21,956	32,869
Credit card fees	3,268	409	409	4,086	2,831	354	354	3,539
Telephone	3,642	455	455	4,552	5,336	667	667	6,670
Website expense	-	-	900	900	-	-	1,257	1,257
Dues and subscriptions	7,753	968	968	9,689	8,350	1,042	1,042	10,434
Bank charges and fees	-	965	-	965	-	2,309	-	2,309
Insurance	6,770	845	845	8,460	6,614	826	826	8,266
Travel and entertainment	17,295	2,161	2,161	21,617	36,285	4,534	4,534	45,353
Utilities	2,477	309	309	3,095	2,683	335	335	3,353
Rent	15,360	1,920	1,920	19,200	15,360	1,920	1,920	19,200
Depreciation	2,870	358	358	3,586	4,286	535	535	5,356
Miscellaneous expense	3,155	394	393	3,942	1,820	227	227	2,274
Total expenses before direct benefit cost of fundraising events	961,848	52,174	69,977	1,083,999	1,060,863	50,792	64,383	1,176,038
Direct benefit costs of fundraising events	-	-	57,642	57,642	-	-	52,615	52,615
Total expenses	<u>\$ 961,848</u>	<u>\$ 52,174</u>	<u>\$ 127,619</u>	<u>\$ 1,141,641</u>	<u>\$ 1,060,863</u>	<u>\$ 50,792</u>	<u>\$ 116,998</u>	<u>\$ 1,228,653</u>

See accompanying notes to financials statements and independent auditor's report.

**A SOLDIER'S CHILD, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (43,259)	\$ 26,019
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	3,586	5,356
Forgiveness of Payrol Protection Program note payable	(48,210)	-
Increase in operating assets:		
Interest receivable	(592)	(54)
Prepaid expenses	(3,500)	-
Increase (decrease) in operating liabilities:		
Accounts payable	31,644	3,210
Accrued expenses	<u>(9,013)</u>	<u>3,227</u>
Cash provided by (used in) operating activities	(69,344)	37,758
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(1,470)	(8,250)
Purchase of certificate of deposit	<u>(4,614)</u>	<u>(4,500)</u>
Cash used in financing activities	(6,084)	(12,750)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Payroll Protection Program note payable	<u>48,210</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	(27,218)	25,008
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>555,173</u>	<u>530,165</u>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 527,955</u></u>	<u><u>\$ 555,173</u></u>

See accompanying notes to financial statements and independent auditor's report.

**A SOLDIER'S CHILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

**NOTE A—NATURE OF ACTIVITIES, BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations

A Soldier's Child, Inc. (the "Organization") is a nonprofit organization under Section 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 military personnel who have lost their lives on active duty service or any post service-related injury or illness resulting in death, 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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as net assets with donor restriction revenue when received, and such unexpended amounts are reported as net assets with donor restrictions at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as "released from restrictions". As of December 31, 2020 and 2019, the Organization had no net assets with donor restrictions.

Net assets with donor restrictions also 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.

Contributions and Grants

Contributions and grants are recognized as revenue when received or unconditionally pledged. All contributions and grants are available for unrestricted use unless specifically restricted by the donor or grantor. Contributions or grants that are restricted by the donor or grantor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions or grants are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**A SOLDIER'S CHILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

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

Cash and Equivalents

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

Certificate of Deposit

The Organization purchased a certificate of deposit with an interest rate of 2.25% maturing in of June 2021. Therefore, the certificate of deposit has been reported as an "other asset" as of December 31, 2019 and a current asset as of December 31, 2020 on the statements of financial position.

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 an accelerated method over the estimated useful lives of the related assets at 5 years.

Functional Expenses

Expenses are summarized and categorized based upon their functional classification as either program, management and general or fundraising. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, the expenses require allocation on a reasonable basis that is consistently applied. The Organization has determined the allocation based on estimates of time and effort within the salaries and compensation expense; which in turn created a percent allocation that was used to determine the allocation of certain expenses.

Advertising Expenses

Advertising costs include costs to promote the Foundation and specific programs are expensed as incurred on the statements of functional expenses. Advertising expense for the years ended December 31, 2020 and 2019 totaled \$26,853 and \$28,855, respectively.

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 2019, 2018, 2017 and 2016. 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, 2020 and 2019.



**A SOLDIER'S CHILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

**NOTE B—PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following as of December 31, 2020 and 2019:

	2020	2019
Vehicle	\$ 31,369	\$ 31,369
Furniture and equipment	13,416	11,946
Totals	44,785	43,315
Less: Accumulated depreciation	(37,564)	(33,978)
Total property and equipment, net	<u>\$ 7,221</u>	<u>\$ 9,337</u>

For the years ending December 31, 2020 and 2019, depreciation expense totaled \$3,586 and \$5,356, respectively.

**NOTE C – PAYROLL PROTECTION PROGRAM LOAN FORGIVENESS**

During the year ended December 31, 2020, the world entered a pandemic due to COVID-19. To assist entities through economic downturn due to the pandemic, the United States government offered the Payroll Protection Program. Through this program, the government provided funds equal to two and a half months payroll originally as a note payable. These funds were to be used for payroll and the related cost, utilities and rent payments. If these funds are used for these purposes, the note payable would be forgiven.

The Organization received funds totaling \$48,210 through the program and spent the funds for the designated purposes. As of December 31, 2020, the note had not formally been forgiven. Since the funds were spent for the designated purposes and the note payable was subsequently forgiven the Organization has recorded the funds as “forgiveness of Payroll Protection Program note payable” on the statement of activities in the period the reimbursed disbursements were paid.

**NOTE D—AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization’s financial assets as December 31, 2020 and 2019, reduced by amounts not available for general use because of donor imposed restrictions within one year of December 31, 2020 and 2019.

	2020	2019
Financial assets, at year-end	\$ 737,069	\$ 557,594
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 737,069</u>	<u>\$ 557,594</u>

The Organization is substantially supported by contributions without donor restrictions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization’s liquidity management it maintains a level of cash related to contributions without donor restrictions.

**A SOLDIER'S CHILD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

**NOTE E—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, 2020 and 2019, the Organization incurred expenses related to program services totaling to \$961,848 and \$1,060,863, respectively, in relation to management and general totaling to \$52,174 and \$50,792, respectively, and in relation to fundraising \$127,619 and \$116,998, respectively.

**NOTE F—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, 2020 and 2019, funds in excess of the FDIC limit totaled \$195,364 and \$287,151, respectively.

**NOTE G—RENT**

In January 2016 the Organization entered into a lease agreement for specific office space with perpetual lease term 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 each of the years ended December 31, 2020 and 2019, the Organization has recorded rent expense of \$19,200 and in turn increased contributions.

**NOTE H—RELATED PARTIES**

During the years ended December 31, 2020 and 2019, certain members of the board and their companies have performed services for the Organization which totaled \$16,235 and \$13,797, respectively. As of December 31, 2020 and 2019, accounts payable due to the related entity was \$3,425 and \$2,587, respectively.

**NOTE I—CONCENTRATION**

During the years ended December 31, 2020 and 2019 the Organization received contributions from one donor in the current year and three donors in the prior year totaling \$155,000 and \$250,000, respectively, which accounts for 14% and 20%, respectively, of revenue and other support.

**NOTE J—SUBSEQUENT EVENTS**

Subsequent events have been evaluated through May 5, 2021, 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.