

A Soldier's Child, Inc.

(A Nonprofit Organization)

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

For the Years Ended December 31, 2021 and 2020





Independent Auditor's Report

To the Board of Directors of
A Soldier's Child, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of A Soldier's Child, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of A Soldier's Child, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of A Soldier's Child, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about A Soldier's Child, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 A Soldier's Child, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about A Soldier's Child, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

A handwritten signature in black ink, appearing to read "Miller CPA, PLLC", is written over the printed text.

Miller CPA, PLLC
Murfreesboro, TN
July 13, 2022

A SOLDIER'S CHILD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 and 2020

	ASSETS	
	2021	2020
CURRENT ASSETS		
Cash and equivalents	\$ 633,011	\$ 527,955
Certificate of deposit	213,819	209,114
Interest receivable	2,350	3,013
Total current assets	849,180	740,082
 PROPERTY AND EQUIPMENT, NET	 5,359	 7,221
 OTHER ASSETS		
Prepaid expenses	-	3,500
 TOTAL ASSETS	 \$ 854,539	 \$ 750,803
 LIABILITIES AND NET ASSETS		
 CURRENT LIABILITIES		
Accounts payable	\$ 32,639	\$ 47,789
Accrued expenses	9,124	8,401
Total current liabilities	41,763	56,190
 NET ASSETS		
Net assets with donor restrictions	20,000	-
Net assets without donor restrictions	792,776	694,613
Total net assets	812,776	694,613
 TOTAL LIABILITIES AND NET ASSETS	 \$ 854,539	 \$ 750,803

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, 2021 and 2020

	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Revenue and other support						
Contributions	\$ 350,441	\$ -	\$ 350,441	\$ 270,340	\$ -	\$ 270,340
Fundraising events	357,990	-	357,990	294,878	-	294,878
Corporate sponsorships	487,460	20,000	507,460	480,286	-	480,286
Forgiveness of Payment Protection Program note payable	-	-	-	48,210	-	48,210
Interest income	3,460	-	3,460	4,668	-	4,668
Total revenue and other support	1,199,351	20,000	1,219,351	1,098,382	-	1,098,382
Expenses						
Program services	922,293	-	922,293	961,848	-	961,848
Supporting services						
Management and general	53,035	-	53,035	52,174	-	52,174
Fundraising	125,860	-	125,860	127,619	-	127,619
Total expenses	1,101,188	-	1,101,188	1,141,641	-	1,141,641
INCREASE (DECREASE) IN NET ASSETS	98,163	20,000	118,163	(43,259)	-	(43,259)
Net assets without donor restrictions at beginning of year	694,613	-	694,613	737,872	-	737,872
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	\$ 792,776	\$ 20,000	\$ 812,776	\$ 694,613	\$ -	\$ 694,613

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, 2021 and 2020

	2021				2020			
	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	\$ 174,197	\$ 21,775	\$ 21,775	\$ 217,747	\$ 177,642	\$ 22,206	\$ 22,206	\$ 222,054
Employee benefits	6,960	870	870	8,700	9,595	1,199	1,199	11,993
Payroll taxes	13,552	1,694	1,694	16,940	14,016	1,752	1,752	17,520
Total compensation and expenses	194,709	24,339	24,339	243,387	201,253	25,157	25,157	251,567
Program services	633,429	-	-	633,429	659,478	-	-	659,478
Advertising and promotion	22,722	2,840	2,840	28,402	21,483	2,685	2,685	26,853
Donor management	-	-	5,316	5,316	-	-	4,291	4,291
Office supplies	3,196	399	399	3,994	7,857	982	982	9,821
Equipment rental and maintenance	4,396	550	550	5,496	9,187	1,149	1,149	11,485
Professional fees	-	13,208	26,575	39,783	-	13,417	26,995	40,412
Credit card fees	4,179	523	523	5,225	3,268	409	409	4,086
Telephone	4,340	542	542	5,424	3,642	455	455	4,552
Website expense	-	-	1,711	1,711	-	-	900	900
Dues and subscriptions	6,843	855	855	8,553	7,753	968	968	9,689
Bank charges and fees	-	3,723	-	3,723	-	965	-	965
Insurance	7,824	976	976	9,776	6,770	845	845	8,460
Travel and entertainment	16,011	2,001	2,001	20,013	17,295	2,161	2,161	21,617
Utilities	2,344	292	292	2,928	2,477	309	309	3,095
Rent	15,360	1,920	1,920	19,200	15,360	1,920	1,920	19,200
Depreciation	1,490	186	186	1,862	2,870	358	358	3,586
Miscellaneous expense	5,450	681	678	6,809	3,155	394	393	3,942
Total expenses before direct benefit cost of fundraising events	922,293	53,035	69,703	1,045,031	961,848	52,174	69,977	1,083,999
Direct benefit costs of fundraising events	-	-	56,157	56,157	-	-	57,642	57,642
Total expenses	<u>\$ 922,293</u>	<u>\$ 53,035</u>	<u>\$ 125,860</u>	<u>\$ 1,101,188</u>	<u>\$ 961,848</u>	<u>\$ 52,174</u>	<u>\$ 127,619</u>	<u>\$ 1,141,641</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 118,163	\$ (43,259)
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	1,862	3,586
Forgiveness of Payrol Protection Program note payable	-	(48,210)
Decrease (increase) in operating assets:		
Interest receivable	663	(592)
Prepaid expenses	3,500	(3,500)
Increase (decrease) in operating liabilities:		
Accounts payable	(15,150)	31,644
Accrued expenses	723	(9,013)
Cash provided by (used in) operating activities	<u>109,761</u>	<u>(69,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(1,470)
Purchase of certificate of deposit	(4,705)	(4,614)
Cash used in financing activities	<u>(4,705)</u>	<u>(6,084)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program note payable	<u>-</u>	<u>48,210</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	105,056	(27,218)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>527,955</u>	<u>555,173</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 633,011</u>	<u>\$ 527,955</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, 2021 and 2020

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".

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, 2021 and 2020

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 2022. Therefore, the certificate of deposit has been reported as a current asset 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 and Promotion Expenses

Advertising and promotion costs include costs to promote the Organization and specific programs are expensed as incurred on the statements of functional expenses. Advertising and promotion expense for the years ended December 31, 2021 and 2020 totaled \$28,402 and \$26,852, 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 2020, 2019, 2018, and 2017. 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, 2021 and 2020.

A SOLDIER'S CHILD, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

NOTE B—PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of December 31, 2021 and 2020:

	2021	2020
Vehicle	\$ 31,369	\$ 31,369
Furniture and equipment	13,416	13,416
Totals	44,785	44,785
Less: Accumulated depreciation	(39,426)	(37,564)
Total property and equipment, net	\$ 5,359	\$ 7,221

For the years ending December 31, 2021 and 2020, depreciation expense totaled \$1,862 and \$3,586, 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. The note payable was formally forgiven during the year ended December 31, 2021.

NOTE D—AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as December 31, 2021 and 2020, reduced by amounts not available for general use because of donor imposed restrictions within one year of December 31, 2021 and 2020.

	2021	2020
Financial assets, at year-end	\$ 849,180	\$ 740,082
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(20,000)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 829,180	\$ 740,082

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, 2021 and 2020

NOTE E — NET ASSETS WITH DONOR RESTRICTIONS

During the year ended December 31, 2021 the Organization received donated funds totaling \$20,000 for use in a 2022 summer youth camp. These funds are considered net assets with donor restricted net assets as of December 31, 2021. As of December 31, 2020 there were no net assets with donor restrictions.

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, 2021 and 2020, funds in excess of the FDIC limit totaled \$369,155 and \$277,955, 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, 2021 and 2020, the Organization has recorded rent expense of \$19,200 and in turn increased contributions.

NOTE H—RELATED PARTIES

During the years ended December 31, 2021 and 2020, certain members of the board and their companies have performed services for the Organization which totaled \$13,616 and \$16,235, respectively. As of December 31, 2021 and 2020, accounts payable due to the related entity was \$525 and \$3,425, respectively.

NOTE I—CONCENTRATION

During the years ended December 31, 2021 and 2020, the Organization received contributions from one donor in the current and prior year totaling \$207,500 and \$155,000, respectively, which accounts for 17% and 14%, respectively, of revenue and other support.

NOTE J—RETIREMENT PLAN

During the year ended December 31, 2021, the Organization started participating in a retirement plan. The plan covers all full-time employees. Management at the end of each year determined the amount the Organization contributed into the plan. As of December 31, 2021, the Organization contributed \$5,200 in matching contributions. During the year ended December 31, 2020, the Organization did not provide a contribution plan for employees.

NOTE K—SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 13, 2022, 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.