

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.

INDEPENDENT AUDITOR'S REPORT

and

FINANCIAL STATEMENTS

for the Year Ended

December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
AdoptaPlatoon Soldier Support Effort, Inc.

We have audited the accompanying financial statements of AdoptaPlatoon Soldier Support Effort, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 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 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 AdoptaPlatoon Soldier Support Effort, Inc., as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



San Benito, Texas
September 30, 2016

Accounting and Auditing Services

Federal and State Income and Franchise Tax Services

Medicare and Medicaid Cost Reports

Financial Statements Preparation, Compilation, Accounting Reviews, and Projections and Forecasts

IRS Resolutions

FINANCIAL STATEMENTS

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.
Statement of Financial Position
December 31, 2015

Assets	
Cash and cash equivalents	\$ 896,689
Accounts receivables	566,406
Prepaid	16,942
Inventories	452,795
Short-term investments	325,064
Land, buildings and equipment, net	<u>227,927</u>
Total Assets	<u>2,485,823</u>
Liabilities and Net Assets	
Accounts payable	943,104
Accrued expenses and other current liabilities	<u>73,697</u>
Total liabilities	1,016,801
Net Assets	
Unrestricted	<u>1,469,022</u>
Temporarily restricted	
Permanently restricted	
Total Liabilities and Net Assets	<u>\$ 2,485,823</u>

The accompanying notes are an integral part of these financial statements.

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.
Statement of Activities
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support				
Program support- contributions	\$ 8,063,147	\$ -	\$ -	\$ 8,063,147
Interest income and miscellaneous	208			208
Total Revenues, Gains, and Other Support	8,063,355			8,063,355
Expenses				
Program services	7,993,313			7,993,313
Fundraising	392,812			392,812
Management and general	112,051			112,051
Total expenses	8,498,176			8,498,176
Change in net assets	(434,821)			(434,821)
Net assets at beginning of year	1,903,843			1,903,843
Net Assets at End of Year	\$ 1,469,022	\$ -	\$ -	\$ 1,469,022

The accompanying notes are an integral part of these financial statements.

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.
Statement of Functional Expense
For the Year Ended December 31, 2015

Description	Program Support	Management and General	Fundraising	Totals
Payroll				
Salaries and wages	\$ 539,461	\$ 49,123	\$ 9,794	\$ 598,378
Employee benefits		3,727		3,727
Payroll taxes	46,546	4,238	848	51,632
Total salaries-wages and related expenses	586,007	57,088	10,642	653,737
Troop support	3,510,423		14,602	3,525,025
Postage	1,969,353			1,969,353
Printing and publications	1,589,353			1,589,353
Fundraising			272,110	272,110
Mail listings			91,039	91,039
Office expenses	53,811	39,799		93,610
Professional and contractual services	74,541			74,541
Insurance	22,024			22,024
Computer services	38,491			38,491
Occupancy	94,920	8,153		103,073
Travel and conferences	20,273			20,273
Miscellaneous	24,723	3,180	4,419	32,322
Total expenses before depreciation	7,983,919	108,220	392,812	8,484,951
Depreciation	9,394	3,831		13,225
Total Expenses	\$ 7,993,313	\$ 112,051	\$ 392,812	\$ 8,498,176

The accompanying notes are an integral part of these financial statements.

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.
Statement of Cash Flows
For the Year Ended December 31, 2015

Cash flows form operating activities

Changes in net assets	\$ (434,821)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	13,225
(Increase) decrease in:	
Accounts receivable	(520,289)
Inventories	(143,374)
Prepaid expenses	381,710
Increase (decrease) in:	
Accounts payable	346,560
Accrued expenses	(2,880)
Net cash (used) provided by operating activities	<u>(359,869)</u>

Cash flows from investing activities

Purchases of property and equipment	0
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Cash flows from financing activities

Net cash (used provided by financial activities	<u>349,621</u>
Net Increase (decrease) in cash and cash equivalents	(10,248)
Cash and cash equivalents, beginning of year	<u>906,937</u>
Cash and cash equivalents, end of year	<u>\$ 896,689</u>

The accompanying notes are an integral part of these financial statements.

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.
Notes to the financial statements
For the Year Ended December 31, 2015

Description of Organization

AdoptaPlatoon Solider Support Effort, Inc... (a not-for-profit organization) was organized in 1998, with the mission to serve United States military forces deployed all over the world, especially those service members in remote oversea areas, regardless of branch of service and to assist family members. A nonprofit 501 (c) (3) organization managed by a few employees and thousands volunteers, (about 48,000), with its headquarters located in San Benito, Texas, and highly involved branch offices located in New Hampshire, Ohio. The primary function of this organization is the sending of care packages to troop overseas, with a secondary focus on assisting military families. The organization has a large database linking service members with families and individuals that send support and correspondence to service members.

General and administrative activities include the functions necessary to provide support of the organization's program activities, including, not limited to, governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaign; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (US GAAP) for Non-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of estimates The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based on historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes to net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.
Notes to the financial statements
For the Year Ended December 31, 2015

Unrestricted Net Assets - *Unrestricted* net assets are resources available to support operations. The only limits on the use on unrestricted net assets are the board limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily Restricted Net Assets – Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restrictions is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets – Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expires by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

Cash Equivalents – Cash equivalents are short-term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Accounts Receivable – Accounts receivables are primarily unsecured non-interest-bearing amounts due from grantors on cost reimbursement or performance grants. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectible receivable has been provided.

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.

Notes to the financial statements

For the Year Ended December 31, 2015

Inventory – A major objective of accounting for inventories is the proper determination of income through the process of matching appropriate costs against revenues. The organization implements a purchase order system and conducts periodical monthly physical inventories, which provides the necessary adjustment of the inventory and expense accounts. The average cost method is used for valuations. As of December 31, 2014, the organization had no significant inventories.

Short Term Investments – The organization invests cash in excess of its immediate needs in money market funds and U.S. Government and Government Agency issues. Short term investments are reported at fair value. The fair value of money market fund units is determined by the published net asset value per unit at the end of the last trading day of the year. The fair value for investments in U.S. Government and Government Agency issues is determined by the closing bid price on the last business day of the fiscal year.

Contributions Receivable – Contribution receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are recorded at net realized value. Contribution receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. No contribution receivables were recognized in the financial statements in the current period.

Land, Buildings and Equipment – Land, buildings and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalizes if it has a cost of \$2,500.00 or more and a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follow:

Buildings and improvements	40 years
Leasehold improvements	20 years or remaining lease Term, if shorter
Equipment	5 to 10 years
Equipment used under capital lease	5 to 7 years

Land, buildings and equipment are reviewed for impairment when a significant change in the asset's use or another indicator or possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

Accounting for Contributions – Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed asset is specially restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.

Notes to the financial statements

For the Year Ended December 31, 2015

or permanently restricted net assets. All contributions received were unrestricted and reported as increases to unrestricted net assets.

Expense Recognition and Allocation - The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in the future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising, management and general and program support in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Tax Status – The organization is incorporated exempt from federal income taxation under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending 2012, 2013, and 2014 are still open to audit for both federal and state purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.

Investments

	<u>Fair Value</u>
Short-term investments	
Money Markets funds	\$ 315876
Certificate of deposit and savings	<u> 9,188</u>
Total short-term investments	<u>\$325,064</u>

ADOPTAPLATOON SOLDIER SUPPORT EFFORT, INC.
Notes to the financial statements
For the Year Ended December 31, 2015

Land, Buildings and Equipment

Land, buildings and equipment at December 31, 2015, are as follows:

Land	\$ 30,000
Buildings and improvements	212,731
Equipment	46,703
Vehicle	29,513
Depreciation and amortization	<u>(91,020)</u>
Total, net	<u>\$ 227,927</u>

Concentrations of Risk

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The organization deposits its cash with high quality financial institutions and management believes the organization is not exposed to significant credit risk on those amounts.

Related Parties

The executive director and the treasure, who are also directors, are related by marriage. One other director is the vice-president in charge of operations.

Subsequent Events

Subsequent events have been evaluated through September 30, 2016, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.