

SERVE OUR WILLING WARRIORS

**Financial Statement for the Year Ended December 31, 2014
and Independent Auditors' Report
Dated January 28, 2016**

HENDERSHOT, BURKHARDT & ASSOCIATES
Certified Public Accountants
7525 Presidential Lane, Manassas VA 20109
TELEPHONE (703) 361-1592 FAX (703) 361-0836
E-MAIL: rick@hbacpas.com

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Hendershot Burkhardt & Associates

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Members of the Board of Directors
Serve Our Willing Warriors
Washington, DC

Audit Services:

Government Services
A-133 Audits
ERISA Audits
Not-For-Profits
Commercial Audits
Financial Reviews

Tax Services:

Tax Planning
Tax Preparation
Estates & Trusts
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Installment Agreements

Accounting Services:

Bookkeeping
Month-end Accounting
Compilations

Business Services:

Business Consulting
Business Plans

We have audited the accompanying financial statements of Serve our Willing Warriors ("the Organization"), which comprise the statements of financial position as of December 31, 2014, 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 Serve our Willing Warriors as of December 31, 2014, 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.

Hendershot, Burkhardt & Associates Certified Public Accountants
Hendershot, Burkhardt & Associates Certified Public Accountants
Manassas, Virginia

January 28, 2016

Serve Our Willing Warriors
Statement of Financial Position
As of December 31, 2014

ASSETS

Current Assets

Cash	\$ 175,939
Receivables	<u>11,827</u>
Total Current Assets	187,766

Property and Equipment

Land	158,800
Building	698,670
Building Improvements	3,860
Donated Furniture and Equipment	95,650
Furniture & Equipment	8,645
Less: Accumulated Depreciation	<u>(15,506)</u>
Total Property and Equipment	<u>950,119</u>
Total Assets	<u><u>\$ 1,137,885</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities

Unearned Revenue	\$ 1,589
Loans from Board Members	30,249
Notes Payable	<u>20,754</u>
Total Current Liabilities	<u>52,592</u>

Long-term Liabilities:

Notes Payable	<u>812,203</u>
Total Long-term Liabilities	<u>812,203</u>
Total Liabilities	864,795

Net Assets

Unrestricted Net Assets, Undesignated	<u>273,090</u>
Total Net Assets	<u>273,090</u>
Total Liabilities and Net Assets	<u><u>\$ 1,137,885</u></u>

See the Independent Auditors' Report and notes to the financial statements

Serve our Willing Warriors
Statement of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>			
Contributions	\$ 168,033	\$ 9,590	\$ 177,623
Donated Furniture and Equipment	95,650	-	95,650
Special Event Income	66,266	-	66,266
Grants	13,000	-	13,000
Apparel Sales	905	-	905
Program Income	50	-	50
Miscellaneous	4,400	-	4,400
Total Support and Revenue	348,304	9,590	357,894
Cost of Special Events	<u>19,390</u>	<u>-</u>	<u>19,390</u>
Gross Support and Revenue	328,914	9,590	338,504
<u>Expenses</u>			
Programs	86,195	-	86,195
General and Administrative	31,403	-	31,403
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>117,598</u>	<u>-</u>	<u>117,598</u>
Change in Net Assets	211,316	9,590	220,906
Net Assets, Beginning of Year	<u>52,184</u>	<u>-</u>	<u>52,184</u>
Net Assets, End of Year	<u><u>\$ 263,500</u></u>	<u><u>\$ 9,590</u></u>	<u><u>\$ 273,090</u></u>

See the Independent Auditors' Report and notes to the financial statements

Serve our Willing Warriors
Statement of Cash Flows
For the Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 220,906
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:	
Depreciation	15,393
(Increase)/Decrease in contribution receivables	(13,915)
(Increase)/Decrease in deferred revenue	<u>1,589</u>
Net cash provided/(used) by operating activities	223,973

CASH FLOW FROM INVESTING ACTIVITIES:

Fixed Asset Purchases	<u>(962,972)</u>
Net cash provided/(used) by investing activities	(962,972)

CASH FLOW FROM FINANCING ACTIVITIES:

Loans from Founders	<u>832,958</u>
Net increase/(decrease) in cash	93,959
Cash, <i>Beginning of Year</i>	<u>81,980</u>
Cash, <i>End of Year</i>	<u><u>\$ 175,939</u></u>

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Serve our Willing Warriors
Statement of Functional Expenses
For the Year Ended December 31, 2014

	<u>Programs</u>	<u>General & Admin</u>	<u>Fundraising</u>	<u>Total</u>
Rent and Parking	\$ 34,202	\$ -	\$ -	\$ 34,202
Venue Fees and Gift Cards	3,487	-	-	3,487
Supplies	-	4,181	-	4,181
Taxes, Licenses, and Fees	-	8,229	-	8,229
Interest Expense	6,698	-	-	6,698
Insurance	5,546	365	-	5,911
Professional Fees	-	5,222	-	5,222
Telephone	562	197	-	759
Advertisement	9,838	3,457	-	13,295
Printing	2,098	776	-	2,874
Postage and Delivery	661	244	-	905
Repairs and Maintenance	1,071	-	-	1,071
Charitable Contributions	2,200	-	-	2,200
Website	4,346	1608	-	5,954
Leased Equipment	279	-	-	279
Meetings	137	622	-	759
Utilities	1,851	-	-	1,851
Banking and Credit Card Fees	-	1,613	-	1,613
Miscellaneous	1,982	733	-	2,715
Depreciation	11,237	4,156	-	15,393
TOTALS	<u><u>\$ 86,195</u></u>	<u><u>\$ 31,403</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 117,598</u></u>

See the Independent Auditors' Report and notes to the financial statements

Serve our Willing Warriors
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 1: THE ORGANIZATION

Serve our Willing Warriors (the “Organization”) is registered under the Commonwealth of Virginia as a Not for Profit Corporation. Organized in 2012, the Organization provides assistance to men and women faced with the consequences of serving within in the United States armed forces.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America.

Cash - Cash includes all monies in a business checking account and a business savings account.

Property and Equipment - The Organization capitalizes all property and equipment acquisitions in excess of \$1,000. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Property and equipment are depreciated using the straight-line method. Furniture and Equipment are depreciated over 5 to 7 years and the building is depreciated over 39 years. The Organization’s 2014 depreciation expense amounted to \$1,729 for equipment and \$13,664 for the retreat’s furniture for the year ended December 31, 2014.

Revenue Recognition - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization reports gifts of furniture and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Serve our Willing Warriors
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expenses - Expenses are allocated into functional categories based upon the purpose of the expenditures. Expenses have been summarized in the accompanying statement of activities as follows:

Program – includes expenses related to long-term housing and board, pregnancy testing, counseling, referrals, emergency aid, events, etc. for the Organization's clients.

General and Admin – includes expenses not directly related to specific program or fundraising functions incurred by the Organization in the accomplishment of its tax-exempt purposes.

Fundraising Events – includes expenses related to various fund raising event activities such as an open house, charity golf tournament, wine testing, a 5k run and other events with the purpose of raising financial support.

Fundraising – includes expenses related to direct mailings and fundraising appeals conducted for the purpose of recruiting new contributors and requesting additional support from current contributors.

Income Taxes - The Organization is exempt from federal income tax as described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Organization are deductible for federal income, estate, and gift tax purposes. In addition, the Organization has been classified by the Internal Revenue Service as a public charity and is not a private foundation. The Organization has not incurred any income tax liability under Section 511 of the Internal Revenue Code for Unrelated Business Income for the year ended December 31, 2014.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Serve our Willing Warriors
Notes to the Financial Statements
For the Year Ended December 31, 2014

Note 3: FOUNDER'S LOAN PAYABLE

The founders of this organization made a \$200,000 loan on December 31, 2012. A sales contract was placed on the property in the founder's name. On January 24, 2013, \$600 was paid by the Organization toward the founders' real estate acquisition. The founders' went to settlement in March 2013. The settlement sheet and title of the real estate was in the founders' name. The Organization disbursed \$170,000 on March 4, 2013, toward the purchase of this real estate.

Since the property was titled in the founders' name, and not the Organization's name, the Organization took ownership of the property in 2014 via an assumption of debt via a Special Warranty Deed of Assumption.

The promissory note establishes an interest rate of 4 ½ percent over a 20 year period with a balloon payment due in 2019.

Note 4: COMMERCIAL MORTGAGE

The founders of this Organization purchased property in 2013. The Organization assumed the ownership of this property and the remaining mortgage in October 2014 through a Special Warranty Deed of Assumption. The promissory note was created on March 3, 2013. Interest is computed at 4 percent over a 60 month period with a balloon payment due on March 4, 2018.

Note 5: RESTRICTED NET ASSETS

There were no permanently or temporarily restricted net assets as of December 31, 2014.

Note 6: RELATED PARTY TRANSACTIONS

The Organization entered into business relationships with the founders, family members, and businesses owned by the founders and family members. The most significant related party transaction was the Organization's purchase of land and buildings valuing at \$875,000 along with significant loans, valuing at \$200,000, from the founders.

Note 7: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through January 28, 2016, the date on which the financial statements were available to be issued.