

SERVE OUR WILLING WARRIORS

**Financial Statement for the Year Ended December 31, 2013
and Independent Auditors' Report
Dated September 30, 2014**

HENDERSHOT, BURKHARDT & ASSOCIATES
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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
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Installment Agreements

Accounting Services:

Bookkeeping
Month-end Accounting
Compilations

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We have audited the accompanying financial statements of Serve our Willing Warriors ("the Organization"), which comprise the statement of financial position as of December 31, 2013, and the related statement of activities, cash flows, and functional expenses, for the year then ended, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statement 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 statement 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 statement 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 statement are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to above present fairly, in all material respects, the financial position of Serve our Willing Warriors as of December 31, 2013, 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
September 30, 2014

Serve Our Willing Warriors
Statement of Financial Position
As of December 31, 2013

ASSETS

Current Assets

Cash	\$ 81,980
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Total Current Assets	81,980
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Property and Equipment

Equipment	567
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Less: Accumulated Depreciation	<u>(113)</u>
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Total Property and Equipment	<u>454</u>
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Total Assets	<u><u>\$ 82,434</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Loans from Board Members	\$ 30,251
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Total Liabilities	30,251
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Net Assets

Unrestricted Net Assets, Undesignated	<u>52,183</u>
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Total Net Assets	<u>52,183</u>
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Total Liabilities and Net Assets	<u><u>\$ 82,434</u></u>
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See the Independent Auditors' Report and notes to the financial statements

Serve our Willing Warriors
Statement of Activities
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Support and Revenue</u>			
Contributions	\$ 90,393	\$ -	\$ 90,393
Special Event Income	43,468	-	43,468
Sponsorship	500	-	500
Apparel Sales	180	-	180
Program Income	-	-	-
Miscellaneous	10	-	10
Interest and Dividends	-	-	-
Unrealized Investment Gain/(Loss)	-	-	-
Release from Temporarily Restrictions	-	-	-
	<hr/>	<hr/>	<hr/>
Total Support and Revenue	134,551	-	134,551
Cost of Special Events	<hr/> 34,242	<hr/> -	<hr/> 34,242
Gross Support and Revenue	100,309	-	100,309
<u>Expenses</u>			
Programs	1,400	-	1,400
General and Administrative	49,997	-	49,997
Fundraising	<hr/> 1,546	<hr/> -	<hr/> 1,546
Total Expenses	<hr/> 52,943	<hr/> -	<hr/> 52,943
Change in Net Assets	47,366	-	47,366
Net Assets, Beginning of Year	<hr/> 4,817	<hr/> -	<hr/> 4,817
Net Assets, End of Year	<u><u>\$ 52,183</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 52,183</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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 47,366
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:	
Depreciation	<u>113</u>
Net cash provided/(used) by operating activities	47,479

CASH FLOW FROM INVESTING ACTIVITIES:

Purchased Equipment	<u>(567)</u>
Net cash provided/(used) by investing activities	(567)

CASH FLOW FROM FINANCING ACTIVITIES:

Loans from Founders	<u>(169,750)</u>
Net increase/(decrease) in cash	(122,838)
Cash, <i>Beginning of Year</i>	<u>204,818</u>
Cash, <i>End of Year</i>	<u><u>\$ 81,980</u></u>

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

Serve our Willing Warriors
Statement of Functional Expenses
For the Year Ended December 31, 2013

	<u>Programs</u>	<u>General & Admin</u>	<u>Fund Raising Events</u>	<u>Fundraising</u>	<u>Total</u>
Rent and Parking	\$ -	\$ 32,265	\$ 2,402	\$ -	\$ 34,667
Venue Fees and Gift Cards	-	-	20,700	-	20,700
Supplies	97	1,133	5,931	927	8,088
Taxes, Licenses, and Fees	330	4,776	2,258	306	7,670
Interest Expense	-	3,349	-	-	3,349
Insurance	-	2,184	-	-	2,184
Professional Fees	-	2,106	-	-	2,106
Telephone	75	942	512	47	1,576
Advertisement	47	599	807	30	1,483
Printing	54	619	367	184	1,224
Fundraising Expenses	-	-	-	-	-
Postage and Delivery	40	465	276	25	806
Website	37	473	251	23	784
Leased Equipment	-	-	695	-	695
Meetings	568	-	-	-	568
Utilities	150	401	-	-	551
Banking and Credit Card Fees	-	371	-	-	371
Miscellaneous	-	250	-	-	250
Depreciation	<u>2</u>	<u>64</u>	<u>43</u>	<u>4</u>	<u>113</u>
TOTALS	<u>\$ 1,400</u>	<u>\$ 49,997</u>	<u>\$ 34,242</u>	<u>\$ 1,546</u>	<u>\$ 87,185</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, 2013

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 \$500. 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 annual depreciation expense amounted to \$113 for the year ended December 31, 2013.

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, 2013

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 years ended December 31, 2013 and 2012.

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, 2013

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 \$170,600 was treated as a repayment toward the founders' loan. The balance of the loan payable as of December 31, 2013, amounted to \$30,251.

No interest rate was stipulated on this loan and no interest was paid to the founders on this loan as of December 31, 2013.

Note 4: RESTRICTED NET ASSETS

There were no permanently or temporarily restricted net assets as of December 31, 2013.

Note 5: RELATED PARTY TRANSACTIONS

The founders' of this Organization provided a \$200,000 loan on December 31, 2012. The Organization disbursed \$170,600 toward the founders' purchase of real estate property during the year ended December 31, 2013.

The Organization made 9 payments amounting to \$32,265 toward the mortgage associated with the Founders' purchase of the above real estate property. These expenses were recorded as rent expense.

The Organization made payments amounting to \$6,599 for the real estate taxes on property owned by the Founders' of the Organization. This cost was coded to taxes and licenses.

The Organization made payments amounting to \$3,349 for interest on an equity line of credit in the Founders' name in lieu of making interest payments on the \$200,000 loan they made to the Organization.

Note 6: SUBSEQUENT EVENTS

Management evaluated events and transactions that occurred after the statement of financial position date for potential recognition and disclosure through September 30, 2014, the date on which the financial statements were available to be issued.