

SUPPORT THE ENLISTED PROJECT, INC.
FINANCIAL STATEMENTS
JUNE 30, 2015

SUPPORT THE ENLISTED PROJECT, INC.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Support The Enlisted Project, Inc.

We have audited the accompanying financial statements of Support The Enlisted Project, Inc., a nonprofit organization, which comprise of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, 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 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.

Earning Your Trust Since 1946

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Support The Enlisted Project, Inc., a nonprofit organization, as of June 30, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Considine & Considine", with a stylized ampersand between the two names.

CONSIDINE & CONSIDINE
An Accountancy Corporation

November 13, 2015

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

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ASSETS

CURRENT ASSETS

Cash	\$ 151,198
Accounts Receivable	29,599
Prepaid Expenses	1,922
	182,719

PROPERTY AND EQUIPMENT (Note 3)

358

OTHER ASSETS

Inventory (Note 4)	5,620
Investments (Note 5)	48,056
Deposits	4,569
	58,245

TOTAL ASSETS

241,322

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	15,108
Accrued Liabilities (Note 7)	22,040

TOTAL LIABILITIES

37,148

NET ASSETS (Note 8)

Unrestricted	186,047
Temporarily Restricted	18,127

TOTAL NET ASSETS

204,174

TOTAL LIABILITIES AND NET ASSETS

\$ 241,322

See Accompanying Notes to the Financial Statements

SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2015

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	Unrestricted	Temporarily Restricted	Total
REVENUE			
Contributions	\$ 340,618	\$ 33,213	\$ 373,831
In-Kind Goods and Services (Note 9)	360,008	-	360,008
Grants	338,038	-	338,038
In-Kind Investment (Note 9)	48,813	-	48,813
Interest	702	-	702
Sales of Product	198	-	198
Unrealized Loss on Investment	(757)	-	(757)
Net Assets Released from Restriction	51,058	(51,058)	-
	<u>1,138,678</u>	<u>(17,845)</u>	<u>1,120,833</u>
EXPENSES			
Program	1,181,332	-	1,181,332
Management and General	127,319	-	127,319
Development	115,522	-	115,522
	<u>1,424,173</u>	<u>-</u>	<u>1,424,173</u>
CHANGE IN NET ASSETS	(285,495)	(17,845)	(303,340)
NET ASSETS - BEGINNING OF YEAR	471,541	35,973	507,514
NET ASSETS - END OF YEAR	<u>\$ 186,047</u>	<u>\$ 18,127</u>	<u>\$ 204,174</u>

See Accompanying Notes to the Financial Statements

**SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015**

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	<u>Program</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>
EXPENSES				
Personnel				
Salaries	\$ 205,013	\$ 83,215	\$ 77,404	\$ 365,632
Payroll Taxes	16,985	6,802	6,835	30,622
Health Benefits	6,210	3,040	2,450	11,700
Specific Assistance to Individuals				
Auto Assistance	134,327	-	-	134,327
Food, Furniture and Appliance Assistance	66,588	-	-	66,588
Housing Assistance	71,956	-	-	71,956
Other Program Assistance	30,724	-	-	30,724
Emergency Transitional Assistance				
Auto Assistance	20,880	-	-	20,880
Food Assistance	9,325	-	-	9,325
Housing Assistance	73,583	-	-	73,583
Other Program Assistance	9,943	-	-	9,943
Advertising	65,288	9,044	6,029	80,361
Conferences and Meetings	31,603	413	293	32,309
Depreciation	5,636	895	30	6,561
Dues and Subscriptions	837	167	111	1,115
Equipment Rent and Repairs and Maintenance	5,643	732	487	6,862
Information Technology	15,238	2,340	1,561	19,139
Insurance	8,751	1,567	1,045	11,363
Licenses and Fees	169	193	22	384
Occupancy	103,131	6,288	3,731	113,150
Other Secondary Support Programs	197,014	-	-	197,014
Postage, Shipping and Delivery	2,684	238	1,936	4,858
Printing, Copying and Publications	16,092	3,928	9,916	29,936
Professional Fees	58,467	3,739	2,170	64,376
Supplies	13,403	3,479	528	17,410
Telephone	4,999	1,000	666	6,665
Travel and Meals	6,843	239	308	7,390
TOTAL EXPENSES	<u><u>\$ 1,181,332</u></u>	<u><u>\$ 127,319</u></u>	<u><u>\$ 115,522</u></u>	<u><u>\$ 1,424,173</u></u>

**SUPPORT THE ENLISTED PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

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CASH FLOWS USED BY OPERATING ACTIVITIES

Change in Net Assets	\$ (303,340)
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**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS
TO NET CASH USED BY OPERATING ACTIVITIES**

Depreciation	6,561
Donated Investment	(48,813)
Unrealized Loss on Investment	757
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(29,599)
Prepaid Expenses	4,028
Inventory	1,003
Deposits	(4,569)
Accounts Payable	1,126
Accrued Liabilities	12,613
	(56,893)

NET CASH USED BY OPERATING ACTIVITIES	(360,233)
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CASH FLOWS PROVIDED BY INVESTING ACTIVITIES

Net Proceeds on Certificate of Deposit	99,778
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NET DECREASE IN CASH	(260,455)
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NET CASH, BEGINNING	411,653
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NET CASH, ENDING	\$ 151,198
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SUPPLEMENTAL DISCLOSURE

Noncash Investing Transaction:	
Donated Investment	\$ 48,813

See Accompanying Notes to the Financial Statements

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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NOTE 1 THE ORGANIZATION

Support The Enlisted Project, Inc. (the "Organization") is a California non-profit organization that was incorporated in 2005. The Organization provides emergency financial and transitional assistance grants to active duty and recently discharged enlisted military and their families in Southern California. The Organization provides aid to junior and mid-grade enlisted military families struggling not only with emergency financial hardship and crises, but also with the problems associated with everyday military life. Southern California has one of the highest cost of living indexes in the country and active duty military families living on meager base incomes struggle each month trying to make ends meet. The Organization also offers emergency financial assistance to veterans and their immediate families within the first 18 months after honorable discharge from service to assist in their successful reintegration back into civilian life. The Organization offers a multitude of services and programs to strengthen health and well-being for these families who demonstrate verified need. The Organization provides the following services and programs to active duty and recently discharged military families in Southern California per board approved standard operating procedures:

Emergency Financial Assistance Grants - Emergency food, rent and mortgage, utilities assistance, critical baby items, emergency dental care, vision care, emergency child care and in-home health care, auto repair, auto payment and insurance, emergency travel, essential home items and other emergency financial assistance.

Morale Programs - Holiday assistance, financial planning seminars/classes, wounded warrior care giver respite events and distribution of in-kind goods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles (GAAP) in the United States.

Estimates - The preparation of financial statements in conformity with GAAP requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial Statement Presentation - The Organization follows the Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which requires that net assets, support, revenue and gains, expenses and losses be classified as unrestricted, temporarily restricted and permanently restricted.

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Organization maintains a checking account at a national bank and a cash account at a national investment firm. At various times, cash balances may exceed federally insured deposit limits. As of June 30, 2015, there were no amounts in excess of FDIC limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Inventory - Inventory is comprised of gift cards, donated goods, and purchased goods and is stated at the lower of cost or market.

Property and Equipment - Property and equipment are stated at cost or fair market value at the date of donation, if donated. Depreciation is calculated on a straight line basis over the estimated useful lives of the depreciable assets of 3 to 7 years. Repairs and maintenance are charged to expense as incurred. It is the Organization's policy to capitalize all property and equipment greater than or equal to a cost or fair value of \$1,000. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognized in the current period financial statements.

Investments - Investments are carried at fair market value. Investment income on investments is recognized as revenue in the period it is earned, and realized and unrealized gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Fair Value Measurement - The Organization follows accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Revenue Recognition - The financial statements of the Organization are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when earned or a donor makes a promise to give that is, in substance, unconditional. Revenue from cost reimbursement of grants is generally recorded when the costs are billed to the granting agency.

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor-Imposed Restrictions - All contributions are considered to be unrestricted unless specifically restricted by donor. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as temporarily or permanently restricted, increasing those net assets classes. However, if a restriction is fulfilled in the same fiscal period in which the contribution is received, the support is reported as unrestricted.

In-Kind Goods – The Organization recognizes the value of donated goods by recording the donations at fair value. The fair value of donated goods has been measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). See Note 9 for additional information.

In-Kind Services - The Organization follows standards relating to contributions received and contributions made as consistent with FASB codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Volunteers have contributed significant amounts of their time to activities of the Organization; however, only the services that meet the above requirements are recorded in the financial statements. The fair value of donated services has been measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). See Note 9 for additional information.

In-Kind Investment - The Organization received common stock from a foundation as a grant award. The fair value of the donation is classified as Level 1 (see Note 5). See Note 9 for additional information.

Advertising - Advertising expenses are charged to expense as incurred.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Organization follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of June 30, 2015, the Organization has no accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California. The Organization is no longer subject to U.S. and California examination by tax authorities for years before 2011 and 2010, respectively.

**SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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NOTE 3 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

Vehicles	\$ 49,771
Office Equipment	7,390
Furniture and Fixtures	4,552
	<u>61,713</u>
Less: Accumulated Depreciation	(61,355)
	<u><u>\$ 358</u></u>

Depreciation expense was \$6,561 for the year ended June 30, 2015.

NOTE 4 INVENTORY

Inventory consisted of the following at June 30, 2015:

In-Kind Goods	\$ 3,609
Gift Cards	1,625
Purchased	386
	<u><u>\$ 5,620</u></u>

NOTE 5 INVESTMENTS

The investments are stated at fair value and consisted of the following at June 30, 2015:

	<u>Cost</u>	<u>Fair Value</u>
Common Stock		
Small Core	<u>\$ 48,813</u>	<u>\$ 48,056</u>

The following schedule summarizes the Organization's return on investment and its classification in the Statement of Activities for the year ended June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Unrealized Loss on Investment	<u>\$ (757)</u>	<u>\$ -</u>	<u>\$ (757)</u>

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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NOTE 6 FAIR VALUE MEASUREMENT

The Organization follows the method of fair value measurement to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The investment in common stock is valued at market price in an active market and has a readily determinable fair value. This asset is classified as Level 1.

Financial assets carried at fair value and measured on a recurring basis at June 30, 2015 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Common Stock				
Small Core	\$ 48,056	\$ -	\$ -	\$ 48,056

SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

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NOTE 7 ACCRUED LIABILITIES

Accrued liabilities consist of the following:

Accrued Vacation	\$ 21,144
Accrued Payroll Taxes	896
	<u>\$ 22,040</u>

NOTE 8 NET ASSETS

Net assets consisted of the following at June 30, 2015:

Unrestricted Net Assets	\$ 186,047
Temporarily Restricted Net Assets:	
Client Assistance	18,127
	<u>\$ 204,174</u>

NOTE 9 IN-KIND GOODS, SERVICES AND INVESTMENT

Donated goods of \$221,552 were recognized for the year ending June 30, 2015, which included clothing, event tickets, gift cards, household items, infant items, school supplies and toys. Donated services of \$138,456 were recognized for the year ended June 30, 2015, which included advertising, facilities, auto repair and legal services. On June 29, 2015 the Organization received \$48,813 in common stock from a foundation as a grant award. This investment was sold and converted to cash shortly after year-end.

NOTE 10 COMMITMENTS

The Organization leases its office space in San Diego under an operating lease. During the year ended June 30, 2015, the Organization entered into a 63 month lease. In August 2015, the Organization entered into a 39 month operating lease agreement for office equipment. Minimum future lease contract payments under non-cancelable operating leases and contracts having remaining terms in excess of one year for the year ended June 30 are as follows:

2016	\$ 37,234
2017	38,596
2018	41,712
2019	44,231
2020	41,511
	<u>\$ 203,284</u>

**SUPPORT THE ENLISTED PROJECT, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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NOTE 10 COMMITMENTS (Continued)

The rent expense under the office space agreement described above for the year ending June 30, 2015 was \$9,774.

NOTE 11 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 13, 2015, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.

In August 2015, the Organization entered into an operating lease agreement for office equipment (See Note 10).