

STRENGTH IN SUPPORT
FINANCIAL STATEMENTS
DECEMBER 31, 2015

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Guzman & Gray

Certified Public Accountants

4510 East Pacific Coast Highway, Suite 270
Long Beach, California 90804
(562) 498-0997 Fax: (562) 597-7359

Mark Gray C.P.A.
Patrick S. Guzman, C.P.A.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Strength In Support

We have audited the accompanying financial statements of Strength In Support, (a nonprofit organization), which comprise the financial position as of December 31, 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

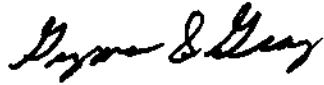
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 Strength In Support, 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.



GUZMAN & GRAY

Long Beach, CA

August 26, 2016

STRENGTH IN SUPPORT
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015

ASSETS

	<u>Total</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 153,794
Deposits	9,260
Total Current Assets	<u>163,054</u>
PROPERTY AND EQUIPMENT, NET ACCUMULATED DEPRECIATION OF \$202	<u>14,215</u>
TOTAL ASSETS	<u>177,269</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable	9,000
Accrued expenses	5,376
Credit card payable	20,758
Total Current Liabilities	<u>35,134</u>
NET ASSETS	
Unrestricted	112,271
Temp Restricted	29,864
Total Net Assets	<u>142,135</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 177,269</u>

See independent auditors' report and notes to the financial statements

STRENGTH IN SUPPORT
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Donations	\$ 27,398	\$ 37,500	\$ 64,898
Grants	67,885	75,000	142,885
Inkind	5,625		5,625
Special events net of direct donor benefits of \$12,238	19,141		19,141
Other	3,855		3,855
	<u>123,904</u>	<u>112,500</u>	<u>236,404</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>82,636</u>	<u>(82,636)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>206,540</u>	<u>29,864</u>	<u>236,404</u>
EXPENSES			
Program services	201,523		201,523
Management and general	39,316		39,316
Fundraising	1,545		1,545
	<u>242,384</u>		<u>242,384</u>
CHANGE IN NET ASSETS	<u>(35,844)</u>	<u>29,864</u>	<u>(5,980)</u>
BEGINNING NET ASSETS	<u>148,115</u>		<u>148,115</u>
ENDING NET ASSETS	<u>\$ 112,271</u>	<u>\$ 29,864</u>	<u>\$ 142,135</u>

See independent auditors' report and notes to the financial statements

STRENGTH IN SUPPORT
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED ENDED DECEMBER 31, 2015

	2015
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (5,980)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	202
(Increase) decrease in assets:	
Prepaid expenses	(9,260)
Increase (decrease) in liabilities:	
Accounts payable	9,000
Accrued expenses	5,378
Credit card payable	20,758
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,096
 CASH FLOWS USED BY INVESTING ACTIVITIES	
Purchase fixed assets	(14,417)
NET CASH USED IN INVESTING ACTIVITIES	(14,417)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,679
 BEGINNING CASH AND CASH EQUIVALENTS	148,115
 ENDING CASH AND CASH EQUIVALENTS	\$ 153,794
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>	
INTEREST PAID	NONE
TAXES PAID	NONE

See independent auditors' report and notes to the financial statements

STRENGTH IN SUPPORT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
SALARIES AND BENEFITS				
Salaries and wages	\$ 10,721	\$ 3,574	\$ -	\$ 14,295
Payroll taxes	1,196	398	-	1,594
Total Salaries	<u>11,917</u>	<u>3,972</u>	<u>-</u>	<u>15,889</u>
OTHER EXPENSES				
Advertising	60			60
Professional services	157,010	-	-	157,010
Bank fee		193		193
Supplies	1,519			1,519
Depreciation	162	30	10	202
Rent	3,390	636	212	4,238
Grant Writing	-	30,738		30,738
Program Expense	12,433			12,433
Website	5,815			5,815
Inkind	5,625			5,625
Training	570			570
Other		3,564		3,564
Insurance	2,374			2,374
Travel	411			411
Fundraising			1,323	1,323
Fees	237	183		420
TOTAL EXPENSES	<u>\$ 201,523</u>	<u>\$ 39,316</u>	<u>\$ 1,545</u>	<u>\$ 242,384</u>

See independent auditors' report and notes to the financial statements

**STRENGTH IN SUPPORT
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Strength In Support is a non-profit Organization formed to provide no cost/low cost counseling, mentorship, and education services to military members and their families. Strength In Support provides faster access to needed services to veterans and their families. The clients come from throughout Los Angeles, Orange County and neighboring countries. As of December 11, 2013, Strength In Support received their exempted 501(c)3 status from the Internal Revenue Service.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization has adopted the provisions of GAAP which requires, among other things, the recognition at fair value of contributions received, including unconditional promises to give, in the period received and establishes standards for general purpose external financial statements. Focusing on the entity as a whole, the standard requires that all not-for-profit organizations provide a statement of financial position, a statement of activities and changes in net assets and a statement of cash flows and that net assets and changes in net assets be classified as permanently restricted, temporarily restricted or unrestricted.

A description of the categories of net assets is as follows:

Unrestricted Net Assets

Unrestricted net assets are utilized to record contributions, special events, fees and other forms of unrestricted revenue and expenditures related to the general operations and special events efforts of the organization that are not restricted by the donor through use or time restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets are utilized to record resources received that are restricted as to use or timing of receipt by the donor or grantor. Temporarily restricted resources whose restrictions are met in the same reporting period are recorded as unrestricted.

Permanently Restricted Net Assets

Permanently restricted net assets are utilized to record resources received that are permanently restricted as to use by the donor or grantor. The Organization does not currently have permanently restricted net assets.

Net Assets Released From Restrictions

Net assets are released by incurring expenses satisfying the restriction or by occurrence of other events specified by donors.

STRENGTH IN SUPPORT
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Fair Value of Financial Instruments

The Organization has adopted the provisions of GAAP for fair value measurements of financial assets and financial liabilities and nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis as well nonfinancial assets and liabilities that are recognized at fair value subsequent to initial recognition in the financial statements. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash, cash equivalents, and investments. Cash and cash equivalents are maintained at high-quality financial institutions and accounts at each institution. These accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in these accounts.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or the nature of any donor restrictions. Restrictions met in the same reporting period are reported as unrestricted support

**STRENGTH IN SUPPORT
NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grant Revenues and Receivables

Grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or the nature of any donor restrictions. Restrictions met in the same reporting period are reported as unrestricted support.

Grant revenues earned, but not received, are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as refundable advances. Grant expenditures are recorded when the liability is incurred.

As of December 31, 2015 there were no receivables of any kind.

Special Events

The Organization conducts special events in order to assist in the program operations. All events are conducted in accordance with applicable Federal, State, and local laws and ordinances. All revenues received from such events in excess of expenses are used for the program operations.

Donated Services

A number of businesses and unpaid volunteers have made contributions of time to the Organization's fundraising, and operations. Contributed services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year the contributed services were not significant and were not recorded to the financial statements.

Donated Materials

Donated materials are recorded at their fair market value where an objective basis is available to measure their value. Such items are capitalized or charged to operations as appropriate. During the year the value of contributed material was insignificant and has not been recorded to the financial statements.

Property and Equipment, net

Property and Equipment, net are stated at cost or if contributed, at fair market value at the date of contribution. Depreciation is computed under the straight line method, with estimated useful lives ranging from three to forty years. Additions and improvements that increase the capacity or lengthen the useful lives of the assets are capitalized. Repairs and maintenance are expensed as incurred.

STRENGTH IN SUPPORT
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated by the management between program and supporting services benefited.

During the year ended December 31, 2015, 83% of expenses were allocated to program services.

Income Taxes

The Organization is exempt from California franchise tax and Federal income tax under the provisions of Section 23701(d) of the California Revenue Code and Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has classified the Organization as a public charity. Income for certain activities not directly related the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Subsequent Events

In connection with the adoption of GAAP, the Organization has evaluated subsequent events through August 26, 2016 which was the date the financial statements were available to be issued for the year ended December 31, 2015.

NOTE 2 – CONCENTRATIONS

Strength In Support operates in Los Angeles and Orange County, California and is dependent upon the local economy. It receives the majority of its support from contributions. In 2015, the Organization received 92% of its total revenue and support from contributions. There is no assurance that these contributions will continue in the future, although management is not aware of any potential reductions at this time.

NOTE 3 – PROPERTY AND EQUIPMENT, net

Property and Equipment, net consist of the following:

Furniture and Equipment	<u>\$ 14,417</u>
Less: Accumulated Depreciation	<u>(202)</u>
	<u>\$ 14,215</u>

Depreciation for the year ended December 31, 2015 was \$202.

STRENGTH IN SUPPORT
NOTES TO FINANCIAL STATEMENTS

