

GOLD STAR TEEN ADVENTURES

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

DECEMBER 31, 2014 AND 2013

GOLD STAR TEEN ADVENTURES

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TRP CPAs, PLLC
certified public accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Gold Star Teen Adventures
Fayetteville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Gold Star Teen Adventures (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years 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.

Auditors' 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 Gold Star Teen Adventures as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 12 and 13 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

TRP CPAs, PLLC

Fayetteville, North Carolina
June 2, 2017

GOLD STAR TEEN ADVENTURES

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS:		
CURRENT ASSETS:		
Cash	\$ 84,184	\$ 12,348
Accounts receivable - fiscal sponsor	-	34,855
Accounts receivable - grant	10,000	-
Prepaid insurance	5,387	-
Total current assets	<u>99,571</u>	<u>47,203</u>
OTHER ASSETS:		
Investment in equity securities	<u>11,943</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 111,514</u>	<u>\$ 47,203</u>
LIABILITIES AND NET ASSETS:		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,333	\$ 1,030
NET ASSETS:		
Unrestricted	<u>108,181</u>	<u>46,173</u>
Total net assets	<u>108,181</u>	<u>46,173</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 111,514</u>	<u>\$ 47,203</u>

See Independent Auditors' Report and
Accompanying Notes to the Financial Statements

GOLD STAR TEEN ADVENTURES

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
UNRESTRICTED NET ASSETS:		
Unrestricted revenues and support:		
Contributions and grants	\$ 177,738	\$ 35,803
Fundraising income	102,780	25,151
In-kind contributions	86,583	-
Investment earnings	2,008	-
Total unrestricted revenues and support	<u>369,109</u>	<u>60,954</u>
Expenses:		
Program services	188,090	1,137
Fundraising	76,012	4,693
Management and general	42,999	8,951
Total expenses	<u>307,101</u>	<u>14,781</u>
INCREASE IN UNRESTRICTED NET ASSETS	62,008	46,173
NET ASSETS, BEGINNING OF YEAR	<u>46,173</u>	-
NET ASSETS, END OF YEAR	<u>\$ 108,181</u>	<u>\$ 46,173</u>

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GOLD STAR TEEN ADVENTURES

STATEMENTS OF CASH FLOWS
FOR THE YEARS DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in unrestricted net assets	\$ 62,008	\$ 46,173
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
In-kind contribution - investment securities	(9,983)	-
Unrealized investment gains	(1,960)	-
Decrease (increase) in assets:		
Accounts receivable	24,855	(34,855)
Prepaid Insurance	(5,387)	-
Increase (decrease) in liabilities:		
Accounts payable	2,303	1,030
Net cash provided by operating activities	<u>71,836</u>	<u>12,348</u>
CASH - BEGINNING OF YEAR	<u>12,348</u>	<u>-</u>
CASH - END OF YEAR	<u>\$ 84,184</u>	<u>\$ 12,348</u>

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GOLD STAR TEEN ADVENTURES

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Gold Star Teen Adventures (The "Organization") is a North Carolina nonprofit corporation organized in June 2013. The purpose of the Organization is to provide healing, mentorship, development, and opportunities for the children of special operations Service Members who have lost their lives in the line of duty. The Organization serves youth of fallen United States military special operations service members, consisting of Army Special Forces (Green Berets), Army Rangers (75th Ranger Regiment), the 160th Special Operations Aviation Regiment, 95th Civil Affairs Brigade, 4th MISOC, Navy Small Boat Teams, Navy SEALs, Air Force Combat Controllers, Air Force rotary and fixed wing squadrons, and Marine Corps special operations personnel.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist the reader in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity.

Basis of Accounting

The financial statements for the Organization have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of financial statement presentation.

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Accounts Receivable

Accounts receivable consist of amounts due from donors and fiscal sponsors. The Organization has determined that no allowance for doubtful accounts is necessary based on the nature of the receivables. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and Equipment

Property and equipment are recorded at original cost or, if donated, at the fair market value at the date of donation. It is the policy of the Organization to capitalize all property and equipment costing more than \$1,000.

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction of time expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

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Functional Allocation of Expenses

The costs of providing program services and other activities are reflected on the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investment in Equity Securities

The Organization carries investments in equity securities with readily determinable fair values at their fair values in accordance with generally accepted accounting principles in the statements of financial position. Investment gains or losses are included in the statements of comprehensive income.

Fair Value Measurements

The Organization uses the fair value option to measure investments. The Financial Accounting Standards Board has issued authoritative guidance regarding fair value measurements. Fair value defined under generally accepted accounting principles is an exit price, representing 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. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore, requiring an entity to develop its own assumptions.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

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Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. During the years ending December 31, 2014 and 2013, the Organization did not have any income subject to taxation as unrelated business income.

The Organization files informational tax returns in the U.S. federal jurisdiction. The informational tax filings are subject to audit by various taxing authorities.

Estimates

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

Reclassifications

Certain reclassifications have been made to the 2013 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent Events

The Organization has evaluated subsequent events through June 2, 2017 the date at which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

2. CONCENTRATIONS OF CREDIT RISK

Cash and cash equivalents that potentially subject the Organization to concentrations of credit risk consist principally of accounts in financial institutions. Accounts at these institutions are covered by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At December 31, 2014 and 2013, the Organization's cash balances on deposit did not exceed these amounts.

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3. SPONSORSHIP AGREEMENT

In August of 2013 the Organization entered into an agreement with a "Fiscal Sponsor" to help facilitate the Organization's activities and the solicitation of support. The fiscal sponsor received all donations made to the Organization while the Organization was in the process of receiving their 501(c)(3) designation from the Internal Revenue Service. The Organization received their 501(c)(3) status in December of 2013 and no longer requires the services of the fiscal sponsor.

At December 31, 2013, the Fiscal Sponsor had collected but not remitted \$34,855 to the Organization and are shown as receivables at year end. These funds were remitted in full in January of 2014.

4. INVESTMENT IN EQUITY SECURITIES

During 2014 the Organization received an in-kind contribution of investment equity securities. The investment portfolio is comprised of securities classified as available-for-sale and are accounted for at fair value on a recurring basis at the Level 1 tier within the fair value hierarchy. As required by fair value measurement standards, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. Fair value and unrealized appreciation (depreciation) at December 31, 2014 is summarized as follows:

	2014		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Available-for-sale:			
Equity securities	\$ 9,983	\$ 11,943	\$ 1,960
		2014	2013
Investment interest and dividend income		\$ 48	\$ -
Net realized and unrealized gains (loss)		1,960	-
		\$ 2,008	\$ -

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5. IN-KIND CONTRIBUTIONS

A substantial number of unpaid volunteers have made significant contributions of their time to develop the various programs of the Organization. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation. The Organization receives various types of in-kind contributions. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

The Organization received donated airline tickets for various program events and investment securities during the year ending in December 31, 2014. The total amount of this donation is included in the in-kind contribution income with the offset recorded as an in-kind contribution expense, as applicable. Please refer to note 4 above for detailed information about the donated investment securities.

In-kind contributions as presented in the Statement of Activities for the year ended December 31, 2014 are comprised of the following:

	<u>2014</u>
Airline tickets	\$ 76,600
Investment securities	<u>9,983</u>
	<u>\$ 86,583</u>

SUPPLEMENTAL INFORMATION

GOLD STAR TEEN ADVENTURES

SCHEDULE OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Travel	\$ 56,274	\$ -	\$ 37,516	\$ 93,790
In-kind contribution expense	76,600	-	-	76,600
Salaries and wages	-	22,917	-	22,917
Meals and entertainment	11,831	-	7,888	19,719
Activities	11,666	-	7,778	19,444
Advertising	10,555	-	7,037	17,592
Materials and supplies	9,281	-	6,187	15,468
Contract services	-	10,144	-	10,144
Auto expense	5,307	-	3,538	8,845
Professional fees	-	4,865	-	4,865
Office expense	-	2,522	1,682	4,204
Equipment rental	2,183	-	1,456	3,639
Fees	1,781	-	1,188	2,969
Insurance	1,637	-	1,092	2,729
Payroll taxes	-	1,753	-	1,753
Postage	975	-	650	1,625
Bank fees	-	798	-	798
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TOTAL EXPENSES	<u>\$ 188,090</u>	<u>\$ 42,999</u>	<u>\$ 76,012</u>	<u>\$ 307,101</u>

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Accompanying Notes to the Financial Statements

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SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contract services	\$ -	\$ 6,000	\$ -	\$ 6,000
Office expense	-	2,945	148	3,093
Travel	-	-	1,700	1,700
Meals and entertainment	-	-	1,144	1,144
Advertising	868	-	274	1,142
Equipment rental	-	-	899	899
Postage	269	-	175	444
Insurance	-	-	353	353
Bank fees	-	6	-	6
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	<u>\$ 1,137</u>	<u>\$ 8,951</u>	<u>\$ 4,693</u>	<u>\$ 14,781</u>

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