

SOLDIERS ANGELS

**Financial Statements with
Independent Auditors' Report
December 31, 2007**



SOLDIERS ANGELS

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Balance Sheet	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5



R. EDWARD BERANEK
ACCOUNTANCY CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Soldiers Angels

We have audited the accompanying balance sheet of Soldiers Angels (a non-profit organization) as of December 31, 2007 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Soldiers Angels as of December 31, 2007 and the change in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

August 15, 2008
Arcadia, California

R. Edward Beranek
Accountancy Corporation
Certified Public Accountants

150 NORTH SANTA ANITA AVENUE
SUITE 725
ARCADIA, CALIFORNIA 91006-3142
TELEPHONE: 626 / 445.1600
FAX: 626 / 446.1890
WEBSITE: www.rebcpas.com

SOLDIERS ANGELS

BALANCE SHEET

December 31,2007

Assets

Cash	\$ 1,227,132
Receivables, net of allowance for doubtful accounts	153,940
Equipment at cost, less accumulated depreciation	9,710
Prepaid expenses	<u>280,412</u>
Total assets	<u>\$ 1,671,194</u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 203,394
Other liabilities	<u>74,977</u>
Total liabilities	<u>278,371</u>

Net Assets

Unrestricted net assets	<u>1,392,823</u>
Total liabilities and net assets	<u>\$ 1,671,194</u>

The accompanying notes are an integral part of these financial statements.

SOLDIERS ANGELS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

Unrestricted Net Assets

Revenues	
Programs	\$ 8,465,280
Fundraising	7,471,978
Store sales	<u>716,663</u>
Total revenue	<u>16,653,921</u>
Expenses	
Program expenses	
Expenditures in Support of Our Troops	<u>12,187,510</u>
	<u>12,187,510</u>
Supporting services	
Fundraising	4,193,145
Administrative	<u>464,528</u>
	<u>4,657,673</u>
Total expenses	<u>16,845,183</u>
Net decrease in unrestricted net assets	<u>(191,262)</u>
Net assets at beginning of the year	<u>1,584,085</u>
Net assets at end of the year	<u><u>\$ 1,392,823</u></u>

The accompanying notes are an integral part of these financial statements.

SOLDIERS ANGELS
STATEMENT OF CASH FLOWS
For the Year Ended 12/31/2007

<u>Cash flows from operating activities:</u>	
Changes in net assets	\$ (191,262)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	1,199
(Increase) decrease in assets	
Accounts receivable	(28,796)
Prepaid expenses	(280,412)
Increase (decrease) in liabilities	
Accounts payable	150,299
Other liabilities	74,977
Net cash (used by) operating activities	<u>(273,995)</u>
 <u>Cash flows from investing activities:</u>	
Purchases of equipment	<u>(4,000)</u>
Net cash (used by) investing activities	<u>(4,000)</u>
Net (decrease) in cash	(277,995)
 <u>Cash</u>	
Beginning of the year	<u>1,505,127</u>
End of the year	<u>\$ 1,227,132</u>

The accompanying notes are an integral part of these financial statements.

SOLDIERS ANGELS
Notes to Financial Statements
December 31, 2007

Note 1 **Summary of Significant Accounting Policies**

Nature of Activities

Soldiers Angels (the “Organization”) is a Nevada non-profit corporation organized and incorporated in Nevada on December 26, 2003. The Organization commenced operations in January 2004. The Organization is dedicated to ensuring that our military know that they are loved and supported during and after their deployment into harms way. The Organization is dedicated to providing tangible caring for our military troops. Principal program activities are:

1. Making and sending care packages to the Military troops overseas as well as stateside.
2. Sending or planting a living tree on behalf of every soldier that dies in the line of duty.
3. Gathering items and money to send to wounded soldiers and their families.

Basis of Presentation

Financial statement presentation follows the requirements of Statement of Financial Accounting Standards (SFAS) (particularly No.117) Financial Statements of Non-Profit Organizations. Such standards require that financial statements report information regarding its financial position and activities in as many as three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

The Organization’s operating activities are classified as unrestricted net assets. Temporarily restricted and permanently restricted net assets classes are not currently used in the Organization.

Equipment and Depreciation

Purchased equipment and improvements that amount to \$250 or more are capitalized and are stated at cost. Should donated equipment be received in the future it will be recorded at the fair market value at the date of donation. Depreciation is computed on the accelerated method using a five year life.

SOLDIERS ANGELS
Notes to Financial Statements
(continued)

Note 1 **Summary of Significant Accounting Policies (continued)**

Tax Exempt Status

The Organization is exempt from Federal income taxes under provisions of Internal Revenue Code Sections 501(c)(3). There is no income tax filing requirement in the State of Nevada where the Organization is incorporated. However, the Organization has a registration requirement in those states in which it solicits contributions.

Donations-in-Kind

Material donations-in-kind items received by Organization were recorded as income along with a corresponding charge to expense. Such items amounted to \$6,098,355 in the current year.

Advertising

Advertising costs are expensed in the year incurred.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the use of estimates in many areas, for example, (1) to determine the lives of certain assets and (2) to evaluate market value of donations in kind. These estimates affect the carrying values of those assets and the results of operations for the period. Actual results could differ from those estimates.

Note 2 **Equipment and Depreciation**

Equipment is classified as follows:

<u>Description</u>	<u>Amount</u>
Computer	\$ 4,700
Office Equipment	8,608
	<hr/> 13,308
Less Accumulated Depreciation	(3,598)
	<hr/> <u>\$ 9,710</u>

Depreciation expense for the current year amounted to \$1,199.

SOLDIERS ANGELS
Notes to Financial Statements
(continued)

Note 3 **Functional Expenses**

The following sets forth the functional expenses included in the Statement of Activity:

<u>Description</u>	<u>Program</u>	<u>Supporting</u>
Care Packages	\$ 8,599,843	\$ -
Bulk Mailing Postage	-	1,371,485
Printng	-	929,565
Agency Fee	-	616,161
Wounded/Backpack	590,421	-
Project Valour IT	488,798	-
Airfare/Hotels	487,248	-
Soldiers/Family Assistance	442,569	-
Mailhouse/Laser	-	432,781
List Rental	-	348,608
Phone Cards	225,265	-
Troop/Veteran Support	208,906	-
Scarves (Cool & Sand)	196,846	-
Miscellaneous	-	152,616
Pins, Coins	134,571	-
Data Processing	-	131,468
Fisher House	118,160	-
Postage, Shipping, Delivery	112,125	-
Clothing, Jewelry, and Shoes	105,745	-
Christmas/Holidays for Heroes	80,816	-
Fulfillment	-	75,456
Back-End	-	72,603
Fundraising Fees - Other	-	66,271
Front-End Premiums	-	59,385
Chaplain Support and Cabaniss Fund	53,580	-
Mugs	53,036	-
Books, Subscriptions, Reference	-	51,544
All Other (Fundraising)	-	47,821
Magnets	42,687	-

SOLDIERS ANGELS
Notes to Financial Statements
(continued)

Note 3 **Functional Expenses (continued)**

The following sets forth the functional expenses included in the Statement of Activity:

<u>Description</u>	<u>Program</u>	<u>Supporting</u>
Escrow	-	41,543
Bank Fees	-	34,210
Travel	-	31,109
Webpage/Programming	-	26,562
Living Legends	25,320	-
Operation Top Knot and SOS Kids/Outreach	24,756	-
Celebrations	23,904	-
Blankets of Hope	23,712	-
National Guard	22,937	-
Flags and Banner	22,701	-
Accounting and Auditing Fees	-	22,492
Salaries, Wages, and Related Expenses	-	19,486
Board and Organizational (Corporate)	-	18,942
Printing & Copying	-	18,876
Office Expense	-	17,110
Fallen Hero	16,767	-
Donations to Other	16,511	-
Paypal Fees	-	15,265
Soldiers Angels Book	10,928	-
Angels Store	10,862	-
Conference, Convention, Meeting	10,405	-
Benevolence	9,867	-
Promotional Items	-	9,637
Pocket Angel	9,500	-
Credit Card Clearing	-	8,816
Armor/Kevlar	8,809	-
Telephone & Telecommunications	-	7,127
Equipment Rental & Maintenance	-	6,783
Tax Preparation	-	4,268
Rent, Parking, Other Occupancy	-	4,163

SOLDIERS ANGELS
Notes to Financial Statements
(continued)

Note 3 **Functional Expenses (continued)**

The following sets forth the functional expenses included in the Statement of Activity:

<u>Description</u>	<u>Program</u>	<u>Supporting</u>
Special Requests	3,984	-
K-9 Team	3,360	-
Licenses	-	3,045
Advertising	-	3,000
Professional Fees - Other	-	3,000
Training and Staff Development	-	2,275
Insurance - Non-Employee	-	1,619
Canes	1,500	-
Depreciation & Amortization	-	1,199
Miscellaneous	934	-
Outside Computer Services	-	729
Utilities	-	499
Mailing Services	-	154
Bumper Sticker	137	-
Total	<u>\$ 12,187,510</u>	<u>\$ 4,657,673</u>