

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

OUR MILITARY KIDS, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statement of Financial Position, as of December 31, 2023, with Summarized Financial Information for 2022	4
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended December 31, 2023, with Summarized Financial Information for 2022	5
EXHIBIT C - Statement of Functional Expenses, for the Year Ended December 31, 2023, with Summarized Financial Information for 2022	6
EXHIBIT D - Statement of Cash Flows, for the Year Ended December 31, 2023, with Summarized Financial Information for 2022	7
NOTES TO FINANCIAL STATEMENTS	8 - 12



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Our Military Kids, Inc.
Oakton, Virginia

Opinion

We have audited the accompanying financial statements of Our Military Kids, Inc. (OMK), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OMK as of December 31, 2023, and the change 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OMK and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OMK's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 OMK's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OMK's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited OMK's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 5, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



April 29, 2024

OUR MILITARY KIDS, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,412,612	\$ 2,741,986
Investments	490	-
Grants and contributions receivable	653,125	111,378
Prepaid expenses	<u>42,143</u>	<u>6,437</u>
Total current assets	<u>3,108,370</u>	<u>2,859,801</u>
FIXED ASSETS		
Computers and related equipment	15,033	15,033
Website development	<u>14,136</u>	<u>14,136</u>
	29,169	29,169
Less: Accumulated depreciation and amortization	<u>(23,176)</u>	<u>(18,252)</u>
Net fixed assets	<u>5,993</u>	<u>10,917</u>
OTHER ASSETS		
Right-of-use assets, net	106,248	61,223
Security deposit	<u>2,287</u>	<u>2,287</u>
Total other assets	<u>108,535</u>	<u>63,510</u>
TOTAL ASSETS	<u>\$ 3,222,898</u>	<u>\$ 2,934,228</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 61,393	\$ 46,417
Operating lease liabilities	<u>33,473</u>	<u>34,890</u>
Total current liabilities	<u>94,866</u>	<u>81,307</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	<u>72,775</u>	<u>26,333</u>
Total liabilities	<u>167,641</u>	<u>107,640</u>
NET ASSETS		
Without donor restrictions	2,667,378	2,554,179
With donor restrictions	<u>387,879</u>	<u>272,409</u>
Total net assets	<u>3,055,257</u>	<u>2,826,588</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,222,898</u>	<u>\$ 2,934,228</u>

See accompanying notes to financial statements.

OUR MILITARY KIDS, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
SUPPORT AND REVENUE				
Grants and contributions	\$ 2,095,738	\$ 940,000	\$ 3,035,738	\$ 2,385,570
Investment income	80,474	-	80,474	8,253
Contributed nonfinancial assets	10,000	-	10,000	5,898
Net assets released from donor restrictions	<u>824,530</u>	<u>(824,530)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>3,010,742</u>	<u>115,470</u>	<u>3,126,212</u>	<u>2,399,721</u>
EXPENSES				
Program Services	<u>2,592,879</u>	<u>-</u>	<u>2,592,879</u>	<u>2,003,905</u>
Supporting Services:				
Management and General	128,930	-	128,930	110,174
Fundraising	<u>175,734</u>	<u>-</u>	<u>175,734</u>	<u>149,042</u>
Total supporting services	<u>304,664</u>	<u>-</u>	<u>304,664</u>	<u>259,216</u>
Total expenses	<u>2,897,543</u>	<u>-</u>	<u>2,897,543</u>	<u>2,263,121</u>
Change in net assets	113,199	115,470	228,669	136,600
Net assets at beginning of year	<u>2,554,179</u>	<u>272,409</u>	<u>2,826,588</u>	<u>2,689,988</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,667,378</u>	<u>\$ 387,879</u>	<u>\$ 3,055,257</u>	<u>\$ 2,826,588</u>

OUR MILITARY KIDS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023				2022	
	Program Services	Supporting Services			Total Expenses	Total Expenses
		Management and General	Fundraising	Total Supporting Services		
Grants	\$ 1,933,836	\$ -	\$ -	\$ -	\$ 1,933,836	\$ 1,462,779
Salaries and benefits	469,079	52,854	138,742	191,596	660,675	569,255
Professional fees	-	67,373	-	67,373	67,373	59,433
Education awareness events and meetings	79,969	-	5,902	5,902	85,871	50,052
Lease expense	20,302	2,288	6,005	8,293	28,595	28,549
Other	22,722	2,557	14,959	17,516	40,238	25,593
Postage and delivery	24,317	178	467	645	24,962	18,563
Technology subscriptions and dues	12,376	1,395	3,661	5,056	17,432	13,335
Equipment rental and maintenance	8,838	996	2,614	3,610	12,448	13,298
Supplies	4,567	515	1,351	1,866	6,433	7,462
Depreciation and amortization	3,496	394	1,034	1,428	4,924	5,051
Contributed nonfinancial assets	10,000	-	-	-	10,000	5,898
Travel and transportation	3,377	380	999	1,379	4,756	3,853
TOTAL	\$ 2,592,879	\$ 128,930	\$ 175,734	\$ 304,664	\$ 2,897,543	\$ 2,263,121

See accompanying notes to financial statements.

OUR MILITARY KIDS, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 228,669	\$ 136,600
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	4,924	5,051
Unrealized gain on investments	(11)	-
Realized loss on donated investments	604	-
Receipt of contributed securities	(13,114)	-
Proceeds from the sale of contributed securities	12,510	-
Change in discount on non-current receivables	-	(2,098)
Amortization of right-of-use assets	34,890	33,977
(Increase) decrease in:		
Grants and contributions receivable	(541,747)	148,328
Prepaid expenses	(35,706)	(6,437)
Increase (decrease) in:		
Accounts payable and accrued liabilities	14,976	(7,722)
Operating lease liabilities	<u>(34,890)</u>	<u>(33,977)</u>
Net cash (used) provided by operating activities	<u>(328,895)</u>	<u>273,722</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	<u>(479)</u>	<u>-</u>
Net cash used by investing activities	<u>(479)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(329,374)	273,722
Cash and cash equivalents at beginning of year	<u>2,741,986</u>	<u>2,468,264</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,412,612</u>	<u>\$ 2,741,986</u>
SCHEDULE OF NONCASH FINANCING TRANSACTIONS		
Right-of-Use Assets	<u>\$ 79,915</u>	<u>\$ 95,200</u>
Operating Lease Liabilities for Right-of-Use Assets	<u>\$ 79,915</u>	<u>\$ 95,200</u>

OUR MILITARY KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Our Military Kids, Inc. (OMK) is a National nonprofit organization incorporated in the Commonwealth of Virginia with their headquarters located in Oakton, Virginia. OMK recognizes the sacrifice of children of deployed National Guard, deployed Reserve, or post 9/11 combat-injured service members in treatment by paying for their extracurricular activities. The grants build the child's self-confidence, enhance family wellness, and strengthen a shared sense of community during a military parent's overseas deployment, stateside activation, or recovery from combat injury.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

OMK financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with OMK's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Cash and cash equivalents -

OMK considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, OMK maintains cash balances at financial institutions in excess of the FDIC limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement of Activities and Change in Net Assets. Donated investments are recorded at their fair value at the date of donation.

OUR MILITARY KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Investments (continued) -

Investments acquired by gift are recorded at their fair value at the date of the gift. OMK's policy is to liquidate all gifts of investments as soon as possible after the gift. As of December 31, 2023, OMK's investments consist of mutual funds that are recorded at readily determinable fair value.

Included in investment income are the following:

Interest and dividends	\$ 80,463
Unrealized gain on investments	<u>11</u>
TOTAL INVESTMENT INCOME	<u>\$ 80,474</u>

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. Grants and contributions receivable are considered by management to be fully collectable within one year.

Fixed assets -

Fixed assets purchases in excess of \$500 are stated at cost. Fixed assets purchases are depreciated on a straight-line basis over the estimated useful lives of three to five years. Website development costs are amortized over five years once placed in service. Costs incurred for the ongoing maintenance of the existing website are expensed as incurred. The capitalization and ongoing assessment of recoverability of website development costs incurred require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life. Depreciation and amortization expense for the year ended December 31, 2023 totaled \$4,924.

Income taxes -

OMK is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. OMK is not a private foundation.

Support from grants and contributions -

Contributions are recognized in the appropriate category of net assets in the period received. OMK performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

OUR MILITARY KIDS, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Support from grants and contributions (continued) -

Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, OMK had no refundable advances as of December 31, 2023.

In addition, OMK may obtain funding source agreements related to conditional contributions, which will be received in future years. However, OMK had no conditional contributions to be received in future years as of December 31, 2023.

Contributed nonfinancial assets -

Contributed nonfinancial assets consist primarily of donated materials from families and services, and are recorded at their estimated fair value on the date the materials and services were provided.

Use of 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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of OMK are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

OUR MILITARY KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2023:

Program Services	\$ 137,879
Subject to Passage of Time	<u>250,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 387,879</u>

3. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time), which satisfied the restricted purposes specified by the donors:

Program Services	\$ 507,863
Passage of Time	<u>316,667</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 824,530</u>

4. LIQUIDITY AND AVAILABILITY

Financial assets available for use within one year of the Statement of Financial Position for general expenditures comprise the following as of December 31, 2023:

Cash and cash equivalents	\$ 2,412,612
Investments	490
Grants and contributions receivable	<u>653,125</u>
Subtotal financial assets available	3,066,227
Less: Donor restricted funds	<u>(137,879)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 2,928,348</u>

OMK has a policy to structure its financial assets to be available and liquid as its obligations become due.

5. LEASE COMMITMENTS

OMK follows FASB ASC 842 for leases. OMK has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. OMK has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

On December 8, 2020, OMK entered into a lease for office space with a three-year term commencing December 28, 2020. Base rent is \$27,440 per annum with no escalation clauses. The lease was subsequently extended for a period of three years, expiring December 31, 2026.

Additionally, in February 2022, OMK entered into an agreement to lease a copier until April 2027.

OUR MILITARY KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

5. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments due under the operating leases, net of imputed interest, as of December 31, 2023:

<u>Year Ending December 31.</u>	
2024	\$ 36,409
2025	36,409
2026	36,409
2027	<u>2,715</u>
	111,942
Less: Imputed interest	(5,694)
Less: Current portion	<u>(33,473)</u>
LONG-TERM PORTION	<u>\$ 72,775</u>

Lease expense for the year ended December 31, 2023 totaled \$28,595.

6. CONTRIBUTED NONFINANCIAL ASSETS

During the year ended December 31, 2023, OMK was the beneficiary of donated materials which allowed OMK to provide greater resources toward various programs.

There were no donor-imposed restrictions associated with the donated materials during the year ended December 31, 2023.

The following donations have been included in revenue for the year ended December 31, 2023:

Donated Materials **\$ 10,000**

The following programs have benefited from these donations for the year ended December 31, 2023:

Program Services **\$ 10,000**

7. RETIREMENT PLANS

OMK provides retirement benefits to its employees through a 401(k) contribution plan covering all full-time employees over the age of 21 with one year of eligible experience. OMK may make discretionary matching contributions to the Plan. Employees can contribute to the Plan up to the allowable limit prescribed by IRS regulations. During the year ended December 31, 2023, OMK did not make any contributions to the Plan.

8. SUBSEQUENT EVENTS

In preparing these financial statements, OMK has evaluated events and transactions for potential recognition or disclosure through April 29, 2024, the date the financial statements were issued.