



**SOLDIERS TO SIDELINES**  
**Financial Statements**  
**December 31, 2023 and 2022**  
**With Independent Auditor's Report**

**Soldiers to Sidelines**  
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**December 31, 2023 and 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Soldiers to Sidelines:

### Opinion

We have audited the financial statements of Soldiers to Sidelines (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets (deficit), cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Soldiers to Sidelines as of December 31, 2023 and 2022, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under this standard 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern for 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 GAAS will always detect a material misstatement when it exists. 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 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 GAAS, 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 the Organization'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 the Organization'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.

*Withum Smith + Brown, PC*

July 25, 2024

**Soldiers to Sidelines**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash	\$ 147,352	\$ 247,341
Contributions receivable	20,000	57,327
Prepaid expenses	21,882	24,080
Software costs, net	<u>86,208</u>	<u>50,594</u>
 Total assets	 <u>\$ 275,442</u>	 <u>\$ 379,342</u>
<b>Liabilities and Net Assets (Deficit)</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 23,734	\$ 28,982
Deferred revenue	176,260	174,523
Loans payable	<u>150,000</u>	<u>150,000</u>
Total liabilities	<u>349,994</u>	<u>353,505</u>
Net assets (deficit)		
Without donor restrictions	(118,302)	25,837
With donor restrictions	<u>43,750</u>	<u>-</u>
Total net assets	<u>(74,552)</u>	<u>25,837</u>
 Total liabilities and net assets (deficit)	 <u>\$ 275,442</u>	 <u>\$ 379,342</u>

The Notes to Financial Statements are an integral part of these statements.

**Soldiers to Sidelines**  
**Statements of Activities and Changes in Net Assets (Deficit)**  
**Years Ended December 31, 2023 and 2022**

	2023			2022		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and support</b>						
Contributions of cash and other financial assets	\$ 496,275	\$ 43,750	\$ 540,025	\$ 383,599	\$ -	\$ 383,599
Contributions of nonfinancial assets	59,383	-	59,383	38,240	-	38,240
Special events, net	240,943	-	240,943	305,311	-	305,311
Membership dues	4,068	-	4,068	22,835	-	22,835
Miscellaneous income	274	-	274	402	-	402
Total revenue and support	<u>800,943</u>	<u>43,750</u>	<u>844,693</u>	<u>750,387</u>	<u>-</u>	<u>750,387</u>
<b>Expenses</b>						
Program	725,407	-	725,407	470,931	-	470,931
Management and general	180,694	-	180,694	121,641	-	121,641
Fundraising	38,981	-	38,981	50,865	-	50,865
Total expenses	<u>945,082</u>	<u>-</u>	<u>945,082</u>	<u>643,437</u>	<u>-</u>	<u>643,437</u>
<b>Changes in net assets</b>	(144,139)	43,750	(100,389)	106,950	-	106,950
<b>Net assets (deficit)</b>						
Beginning of year	<u>25,837</u>	<u>-</u>	<u>25,837</u>	<u>(81,113)</u>	<u>-</u>	<u>(81,113)</u>
End of year	<u>\$ (118,302)</u>	<u>\$ 43,750</u>	<u>\$ (74,552)</u>	<u>\$ 25,837</u>	<u>\$ -</u>	<u>\$ 25,837</u>

The Notes to Financial Statements are an integral part of these statements.

**Soldiers to Sidelines**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating activities</b>		
Changes in net assets (deficit)	\$ (100,389)	\$ 106,950
Adjustments to reconcile changes in net assets (deficit) to net cash provided by (used in) operating activities		
Amortization	7,837	-
Donated capitalized software costs	(21,725)	(25,257)
Changes in		
Contributions receivable	37,327	(33,327)
Prepaid expenses	2,198	(4,080)
Accounts payable and accrued expenses	(5,248)	(41,456)
Deferred revenue	<u>1,737</u>	<u>174,523</u>
Net cash provided by (used in) operating activities	<u>(78,263)</u>	<u>177,353</u>
<b>Investing activities</b>		
Purchase of software costs	<u>(21,726)</u>	<u>(25,337)</u>
Net change in cash	(99,989)	152,016
<b>Cash</b>		
Beginning of year	<u>247,341</u>	<u>95,325</u>
End of year	<u>\$ 147,352</u>	<u>\$ 247,341</u>
<b>Supplemental disclosure of non-cash investing activity</b>		
Donated capitalized software costs	<u>\$ 21,725</u>	<u>\$ 25,257</u>

The Notes to Financial Statements are an integral part of these statements.

**Soldiers to Sidelines**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2023**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Costs of Direct Donor Benefits</u>	<u>Total</u>
Compensation	\$ 284,711	\$ 44,557	\$ 5,992	\$ -	\$ 335,260
Professional fees	247,055	69,363	32,400	-	348,818
IT costs	30,659	23,128	-	-	53,787
Marketing	2,574	2,130	-	-	4,704
Office expenses	6,295	22,655	-	-	28,950
Travel	107,343	2,495	589	-	110,427
Event costs	-	-	-	225,408	225,408
Occupancy	2,000	12,000	-	-	14,000
Supplies	35,553	-	-	-	35,553
Amortization	7,837	-	-	-	7,837
Interest	380	4,366	-	-	4,746
Grants made	1,000	-	-	-	1,000
Total expenses	<u>725,407</u>	<u>180,694</u>	<u>38,981</u>	<u>225,408</u>	<u>1,170,490</u>
Less: Direct donor benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,408)</u>	<u>(225,408)</u>
	<u>\$ 725,407</u>	<u>\$ 180,694</u>	<u>\$ 38,981</u>	<u>\$ -</u>	<u>\$ 945,082</u>

The Notes to Financial Statements are an integral part of this statement.



**Soldiers to Sidelines**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2022**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Costs of Direct Donor Benefits</u>	<u>Total</u>
Compensation	\$ 215,851	\$ 70,879	\$ 9,315	\$ -	\$ 296,045
Professional fees	98,958	21,326	37,441	-	157,725
IT costs	29,460	11,387	3,900	-	44,747
Marketing	1,573	4,805	-	-	6,378
Office expenses	9,706	4,747	-	-	14,453
Travel	81,688	2,649	209	-	84,546
Event costs	-	-	-	174,205	174,205
Occupancy	-	2,000	-	-	2,000
Supplies	33,045	-	-	-	33,045
Interest	-	3,848	-	-	3,848
Grants made	650	-	-	-	650
Total expenses	<u>470,931</u>	<u>121,641</u>	<u>50,865</u>	<u>174,205</u>	<u>817,642</u>
Less: Direct donor benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,205)</u>	<u>(174,205)</u>
	<u>\$ 470,931</u>	<u>\$ 121,641</u>	<u>\$ 50,865</u>	<u>\$ -</u>	<u>\$ 643,437</u>

The Notes to Financial Statements are an integral part of this statement.

**Soldiers to Sidelines**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**1. DESCRIPTION OF ORGANIZATION**

Soldiers to Sidelines (the “Organization”) is a not-for-profit organization incorporated in 2014 in the Commonwealth of Virginia. The Organization provides a renewed sense of purpose for veterans and service members to become character-based sports coaches who serve their communities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. Board designated net assets, including board designated funds, are classified as net assets without donor restrictions.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Net assets received and spent in the same reporting period are reflected as net assets without restrictions.

**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 certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Contributions of nonfinancial assets are a significant estimate (see Note 5).

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state taxes under state charities registration laws. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2023 and 2022 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. There has been no tax related interest or penalties for the periods presented in these financial statements.

**Soldiers to Sidelines**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**Revenue Recognition**

*Contributions Received and Contributions Receivable*

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets (deficit) as net assets released from restrictions.

Contributions receivable are stated at the amounts earned under the contract or pledge agreement. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Contributions receivable at December 31, 2023 and 2022 are expected to be collected within one year. Contributions receivable as of January 1, 2022 was \$57,237.

*Special Events*

Special event revenue comprises an exchange element, based on the benefits received, and a contribution element for the difference and is treated as revenue without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale. The contribution portion is recognized as a conditional contribution when received and reported as refundable advances on the statements of financial position and is recognized as revenue when the condition is met, which is at the point in time when the event takes place. For the exchange portion, funds received in advance of the event date are recorded as deferred revenue in the statements of financial position. Revenue from the exchange portion is recognized at a point in time, at the date the event is held. Special events revenues are shown net of direct donor benefits. Special event receivables and contract liability balances with donors at December 31, 2023 and 2022 were as follows:

	2023		2022	
	Receivables	Deferred Revenue	Receivables	Deferred Revenue
Beginning of year	\$ -	\$ 174,523	\$ -	\$ -
End of year	\$ -	\$ 176,260	\$ -	\$ 174,523

*Membership Dues*

The Organization provides a membership program where participants have access to resources over the membership term such as online education, webinars, events, coaching, and other services. The subscriptions are either monthly or annually. The benefits and performance obligations are performed over time, therefore, revenue from membership dues is recognized over the term of the membership, which is monthly or annually. There were no receivables or contract liabilities as of December 31, 2023 and 2022.

**Soldiers to Sidelines**  
**Notes to Financial Statements**  
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*Contributions of Nonfinancial Assets*

The Organization records the value of donated services at the fair market value on the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

**Software Costs**

Software costs are recorded at cost, except for donated items, which are recorded at fair value on the date of donation. Repairs and maintenance expenditures are expensed in the statements of activities and changes in net assets. Amortization is provided over the estimated useful life of the assets, which is 3 years, using the straight-line method.

**Grants Made**

The Organization recognizes grants made, including unconditional promises to give, as expense in the period made. Conditional promises to give, that is, those with a measurable performance or other measurable barrier, and a right of return or release, are not recognized in expense until the conditions on which they depend have been substantially met.

**Expense Allocation**

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Costs that can be identified with a specific program or supporting service are charged directly to that program or supporting service. Accordingly, certain costs have been allocated among program services, management and general and fundraising functions. Such allocations are determined by management on an equitable basis. The expenses that are allocated and the method of allocation are as follows:

<u>Expense Category</u>	<u>Allocation Methodology</u>
Compensation	Time and effort

**Accounting Pronouncements Adopted in the Current Year**

In June 2016, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update (“ASU”) amending the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposure and other financial instruments recorded at amortized cost. The Organization adopted the new standard effective January 1, 2023, using the modified retrospective approach. The implementation of this ASU had no material impact on the financial statements.

**Soldiers to Sidelines**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization's financial assets available to meet cash needs for general expenditures, payables and other obligations due within one year of the statement of financial position date consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash	\$ 147,352	\$ 247,341
Contributions receivable	<u>20,000</u>	<u>57,327</u>
	167,352	304,668
Less: Those unavailable for general expenditures within one year, due to net assets with donor restrictions (see Note 6)	<u>(43,750)</u>	<u>-</u>
Total financial assets available for general expenditure	<u>\$ 123,602</u>	<u>\$ 304,668</u>

The Organization structures its financial assets to be available and liquid as its general expenditures, liabilities and other obligations come due.

**4. SOFTWARE**

Software costs consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cost	\$ 94,045	\$ 50,594
Accumulated amortization	<u>(7,837)</u>	<u>-</u>
Software costs, net	<u>\$ 86,208</u>	<u>\$ 50,594</u>

Amortization expense for the years ended December 31, 2023 and 2022 was \$7,837 and \$-0-, respectively.

Future amortization is as follows:

<b>Year</b>	<b>Amount</b>
2024	\$ 31,348
2025	31,348
2026	<u>23,512</u>
	<u>\$ 86,208</u>

**Soldiers to Sidelines**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**5. CONTRIBUTIONS OF NONFINANCIAL ASSETS**

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities and changes in net assets (deficit) included the following:

<u>Nonfinancial Contributions Category</u>	<u>Type of Contribution</u>	<u>Valuation</u>	<u>2023</u>	<u>2022</u>
Contributed services	Professional fees	Standard industry pricing for similar services	\$ 37,658	\$ 12,983
Software costs	Software costs	Standard industry pricing for similar services	<u>21,725</u>	<u>25,257</u>
			<u>\$ 59,383</u>	<u>\$ 38,240</u>

The Organization recognized contributed nonfinancial assets within revenue, including professional services and software costs. Contributed nonfinancial assets did not have donor-imposed restrictions. Contributed nonfinancial asset services recognized comprise professional services from accountants related to bookkeeping providing accounting services on behalf of the Organization and recognized in management and general expense and software costs driven by software engineers for the build out of its Client Relationship Management (“CRM”) platform and capitalized into software costs.

**6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were restricted for the following purposes at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose - create educational workshops	<u>\$ 43,750</u>	<u>\$ -</u>

**7. CONCENTRATIONS**

**Concentration of Credit Risk**

The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of \$250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, results of operations, and cash flows.

**Receivable Concentration**

The Organization's contributions receivable were from one donor which comprised 100% of total receivables for the years ended December 31, 2023 and 2022.

**Revenue Concentration**

The Organization received contributions from one and five donors which comprised 21% and 47% of total revenue for the years ended December 31, 2023 and 2022, respectively.

**8. RELATED PARTY TRANSACTIONS**

In October of 2023, the Organization signed a licensing agreement for a training curriculum created by one of its employees. The agreement will pay the related party \$5,000 per month until either party terminates the agreement. Total fees paid for the training curriculum were \$15,000 during the calendar year 2023. There were no fees paid in 2022.

**Soldiers to Sidelines**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**9. LOAN PAYABLE**

In June 2020, the Organization issued a \$150,000 loan payable through the Small Business Administration (“SBA”), an agency of the U.S. Government, through the Economic Injury Disaster Loan (“EIDL”) program. The loan is due in monthly installments of principal and interest of \$641 starting 30 months after the issuance of the loan, which is December 2022, for a period of 30 years at an interest rate of 2.75%. The loan is secured by all assets of the Organization. The SBA is applying payments first to accrued interest and upon payment of all accrued interest, the payments will be applied to principal. The outstanding balance was \$150,000 as of December 31, 2023 and 2022. The following table represents future maturities of the loan payable for years ending December 31:

2024	\$	-
2025		918
2026		3,737
2027		3,841
2028		3,948
Thereafter		<u>137,556</u>
	\$	<u>150,000</u>

**10. SUBSEQUENT EVENTS**

The Organization has evaluated events occurring through July 25, 2024, the date which the financial statements were available to be issued, for possible adjustment to or disclosure in the financial statements. Based on this evaluation, the Organization has determined that no subsequent events have occurred that would require recognition or disclosure in the financial statements.