



YEARS ENDED
DECEMBER 31, 2022 AND 2021



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

PLATOON 22, INC.

YEARS ENDED DECEMBER 31, 2022 AND 2021

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Independent Accountant's Review Report

Board of Directors
Platoon 22, Inc.
Frederick, Maryland

We have reviewed the accompanying financial statements of Platoon 22, Inc. (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provided a reasonable basis for our conclusion.

We are required to be independent of Platoon 22, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Correction of Error

As more fully described in Note 9 to the financial statements, the Organization has restated its 2021 financial statements to correct an error related to unrecorded accounts payable at December 31, 2021. Our conclusion is not modified with respect to this matter.

Brown Schultz Steindler & Fritz

Frederick, Maryland
November 9, 2023

PLATOON 22, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(See independent accountant's review report)

| | 2022 | 2021 (as restated) |
|---|---------------------|-----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 576,487 | \$ 622,745 |
| Unconditional promise to give | 45,000 | |
| Promised use of facility | 37,300 | |
| Prepaid expenses | 23,123 | |
| Total current assets | 681,910 | 622,745 |
| Property and equipment: | | |
| Leasehold improvements | 49,858 | |
| Less accumulated depreciation | 831 | |
| Total property and equipment | 49,027 | |
| Other assets: | | |
| Unconditional promise to give | 45,000 | |
| Promised use of facility (net of unamortized discount of \$62,333 and \$0, respectively) | 257,825 | |
| Website (net of accumulated amortization of \$1,500 and \$600, respectively) | 1,200 | 2,100 |
| Total other assets | 304,025 | 2,100 |
| Total assets | \$ 1,034,962 | \$ 624,845 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accrued salaries and taxes payable | \$ 7,985 | \$ 4,775 |
| Accounts payable | | 31,500 |
| Deferred revenue | 2,500 | 23,000 |
| Total liabilities | 10,485 | 59,275 |
| Net assets: | | |
| Without donor restrictions | 639,352 | 565,570 |
| With donor restrictions | 385,125 | |
| Total net assets | 1,024,477 | 565,570 |
| Total liabilities and net assets | \$ 1,034,962 | \$ 624,845 |

See notes to financial statements.

PLATOON 22, INC.

STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021
(See independent accountant's review report)

| | 2022 | | | 2021 (as restated) |
|---|-------------------------------|----------------------------|---------------------|-------------------------------|
| | Without donor restrictions | With donor restrictions | Total | Without donor restrictions |
| Revenue: | | | | |
| Contributions and grants | \$ 359,515 | \$ 90,000 | \$ 449,515 | \$ 313,823 |
| Promised use of donated facilities | 12,425 | 295,125 | 307,550 | |
| Donated items | 17,928 | | 17,928 | |
| Special events and related sponsorships | 141,357 | | 141,357 | 54,610 |
| Merchandise sales | | | | 224 |
| Interest income | 368 | | 368 | 677 |
| Total revenue | 531,593 | 385,125 | 916,718 | 369,334 |
| Expenses: | | | | |
| Program services | 314,745 | | 314,745 | 172,755 |
| Management and general | 84,414 | | 84,414 | 43,533 |
| Fundraising | 58,652 | | 58,652 | 38,607 |
| Total expenses | 457,811 | | 457,811 | 254,895 |
| Change in net assets | 73,782 | 385,125 | 458,907 | 114,439 |
| Net assets: | | | | |
| Beginning of year, as restated | 565,570 | | 565,570 | 451,131 |
| End of year | \$ 639,352 | \$ 385,125 | \$ 1,024,477 | \$ 565,570 |

See notes to financial statements.

PLATOON 22, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(See independent accountant's review report)

| | <u>Program services</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>Total</u> |
|----------------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Functional expenses: | | | | |
| Salaries and payroll taxes | \$ 128,738 | \$ 24,770 | \$ 1,866 | \$ 155,374 |
| Advertising and promotion | 3,000 | | 2,135 | 5,135 |
| Amortization | | 900 | | 900 |
| Depreciation | | 831 | | 831 |
| Bank and processing fees | 782 | 4,526 | | 5,308 |
| Direct support | 71,664 | | | 71,664 |
| Event auction items | | | 17,928 | 17,928 |
| Event rentals | | | 15,209 | 15,209 |
| Food and beverage | | | 12,576 | 12,576 |
| Insurance | 5,148 | 908 | | 6,056 |
| Merchandise costs | 5,690 | | | 5,690 |
| Miscellaneous | | 3,475 | | 3,475 |
| Occupancy | 11,066 | 1,953 | | 13,019 |
| Miscellaneous event costs | | | 8,938 | 8,938 |
| Office | | 915 | | 915 |
| Printing and postage | | 143 | | 143 |
| Professional fees | 14,200 | 33,930 | | 48,130 |
| Travel | 8,420 | | | 8,420 |
| Veteran experiences | 38,988 | | | 38,988 |
| Veteran center supplies | 27,049 | | | 27,049 |
| Website and software | | 12,063 | | 12,063 |
| Total functional expenses | \$ 314,745 | \$ 84,414 | \$ 58,652 | \$ 457,811 |

See notes to financial statements.

PLATOON 22, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

(as restated)

(See independent accountant's review report)

| | <u>Program services</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>Total</u> |
|----------------------------------|-----------------------------|-----------------------------------|-------------------------|--------------------------|
| Functional expenses: | | | | |
| Salaries and payroll taxes | \$ 66,545 | \$ 8,318 | \$ 8,318 | \$ 83,181 |
| Advertising and promotion | 1,930 | 458 | 9,704 | 12,092 |
| Amortization | | 600 | | 600 |
| Bank and processing fees | 296 | 1,802 | | 2,098 |
| Direct support | 5,000 | | | 5,000 |
| Event rentals | | | 10,212 | 10,212 |
| Food and beverage | 1,429 | 5 | 5,881 | 7,315 |
| Insurance | | 1,803 | | 1,803 |
| Merchandise costs | 3,503 | | | 3,503 |
| Miscellaneous | | 398 | | 398 |
| Miscellaneous event costs | 11,848 | | 4,492 | 16,340 |
| Office | | 975 | | 975 |
| Printing and postage | | 392 | | 392 |
| Professional fees | | 18,235 | | 18,235 |
| Travel | 5,261 | 929 | | 6,190 |
| Veteran experiences | 76,943 | | | 76,943 |
| Website and software | | 9,618 | | 9,618 |
| Total functional expenses | <u>\$ 172,755</u> | <u>\$ 43,533</u> | <u>\$ 38,607</u> | <u>\$ 254,895</u> |

See notes to financial statements.

PLATOON 22, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(See independent accountant's review report)

| | <u>2022</u> | <u>2021</u> |
|---|---------------------------------|---------------------------------|
| Cash flows from operating activities: | | |
| Inflows: | | |
| Cash received from: | | |
| Contributions and grants | \$ 359,515 | \$ 313,823 |
| Special events | 120,857 | 77,610 |
| Merchandise sales | | 224 |
| Interest | 368 | 677 |
| | <u>480,740</u> | <u>392,334</u> |
| Outflows: | | |
| Payments to: | | |
| Employees | 152,164 | 81,021 |
| Suppliers | 324,976 | 139,614 |
| | <u>477,140</u> | <u>220,635</u> |
| Net cash provided by operating activities | <u>3,600</u> | <u>171,699</u> |
| Cash flows from investing activities: | | |
| Outflows: | | |
| Purchase of leasehold improvements | 49,858 | |
| Purchase of website | | 2,700 |
| | <u>(49,858)</u> | <u>(2,700)</u> |
| Total cash used in investing activities | <u>(49,858)</u> | <u>(2,700)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(46,258)</u> | <u>168,999</u> |
| Cash and cash equivalents: | | |
| Beginning of year | <u>622,745</u> | <u>453,746</u> |
| End of year | <u><u>\$ 576,487</u></u> | <u><u>\$ 622,745</u></u> |

See notes to financial statements.

PLATOON 22, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021 (See independent accountant's review report)

1. Summary of Organization and significant accounting policies:

Organization:

Platoon 22, Inc. (the Organization) was organized on September 2, 2014 as a not-for-profit corporation in the State of Maryland. Platoon 22, Inc. was created to win the war against veteran suicide by using awareness to create a social movement in our nation, consisting of both veterans and civilians that lets our war fighters know that it is not a sign of weakness to ask for help, but a sign of strength.

Basis of accounting:

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. Revenues are recognized when earned and expenditures when incurred.

Cash and cash equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with original maturities of three months or less to be cash equivalents.

Unconditional promise to give:

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 fair value, which is measured as the present value of their future cash flows, as management believes that this is the most accurate method of reporting the receivables and related revenues. At December 31, 2022, management expects to collect all unconditional promises to give within the next two years; therefore, a portion of the balance is reported as current on the statements of financial position.

Promised use of facility:

The Organization leases a space at below market value to provide its services. Promised use of facility is capitalized and recorded as donor-restricted contributions at their fair value at the start date of the lease and reported as increases in net assets with donor restrictions. The restriction expires based on the term of the lease agreement, and the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

PLATOON 22, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021 (See independent accountant's review report)

1. Summary of Organization and significant accounting policies (continued):

Property and equipment:

The Organization capitalizes all purchases of property and equipment with a useful life of greater than one year at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Website:

Website development costs are carried at cost, net of accumulated amortization. These costs are amortized using the straight-line method over the estimated useful life of the website of three years.

Net assets:

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions - Net assets without donor restrictions are resources available for support of the Organization's operations and are not subject to donor-imposed restrictions.

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Resources may also be received with donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction, nor by the passage of time. The Organization considers all contributions that are designated to a particular program to be transferred to net assets without donor restrictions when the terms of the restrictions have been met.

Support:

Contributions: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are recorded as support without donor restrictions or support with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions are met in the same year as designated, all activity related to the donation is recorded as support without donor restrictions in the current year. Restrictions on gifts of capital assets or cash for the purchase of capital assets expire when the asset is placed in service. Management has determined the Organization's contributions are considered nonexchange transactions.

Donated items: The Organization receives a variety of donated goods valued at fair value to be auctioned at their annual gala. These donated items are recorded as support and expenses in the financial statements.

PLATOON 22, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021 (See independent accountant's review report)

1. Summary of Organization and significant accounting policies (continued):

Support:

Donated/promised use of facility: The Organization leases a space at below market value to provide its services. The Organization records a contribution with donor restriction in the year of the contributed lease at its discounted fair value. Over the duration of the lease, the promise is reduced, the restriction is released and the related expense is recorded in the financial statements.

Revenue recognition:

The Organization generates revenue primarily through fundraising events, which includes revenue from sponsorships, registration fees and games. All special event revenue is recognized when the specific event occurs.

The Organization accounts for a customer contract when both parties have approved the contract and are committed to perform their respective obligations, each party's rights are identified, payments terms can be identified, the contract has legal substance and it is at least probable that the Organization will collect the consideration to which it is entitled. Revenue is recognized at the point in time when the services are provided, as this represents the satisfaction of the Organization's performance obligation.

The Organization has determined that contracts do not include a significant financing component. Generally, sponsorships and registration fees are received before the event occurs. Sponsorships can be paid for more than one event, which is recorded as deferred revenue until the event occurs.

The Organization allocates the transaction price to each event or program which they consider to be their performance obligation based on its relative standalone price. Sponsorships and registration fees are determined before the registration period for the event opens.

The Organization offers no refunds for events.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

PLATOON 22, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021 (See independent accountant's review report)

1. Summary of Organization and significant accounting policies (continued):

Tax-exempt status:

The Organization is incorporated under the laws of the State of Maryland as a nonprofit organization. The Organization has elected, under provisions of Internal Revenue Code Section 501(c)(3) and state income tax statutes, to be excluded from taxes on exempt function income. Therefore, no provision is made for taxes on income.

Functional expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Program services expenses represent direct and allocated costs associated with certain projects that are related to the Organization's exempt function such as raising awareness of veteran suicides. Management and general expenses are direct and allocated expenses which relate to the overall management of the Organization. Fundraising expenses are direct and allocated expenses which relate to fundraising aspects of the Organization.

Advertising:

Advertising costs are expensed as incurred.

2. Liquidity and availability of resources:

The Organization's financial assets as of December 31, 2022 and 2021 consisted of cash and cash equivalents of \$576,487 and \$622,745, respectively, all of which is available for general expenditures within one year as the Organization does not have any contractual, donor or board-imposed limitations. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

3. Concentration of credit risk:

The Organization maintains its cash deposits in two financial institutions. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2022, the cash deposits exceed the limit by \$271,690, representing the maximum loss risk.

PLATOON 22, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021 (See independent accountant's review report)

4. Fair value measurements:

The Organization uses a framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value using a fair value hierarchy. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology for assets and liabilities that have no active market in the same assets, but do have parallel markets or alternative means to estimate fair value using observable information inputs, such as the value placed on similar assets or liabilities that were recently traded or transferred between external entities (i.e., market participants).

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Promised use of facility: The income approach utilizes valuation techniques (the present value method, a Level 2 measurement) to convert future amounts to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. The Organization discounted the value of their long-term donated lease and recorded a restricted contribution in the year the lease was signed. The Organization discounted the value of the lease by the discount interest rate for the United States on September 26, 2022, the start date of the lease, which was 3.88%. The value of the promised use of facility at December 31, 2022 is \$295,125.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

PLATOON 22, INC.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021 (See independent accountant's review report)

5. Net assets with donor restrictions:

Net assets with donor restrictions were available for the following purposes as of December 31:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------|
| Promised use of facility (Note 6) | \$ 295,125 | |
| Staffing and veteran services | <u>90,000</u> | |
| Total net assets with donor restrictions | <u>\$ 385,125</u> | <u>\$ -</u> |

6. Promised use of facility:

A nearly ten-year lease was entered into on September 26, 2022 with a company to sublease a space in the Veteran Services Center in Frederick, MD, for \$1 per month. The initial lease term is four years and ten months with an option to renew for an additional five years. In connection with this lease agreement, the Organization discounted the value of the nearly ten-year term of the lease and recorded a restricted contribution for the year ended December 31, 2022. For the year ended December 31, 2022, occupancy expense of \$9,325 was recorded in connection with this lease agreement and \$295,125 of support with donor restriction and \$9,325 of support without donor restriction as the donor restriction was satisfied within the same fiscal year.

Promised use of facility was as follows as of December 31, 2022:

| | |
|--|-------------------|
| Receivable in one to five years | \$ 186,500 |
| Receivable in more than five years | <u>170,958</u> |
| | 357,458 |
| Less unamortized discount to net present value | <u>62,333</u> |
| Net promised use of facility | <u>\$ 295,125</u> |

The Organization agrees to reimburse the sublandlord for its portion of operating expenses, trash removal, water and sewer charges, real estate taxes and utility expenses related to the building beginning in January 2024.

PLATOON 22, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(See independent accountant's review report)

7. Gifts in kind:

For the year ended December 31, 2022, gifts in kind recognized within the statement of activities included:

| | | <u>Usage in programs/activities</u> | <u>Donor-imposed restrictions</u> | <u>Fair value techniques</u> |
|-------------------------------------|-------------------|-------------------------------------|--|--|
| Sports/event tickets | \$ 2,500 | Fundraising | Unrestricted | Estimated U.S. wholesale prices of identical or similar products using pricing data under a 'like-kind' methodology considering the goods condition and utility for use at the time of the contribution. |
| Food and beverages | 6,000 | Fundraising | Unrestricted | |
| Vacation packages | 2,295 | Fundraising | Unrestricted | |
| Miscellaneous auction items | <u>7,133</u> | Fundraising | Unrestricted | |
| | <u>\$ 17,928</u> | | | |
| Donated/promised use of facilities: | | | | |
| Veteran Services Center | \$ 304,450 | Allocated among all functions | Restricted for use to provide services to veterans | Estimated nearly ten-year promised use of facility by considering the market value rental price per square foot being paid for other spaces within the same building. |
| Veteran Services Center | 3,100 | Allocated among all functions | Restricted for use to provide services to veterans | Estimated one month use of facility by considering the market value rental price per square foot being paid for other spaces within the same building. |
| | <u>\$ 307,550</u> | | | |

8. Related party transactions:

The Organization engaged SoldierFit to host program events. The Organization incurred \$31,500 of costs to SoldierFit for hosting events during the year ended December 31, 2021. The founder of SoldierFit was the Executive Director of the Organization at the time of the events.

PLATOON 22, INC.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(See independent accountant's review report)

9. Correction of error:

The statements of financial position, activities and functional expenses have been restated to correct an error. During the year ended December 31, 2021, the Organization incurred \$31,500 of event costs which was excluded from accounts payable at year end. The correction resulted in the following restatements on the financial statements as of and for the year ended December 31, 2021:

| | <u>As originally stated</u> | <u>Correction for missed accounts payable</u> | <u>As restated</u> |
|--|---------------------------------|---|--------------------|
| Statement of financial position: | | | |
| Accounts payable | | \$ 31,500 | \$ 31,500 |
| Net assets without donor restrictions | \$ 597,070 | (31,500) | 565,570 |
| Statement of activities, expenses, program services | 141,255 | 31,500 | 172,755 |
| Statement of functional expenses, program services, veteran experiences | 45,443 | 31,500 | 76,943 |

10. Subsequent events:

The Organization is under contract for purchasing a residential multi-unit property in Hagerstown, Maryland, for \$500,000. The intent is to provide subsidized housing to veterans under the U.S. Department of Housing and Urban Development's Veterans Affairs Supportive Housing (HUD-VASH) program. The Organization is planning to finance 80% of the purchase.

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 9, 2023, the date the financial statements are available to be issued.