

Azalea Charities, Inc.

(A nonprofit organization)

Financial Statements

For The Year Ended December 31, 2014

With Audit Report of Independent
Certified Public Accountants

Turner, Leins & Gold, LLC
Certified Public Accountants

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We have audited the accompanying statement of financial position of Azalea Charities, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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.

Auditor's 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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Schedule of Functional Expenses* is presented for purposes of additional analysis and is 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Azalea Charities, Inc. as of December 31, 2014 and the changes in its net assets and its cash flows for year then ended in conformity with accounting principles generally accepted in the United States of America.



Vienna, Virginia
February 19, 2015

Azalea Charities, Inc.
Statement of Financial Position
As of December 31, 2014

ASSETS

CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 153,972
Total current assets	<u>153,972</u>
FIXED ASSETS	
Equipment	498
Less: Accumulated Depreciation	<u>(160)</u>
Net fixed assets	<u>338</u>
TOTAL ASSETS	<u><u>\$ 154,310</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:	
Accounts Payable	\$ 6,500
Total liabilities	<u>6,500</u>
NET ASSETS:	
Unrestricted	81,810
Restricted	<u>66,000</u>
Total net assets	<u>147,810</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 154,310</u></u>

See accompanying notes

Azalea Charities, Inc.
Statement of Activities
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Total
REVENUES:			
Donations	\$ 248,263	\$ 93,849	\$ 342,112
Interest Income	82	-	82
	<u>248,345</u>	<u>93,849</u>	<u>342,194</u>
TOTAL REVENUE			
EXPENDITURES:			
Aid for Wounded Soldiers	292,477	122,281	414,758
Golf Tournament	640	-	640
Depreciation	100	-	100
General and Administrative	2,137	-	2,137
	<u>295,354</u>	<u>122,281</u>	<u>417,635</u>
TOTAL EXPENDITURES			
CHANGE IN NET ASSETS	(47,009)	(28,432)	(75,441)
NET ASSETS, BEGINNING OF YEAR	<u>128,819</u>	<u>94,432</u>	<u>223,251</u>
NET ASSETS, END OF YEAR	<u>\$ 81,810</u>	<u>\$ 66,000</u>	<u>\$ 147,810</u>

See accompanying notes

Azalea Charities, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (75,441)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	100
Increase (decrease) in:	
Escrows - Briseno	(24,389)
Accounts Payable	<u>500</u>
Net cash provided by operating activities	<u>(99,230)</u>
 NET DECREASE IN CASH	 (99,230)
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>253,202</u>
 CASH AND CASH EQUIVALENTS, end of year	 <u><u>\$ 153,972</u></u>

See accompanying notes

Azalea Charities, Inc.
Notes to Financial Statements
December 31, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND PURPOSE

Organization and Purpose: Azalea Charities, Inc. (“the Organization”), a not-for-profit organization, was founded in 2000 under the laws of the Commonwealth of Virginia. It is organized and operated to provide comfort and relief items for soldiers, sailors, airmen and marines whom were sick, injured or wounded from service in Iraq and Afghanistan. They purchase specific items requested by Military Medical Centers, VA Medical Centers and Fisher House rehabilitation facilities. From Northern Virginia to Fredericksburg, Azalea Charities, Inc. provides financial support to Boys & Girls Clubs, Special Olympics, homeless shelters and education based charities.

Financial Statement Presentation: Under generally accepted accounting principles (GAAP) for not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, which represents the expendable resources that are available for operations at management’s discretion; temporarily restricted net assets, which represents resources restricted by donors as to the purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor-imposed stipulations that neither express by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The Organization presently has no permanently restricted net assets.

Basis of Accounting: The Organization accounts for its unrestricted funds on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles of the United States of America. Revenues are recognized in the period in which they are earned; expenses are recognized in the period in which they are incurred. The Organization accounts for restricted funds on the cash basis of accounting whereby revenue is recognized when received and expenses when paid.

Cash and Cash Equivalents: The Organization considers all highly liquid investments and interest-bearing deposits with an original maturity date of three months or less to be cash equivalents.

Classes of Net Assets: To ensure the observance of limitations and restrictions placed on the use of resources available to the Organization, resources are classified for accounting purposes into classes established according to their nature and purpose.

The net assets of the Organization are divided into two classes: unrestricted and temporarily restricted. There are no permanently restricted assets as of December 31, 2014.

Unrestricted Net Assets are net assets, which are available for the general operations of the Organization.

Temporarily Restricted Net Assets include net assets, which are subject to donor-imposed restrictions for support of a particular operating activity.

Revenue Recognition: Contributions with donor-imposed restrictions are reported as restricted support; however, donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. When the donor restrictions expire, that is, when a stipulated time restriction ends or purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

Azalea Charities, Inc.
Notes to Financial Statements
December 31, 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND PURPOSE- (continued)

Tax Status: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been granted public charity status by the Internal Revenue Service. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

As of December 31, 2014, the tax years that remain subject to examination by taxing authorities begin with 2011. Tax returns for 2011, 2012 and 2013 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

Advertising: Advertising costs are charged to expenses as incurred. The Organization did not incur advertising costs for the year ended December 31, 2014.

Cost Allocation: Costs have been allocated between program services, management and general and fundraising functions based on level of effort and specific identification.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk: Financial instruments and related items, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash. Cash is insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 at each institution. At times, such amounts may exceed the FDIC limits. The Organization has not experienced any loss on these accounts.

Equipment and Depreciation. Equipment is recorded at cost and depreciated on the straight line basis over their estimated useful lives of the asset. Depreciation expense for the years ended December 31, 2014 was \$100.

Fair Value of Financial Instruments. The Organization’s financial instruments consist primary of cash, accounts receivable, accounts payable and loans from shareholder. Pursuant to ASC 820, *Fair Value Measurements and Disclosures*, and ASC 825, *Financial Instruments*, the fair value of cash equivalents is determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets. The recorded values of other financial instruments approximate their current fair value because of their nature and respective relatively short maturity dates or durations.

Azalea Charities, Inc.
Notes to Financial Statements
December 31, 2014

NOTE 2 – SUBSEQUENT EVENTS

Management has evaluated all events through the financial statement issuance date of February 19, 2015, the date these financial statements were available to be issued, and determined that there are no subsequent events that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

Azalea Charities, Inc.
Schedule of Functional Expenses
For the Year Ended December 31, 2014

	Program Services	Management and General	Fundraising	Total
AWW Support	\$ 414,758			\$ 414,758
Golf Tournament			640	640
Depreciation		100		100
General and Administrative		2,137		2,137
	\$ 414,758	\$ 2,237	\$ 640	\$ 417,635

See accompanying notes