SOLDIERSTRONG, INC.

FINANCIAL STATEMENTS

December 31, 2017 and 2016

SOLDIERSTRONG, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
SoldierStrong, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of SoldierStrong, Inc. (the “Organization”) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors’ 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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017 and 2016, 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.

Mercadien, P.C.
Certified Public Accountants

December 18, 2018

SOLDIERSTRONG, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

	2017	2016
ASSETS		
Cash and cash equivalents	$ 38,449	$ 26,073
Contributions receivable	28,910	50,327
Prepaid expenses	6,617	2,778
Equipment, net of accumulated depreciation of $30 for 2017	1,191	-
Total Assets	$ 75,167	$ 79,178
LIABILITIES AND NET ASSETS		
Accrued expenses	$ 24,013	$ 29,786
Net Assets		
Unrestricted	51,154	49,392
Total Liabilities and Net Assets	$ 75,167	$ 79,178

See notes to financial statements.

SOLDIERSTRONG, INC.

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2017 and 2016

	Unrestricted	
	2017	2016
Support and revenues		
Contributions	$ 491,750	$ 828,326
Special event revenue	495,632	363,727
Less: direct benefit cost of the special event	(136,029)	(151,157)
Total support and revenues	851,353	1,040,896
Expenses		
Program services	679,034	756,811
Management and general	45,630	52,641
Fundraising	124,927	96,819
Total expenses	849,591	906,271
Change in net assets	1,762	134,625
Net assets (deficit), beginning of year	49,392	(85,233)
Net assets, end of year	$ 51,154	$ 49,392

SOLDIERSTRONG, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Grants and scholarships	$ 187,051	$ -	$ -	$ 187,051
Ekso suits and rehabilitation fees	251,176	-	-	251,176
Salaries	30,000	30,000	30,000	90,000
Payroll taxes	2,336	2,336	2,336	7,008
Travel and meetings	17,788	-	40,216	58,004
Professional fees	97,430	-	18,750	116,180
Advertising and marketing	49,969	886	16,030	66,885
Office and telephone	2,816	2,816	-	5,632
Grantwriting	-	-	4,634	4,634
Insurance	2,239	1,410	777	4,426
Supplies	11,318	336	1,934	13,588
Memberships and subscriptions	735	-	560	1,295
Postage and printing	4,650	4,651	4,651	13,952
Website	17,733	-	1,970	19,703
Interest expense	-	96	-	96
Depreciation	-	30	-	30
Miscellaneous	3,793	3,069	3,069	9,931
Total	$ 679,034	$ 45,630	$ 124,927	$ 849,591

SOLDIERSTRONG, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

	Program Services	Management and General	Fundraising	Total
Grants and scholarships	$ 101,483	$ -	$ -	$ 101,483
Ekso suits and rehabilitation fees	498,144	-	-	498,144
Salaries	32,937	30,000	32,938	95,875
Payroll taxes	3,420	1,535	3,420	8,375
Travel and meetings	10,754	-	28,075	38,829
Professional fees	51,350	900	900	53,150
Advertising and marketing	27,820	1,033	14,799	43,652
Office and telephone	2,457	2,457	-	4,914
Grantwriting	-	-	7,287	7,287
Insurance	-	317	-	317
Supplies	1,090	872	2,986	4,948
Postage and printing	3,758	3,757	3,757	11,272
Website	7,058	-	784	7,842
Interest expense	5,843	3,345	-	9,188
Miscellaneous	10,697	8,425	1,873	20,995
Total	$ 756,811	$ 52,641	$ 96,819	$ 906,271

SOLDIERSTRONG, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	$ 1,762	$ 134,625
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	30	-
Increase (decrease) in cash from		
Contributions receivable	21,417	(50,327)
Prepaid expenses	(3,839)	(2,778)
Accrued expenses	(5,773)	28,508
Deferred revenue	-	-
Net cash from operating activities	13,597	110,028
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,221)	-
Cash Flows from Financing Activities		
Repayment of loan payable	-	(100,000)
Net change in cash	12,376	10,028
Cash, beginning of year	26,073	16,045
Cash, end of year	$ 38,449	$ 26,073
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for		
Interest	$ 96	$ 9,188
Non cash investing and financing activities		
Donated services	$ 10,000	$ -

A. NATURE OF ORGANIZATION

SoldierStrong, Inc. (the "Organization") is a not-for-profit organization, incorporated in the state of Connecticut on November 26, 2013, as Soldier Socks. In August 2015, the Organization changed its name to SoldierStrong, Inc. The Organization's mission is to provide support and opportunities to returning soldiers and military personnel to assist them in returning to civilian life and workforce and providing the basic essentials to the men and women of the U.S. Armed Forces serving on the battlefields for the United States of America. In addition, the Organization also provides funding and support for ekso-skeletal suit purchase and research, physical rehabilitation and scholarships and grants to those individuals.

B. 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"). Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets - net assets not subject to donor-imposed stipulations, and therefore expendable for operating purposes.

- Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or by the passage of time. The Organization has no temporarily restricted net assets.

- Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or donor-specified purposes. The Organization has no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on deposit and highly liquid debt instruments with original maturities of ninety days or less.

Contributions Receivable

The Organization considers all contributions receivable to be fully collectible; accordingly, no allowance for doubtful amounts is required. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets as net assets released from restrictions.

Special event revenue is recognized when the event occurs.

Equipment

Equipment purchased, costing in excess of $1,000, is capitalized and recorded at cost, except for donated items, which are recorded at the fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Income generated by activities that would be considered unrelated to the Organization's mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such taxes have been recognized as of December 31, 2017 and 2016.

U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Organization did not record any interest or penalties on uncertain tax positions in the accompanying statements of financial position as of December 31, 2017 or 2016, or in the accompanying statements of activities for the years then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

Functional Expense Allocation

Certain operating expenses have been allocated to program services based on the reasonable benefit that the program derived from these expenses. There are various funding sources providing support towards the Organization's programs and some of the expenses charged to the programs represent direct expenses related to program operations and objectives.

Subsequent Events

Management has evaluated events for potential recognition and disclosure that occurred after December 31, 2017, and through December 18, 2018, the date the financial statements were available to be issued. No items were determined by management to require disclosure.

Recent Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Updates ("ASU") through the date of these financial statements which may be applicable to the Organization and for which the Organization is currently evaluating the effect that each will have on the financial statements and related disclosures.

ASU 2016-14, issued August 2016, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which now requires net assets to be presented in two classes, instead of three. The two classes will be net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 continues to allow entities to choose between the direct and indirect methods for presenting operating cash flows, eliminating the required presentation or disclosure of the indirect method reconciliation, if using the direct method. Additional enhanced disclosures will be required to present the amounts and purposes of board designations, composition of net assets with donor restrictions and how the restrictions affect the use of resources. ASU 2016-14 requires the entity to communicate qualitative and quantitative information on how it manages its liquid resources available to meet the cash flow needs for general expenditures within one year of the statement of financial position date, including disclosure of the availability of financial assets at the statement of financial position date, affected by 1) its nature, 2) external limits imposed by donors, grantors, laws and contracts with others, and 3) internal limits imposed by governing board decisions. ASU 2016-14 requires reporting of expenses by both their natural and functional classification. ASU 2016-14 will be effective for the Organization for the year ending December 31, 2018.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

ASU 2014-09, issued May 2014, *Revenue from Contracts with Customers (Topic 606)*, requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) - Deferral of the Effective Date*, which defers the effective date of ASU 2014-09 by one year. The updated standard will be effective for the Organization for the year ending December 31, 2019.

ASU 2018-08, issued in June 2018, Not-For-Profit Entities (Topic 958): *Clarifying Scope and the Accounting Guidance for Contributions Received and Contributions Made*, clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments assist entities in 1) evaluating whether transactions should be accounted for as contributions within the scope of Topic 958 or as exchange transactions subject to other guidance and 2) determining whether a contribution is conditional. ASU 2018-08 requires that the entity apply this amendment for contributions received in which the entity serves as the resource recipient for the year ending December 31, 2019, and for contributions made in which the entity serves as the resource provider for the year ending December 31, 2020.

C. LOAN PAYABLE

In October 2014, the Organization obtained a $100,000 loan from Ekso Bionics to purchase Ekso suits. Under the loan agreement the Organization was required to purchase a minimum of eight Ekso suits. The loan carried an interest rate of 5%. The loan was repaid in September 2016.

D. CONCENTRATION OF RISK AND UNCERTAINTIES

The Organization maintains cash balances which may, at times, exceed federally insured limits. The Organization historically has not experienced any credit related losses. Management believes that it is not subject to any significant credit risk on its cash accounts.

The Organization holds funds in a PayPal account which are classified as cash equivalents. Cash balances held by PayPal are Federal Deposit Insurance Corporation insured up to $100,000 per account; cash in this account did not exceed federally insured limits during the years ended December 31, 2017 and 2016.

E. PROGRAM EXPENSE

The Organization was formed to provide support in the form of grants, scholarships, Ekso suits and rehabilitation fees to disabled veterans to assist them with improving their lives after returning home from combat. Program expenses totaled $438,227 and $599,627 for the years ended December 31, 2017 and 2016, respectively.

F. ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. Advertising expense was $66,885 and $43,652 for the years ended December 31, 2017 and 2016, respectively.

G. CONDITIONAL PROMISES TO GIVE

During 2017, the Organization received a donated Ekso suit from Ekso Bionics, Inc. ("Ekso"), under the terms of an agreement. The Ekso suit was valued at $119,500, including one year of warranty care coverage services. No amount was recorded in the statements of activities since Ekso has the right to require the Organization to return the Ekso suit for any reason under the agreement.