



## **Financial Statements**

**December 31, 2010**

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## Certification

I hereby certify that:

1. Based on my knowledge, these financial statements do not contain any untrue statements of material fact or omit a material fact necessary to make the statements, in light of the circumstances under which such statements were made, not misleading.
2. Based on my knowledge, the financial statements, and financial information included in this report, fairly present, in all material respect, the financial condition, results of operation, and cash flows of Operation Stars & Stripes, Inc. as of, and for the year ended December 31, 2010.

*Elisabeth Romanik*

4/15/2011

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Elisabeth Romanik, Secretary & Fundraising Chair

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Date

**Statement of Revenue & Expenses  
Year Ended December 31, 2010**

**Operation Stars & Stripes, Inc.**  
**Statement of Financial Income and Expense**  
January through December 2010

Ordinary Income/Expense	Total				COMMENTS
	Jan - Dec 10	Jan - Dec 09	\$ Change	% Change	
<b>Income</b>					
<b>43400 · Direct Public Support</b>					
43440 · Individ, Business Contributions	9,078	16,910	(7,832)	-46%	Decrease in monetarty donations offset by increase in in-kind donations
43450 · Gifts in Kind - Goods					
<b>43460 · General</b>					
43461 · Food Items	7,438	-	7,438	100%	In 2010, inventory previously recorded in separate system was recorded in fin reporting system allowing for detailed breakout. See Total In-Kind Donations below for year over year comparison
43462 · Toiletries	2,795	-	2,795	100%	
43463 · Books & Publications	13,520	-	13,520	100%	
43464 · Postage	168	-	168	100%	
43465 · Clothing/Household Items	4,918	-	4,918	100%	
<b>Total 43460 · General</b>	<u>28,839</u>	<u>-</u>	<u>28,839</u>	<u>100%</u>	
<b>43470 · Bags of Love</b>					
43471 · Food Items	7,120	-	7,120	100%	
43472 · Toiletries	24	-	24	100%	
43473 · Books & Publications	2,097	-	2,097	100%	
43475 · Clothing/Household Items	1,006	-	1,006	100%	
<b>Total 43470 · Bags of Love</b>	<u>10,247</u>	<u>-</u>	<u>10,247</u>	<u>100%</u>	
<b>43480 · Beat the Heat</b>					
43481 · Food Items	822	-	822	100%	
43482 · Toiletries	3,098	-	3,098	100%	
43483 · Books & Publications	185	-	185	100%	
43485 · Clothing/Household Items	4,096	-	4,096	100%	
<b>Total 43480 · Beat the Heat</b>	<u>8,201</u>	<u>-</u>	<u>8,201</u>	<u>100%</u>	
<b>43490 · Holiday Stockings</b>					
43491 · Food Items	18,481	-	18,481	100%	
43492 · Toiletries	6,034	-	6,034	100%	
43493 · Books & Publications	1,593	-	1,593	100%	
43494 · Postage	630	-	630	100%	
43495 · Clothing/Household Items	8,348	-	8,348	100%	
<b>Total 43490 · Holiday Stockings</b>	<u>35,085</u>	<u>-</u>	<u>35,085</u>	<u>100%</u>	
<b>43500 · Eggstravaganza</b>					
43503 · Books & Publications	438	-	438	100%	
43505 · Clothing/Household Items	379	-	379	100%	
<b>Total 43500 · Eggstravaganza</b>	<u>818</u>	<u>-</u>	<u>818</u>	<u>100%</u>	
43450 · Gifts in Kind - Goods - Other	-	54,491	(54,491)	-100%	Increase in in-kind donations due to aggressive fundraising
<b>Total 43450 · Gifts in Kind - Goods</b>	<u>83,190</u>	<u>54,491</u>	<u>28,699</u>	<u>53%</u>	
<b>Total 43400 · Direct Public Support</b>	<u>92,269</u>	<u>71,401</u>	<u>20,867</u>	<u>29%</u>	
<b>50000 · Adjustments Credit</b>					
50010 · Vendor Reimbursements	-	(61)	61	100%	Reversal of 2009 debit
50000 · Adjustments Credit - Other	200	-	200	100%	
<b>Total 50000 · Adjustments Credit</b>	<u>200</u>	<u>(61)</u>	<u>261</u>	<u>-430%</u>	
<b>Total Income</b>	<u>92,469</u>	<u>71,341</u>	<u>21,128</u>	<u>30%</u>	

**Operation Stars & Stripes, Inc.**  
**Statement of Financial Income and Expense**  
January through December 2010

	Total				COMMENTS
	Jan - Dec 10	Jan - Dec 09	\$ Change	% Change	
Gross Profit	92,469	71,341	21,128	30%	
<b>Expense</b>					
60300 · Awards and Grants					
60330 · Noncash Awards and Grants	82,953	56,188	26,765	48%	Increase idue to availability of in-kind donations
60340 · Specific Assist to Individuals	-	204	(204)	-100%	
Total 60300 · Awards and Grants	<u>82,953</u>	<u>56,392</u>	<u>26,561</u>	<u>47%</u>	
60400 · Inventory Purchased for Grants	2,001	-	2,001	100%	Inventory purchased during inventory shortfalls and/or lack of specifically requested items
65000 · Operations					
60900 · Business Expenses					
60920 · Business Registration Fees	30	60	(30)	-50%	
Total 60900 · Business Expenses	<u>30</u>	<u>60</u>	<u>(30)</u>	<u>-50%</u>	
65010 · Fundraising Acknowledgement	250	-	250	100%	
65030 · Printing and Copying	-	3	(3)	-100%	
65080 · Supplies Mgmt and General	233	306	(74)	-24%	
65130 · 3rd Party Donations Processing	575	466	108	23%	
65140 · Bank Service Charges	12	-	12	100%	
65180 · Fundraising Event Fees	<u>70</u>	<u>-</u>	<u>70</u>	<u>100%</u>	
Total 65000 · Operations	<u>1,169</u>	<u>836</u>	<u>334</u>	<u>40%</u>	
65015 · Postage & Supplies					
65035 · Shipping to Grantors	6,088	11,229	(5,141)	-46%	Variance a result of better mass volume discounts Variance a result of 2009 excessive supplied deployed in 2010
65040 · Postal Supplies	200	678	(478)	-70%	
Total 65015 · Postage & Supplies	<u>6,288</u>	<u>11,907</u>	<u>(5,619)</u>	<u>-47%</u>	
65100 · Advertising Expenses					
62120 · Webmaster Services	2,594	230	2,364	1030%	New website development and hosting required upon issues with original site
65110 · Print Expenses	<u>53</u>	<u>-</u>	<u>53</u>	<u>100%</u>	
Total 65100 · Advertising Expenses	<u>2,647</u>	<u>230</u>	<u>2,418</u>	<u>1053%</u>	
68300 · Travel and Meetings					
68320 · Travel	<u>229</u>	<u>-</u>	<u>229</u>	<u>100%</u>	Variance due to Annual Board Meeting
Total 68300 · Travel and Meetings	<u>229</u>	<u>-</u>	<u>229</u>	<u>100%</u>	
68600 · Adjustments Debits	699	200	499	249%	Reversed in 2011
<b>Total Expense</b>	<u><u>95,987</u></u>	<u><u>69,564</u></u>	<u><u>26,423</u></u>	<u><u>38%</u></u>	
Net Ordinary Income	(3,518)	1,777	(5,295)	-298%	
<b>Other Income/Expense</b>					
Other Expense					
80000 · Writedown	-	(1,131)	1,131	100%	One time chargeoff
Total Other Expense	<u>-</u>	<u>(1,131)</u>	<u>1,131</u>	<u>100%</u>	
Net Other Income	<u>-</u>	<u>1,131</u>	<u>(1,131)</u>	<u>-100%</u>	
<b>Net Income</b>	<u><u>(3,518)</u></u>	<u><u>2,907</u></u>	<u><u>(6,425)</u></u>	<u><u>-221%</u></u>	

**Statement of Financial Position  
Year Ended December 31, 2010**

**Operation Stars & Stripes, Inc.**  
**Statement of Financial Position**  
As of December 31, 2010

	<u>Dec 31, 10</u>	<u>Dec 31, 09</u>	<u>\$ Change</u>	<u>% Change</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
9397M - Checking	26,555	30,355	(3,800)	-13%
<b>Total Checking/Savings</b>	<u>26,555</u>	<u>30,355</u>	<u>(3,800)</u>	<u>-13%</u>
<b>Other Current Assets</b>				
9397MI - Non Cash Contributions				
60500 - Inventory Adjustments Debits				
64050 - Purchased Inventory				
64100 - Food Items	1,831	-	1,831	100%
64200 - Toiletries	170	-	170	100%
64050 - Purchased Inventory - Other	(2,001)	-	(2,001)	-100%
<b>Total 64050 - Purchased Inventory</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
<b>Total 60500 - Inventory Adjustments Debits</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
9397MI - Non Cash Contributions - Other	864	581	282	49%
<b>Total 9397MI - Non Cash Contributions</b>	<u>864</u>	<u>581</u>	<u>282</u>	<u>49%</u>
<b>Total Other Current Assets</b>	<u>864</u>	<u>581</u>	<u>282</u>	<u>49%</u>
<b>Total Current Assets</b>	<u>27,419</u>	<u>30,937</u>	<u>(3,518)</u>	<u>-11%</u>
<b>TOTAL ASSETS</b>	<u><b>27,419</b></u>	<u><b>30,937</b></u>	<u><b>(3,518)</b></u>	<u><b>-11%</b></u>
<b>LIABILITIES &amp; EQUITY</b>				
<b>Equity</b>				
30000 - Opening Bal Equity	100	100	-	0%
32000 - Unrestricted Net Assets	30,837	27,929	2,907	10%
Net Income	(3,518)	2,907	(6,425)	-221%
<b>Total Equity</b>	<u>27,419</u>	<u>30,937</u>	<u>(3,518)</u>	<u>-11%</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>27,419</b></u>	<u><b>30,937</b></u>	<u><b>(3,518)</b></u>	<u><b>-11%</b></u>

**Statement of Cash Flows**  
**Year Ended December 31, 2010**



**Operation Stars & Stripes, Inc.**  
**Statement of Cash Flows**  
January through December 2010

	<u>Jan - Dec 10</u>
<b>OPERATING ACTIVITIES</b>	
<b>Net Income</b>	(3,518)
<b>Adjustments to reconcile Net Income</b> <b>to net cash provided by operations:</b>	
<b>9397MI - Non Cash Contributions</b>	(282)
<b>64050 - Purchased Inventory</b>	2,001
<b>64100 - Food Items</b>	(1,831)
<b>64200 - Toiletries</b>	(170)
<b>Net cash provided by Operating Activities</b>	<u>(3,800)</u>
<b>Net cash increase for period</b>	(3,800)
<b>Cash at beginning of period</b>	<u>30,355</u>
<b>Cash at end of period</b>	<u><u>26,555</u></u>

## Notes to Financial Statements

### 1. Organization

Operation Stars & Stripes, Inc., is a Georgia not-for-profit organization exempt from income taxes under Section 501 (c)(3) of the United States Internal Revenue Code. Operation Stars & Stripes, Inc. seeks to support active duty personnel, reservists, national guardsmen, veterans, and their families by offering encouragement, through:

- Individualized correspondence and care packages while he or she works under difficult and dangerous conditions overseas,
- Assistance domestically to enhance the quality of life of service members, veterans, and their families, and
- Increasing public awareness and understanding of the hardships of America's military sons and daughters.

Operation Stars & Stripes, Inc., is a stand-alone organization and has no other chapters, subsidiaries or related entities.

### 2. Summary of Significant Accounting Policies

#### **Basis of Presentation**

The financial statements of Operation Stars & Stripes, Inc., have been prepared on the cash basis of accounting.

Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- Unrestricted – Net assets not subject to donor-imposed restrictions
- Temporarily Restricted - Net assets subject to donor-imposed restrictions, that may or will, be met by actions by Operation Stars & Stripes, Inc. or that expire through passage of time
- Permanently Restricted - Net assets subject to donor-imposed restrictions that require the assets to be permanently maintained by Operation Stars & Stripes, Inc.

Operation Stars & Stripes, Inc. has no temporarily restricted assets or permanently restricted assets. Should Operation Stars & Stripes, Inc. be required to maintain temporarily restricted assets or permanently restricted assets, such assets would be segregated from unrestricted funds

#### **Annual Fundraising**

Operation Stars & Stripes, Inc. conducts year-round fundraising activities via direct solicitation to individual and corporate contributors through:

- Word of mouth by our volunteers, our board members and former and current military troops
- Grassroots fundraising leveraging less costly fundraising avenues, e.g., verbal / emailed / in person requests ("special events") to schools and civic and / or community organizations
- Limited mailed applications for grants
- Requests for donations via the organization's website.

### **Cash and Cash Equivalents**

Operation Stars & Stripes, Inc. does not maintain cash equivalents. It maintains cash in a banking institution protected by the Federal Deposit Insurance Corporation (FDIC).

### **Fair Value Measurements**

Operation Stars & Stripes, Inc. values its noncash or in-kind donations at the price at which Operation Stars & Stripes, Inc. would receive to sell the donated item in the principal market. In the interest of sending only the best quality items to America's military sons and daughters, Operation Stars & Stripes, Inc. accepts only new, unused, noncash donations. Accordingly, those donations are valued at the fair market value, retail price.

### **Awards/Grants**

Operation Stars & Stripes, Inc. does not distribute its donations to any other organizations. Awards/grants are directly sent to the requesting military unit.

### **Property and Equipment**

Operation Stars & Stripes, Inc. maintains no material property and/or equipment.

### **Salaries and Benefits**

Operation Stars & Stripes, Inc. is an all-volunteer organization. It maintains no paid volunteer, staff, member, or director.