



*Stephen S. Smith*  
CERTIFIED PUBLIC ACCOUNTANT

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Missing in America Veterans Recovery Program  
Grants Pass, Oregon 97527

I have audited the accompanying financial statements of Missing in America Veterans Recovery Program (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012 and 2011, and the related statements of activities 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.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missing in America Veterans Recovery Program as of December 31, 2012 and 2011, 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.

Medford, Oregon  
September 11, 2013

MISSING IN AMERICA VETERANS  
RECOVERY PROGRAM

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011



**MISSING IN AMERICA VETERANS RECOVERY PROGRAM**  
**500 HIDDEN VALLEY ROAD**  
**GRANTS PASS, OREGON 97527**

September 11, 2013

Stephen S. Smith, CPA  
244 S. Grape St.  
Medford, OR 97501

This representation letter is provided in connection with your audit of the financial statements of Missing in America Veterans Recovery Program, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 11, 2013, the following representations made to you during your audit.

**Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 29, 2013, including our responsibility for the preparation and fair presentation of the financial statements.
- The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

**Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

- o Management,
  - o Employees who have significant roles in internal control, or
  - o Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
  - We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
  - We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
  - We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
  - The organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
  - We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
  - Missing in America Veterans Recovery Program is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature: \_\_\_\_\_

Title: \_\_\_\_\_



September 11, 2013  
To the Board of Directors  
Missing in America Veterans Recovery Program

I have audited the financial statements of Missing in America Veterans Recovery Program for the year ended December 31, 2012 and have issued my report thereon dated September 11, 2013. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated January 29, 2013. Professional standards also require that I communicate to you the following information related to my audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Missing in America Veterans Recovery Program are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. I noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

##### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated September 11, 2013.

##### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting

principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the board of directors and, if appropriate, management, of Missing in America Veterans Recovery Program and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Stephen S. Smith".

Stephen S. Smith, CPA

MISSING IN AMERICA VETERANS RECOVERY PROGRAM

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF ACTIVITIES AND SIGNIFICANT ACCOUNTING  
POLICIES (continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed on the double declining balance basis over the estimated useful lives of the assets, which is 5 years.

Advertising

Advertising costs are expenses as incurred. The advertising costs for 2012 and 2011 were \$421 and zero respectfully.

NOTE B – CONCENTRATION OF CREDIT RISKS

Financial instruments which potentially expose Missing in America Veterans Recovery Program to concentrations of credit risk consist primarily of cash and short-term investments. Cash investments consist of bank deposits. The Organization holds its cash and cash equivalents with institutions insured by the FDIC. These funds are insured up to \$250,000. The Organization was within the FDIC limit as of December 31, 2012 and 2011.

NOTE C – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 11, 2013, the date the financial statements were available to be issued.

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Missing in America Veterans Recovery Program, a private nonprofit corporation operates a veteran's recovery program. The goal is to locate, identify and inter the unclaimed cremated remains of veterans through the joint efforts of private, state and federal organizations. To provide honor and respect to those who have served this country by securing a final resting place for these forgotten heroes.

#### Method of Accounting

The accrual method of accounting is used, whereby income is recognized when earned and expenses are recorded when incurred.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments that are in a mutual fund or short-term certificate of deposit and available for immediate withdrawal, with or without forfeiture of interest, to be cash equivalents.

#### Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

#### Estimates

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

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services which benefit.

#### Income Taxes

Missing in America Veterans Recovery Program has applied for recognition as a nonprofit organization, exempt from federal income tax under Internal Revenue Code Section 501(c)(3).



# MISSING IN AMERICA VETERANS RECOVERY PROGRAM

## STATEMENT OF CASH FLOWS

For the year ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (43)	\$ 10,685
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	<u>23</u>	<u>23</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(20)</u>	<u>10,708</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20)	10,708
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>15,990</u>	<u>5,282</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 15,970</u>	<u>\$ 15,990</u>

See accompanying notes and accountant's report.

# MISSING IN AMERICA VETERANS RECOVERY PROGRAM

## STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2012 and 2011

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2012 Total</u>	<u>2011 Total</u>
EXPENSES					
Accounting & professional services	\$	\$ 4,110	\$	\$ 4,110	\$ 350
Advertising	421			421	
Occupancy	831			831	5,703
Fundraising			814	814	2,063
Escort equipment	10,181			10,181	6,675
Vietnam memorial				-	2,650
Camp for life	719			719	773
Office supplies	6,479			6,479	4,750
Postage	463			463	966
Printing	764			764	
Telephone	2,017			2,017	937
Insurance & fees	2,149	527		2,676	3,180
Supplies	1,374			1,374	1,822
Storage		2,520		2,520	1,723
Website	1,681			1,681	1,286
Licensing & permits	1,059	650		1,709	648
Travel	1,296			1,296	3,121
Fuel	903			903	889
Training				-	75
Trade show	350			350	
Depreciation		23		23	23
Reimbursements	95	-	-	95	207
TOTAL EXPENSES	<u>\$ 30,782</u>	<u>\$ 7,830</u>	<u>\$ 814</u>	<u>\$ 39,426</u>	<u>\$ 37,841</u>

See accompanying notes and accountant's report.

# MISSING IN AMERICA VETERANS RECOVERY PROGRAM

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>SUPPORT</b>		
Corporate contributions	\$ 4,000	\$ 10,100
Individual contributions	35,382	35,336
Fundraising		3,089
Interest	<u>1</u>	<u>1</u>
<b>TOTAL SUPPORT</b>	<b>39,383</b>	<b>48,526</b>
<b>EXPENSES</b>		
Program services	30,782	32,857
Management and general	7,830	2,921
Fundraising	<u>814</u>	<u>2,063</u>
<b>TOTAL EXPENSES</b>	<b><u>39,426</u></b>	<b><u>37,841</u></b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(43)</b>	<b>10,685</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b><u>16,024</u></b>	<b><u>5,339</u></b>
<b>NET ASSETS, END OF YEAR</b>	<b><u>\$ 15,981</u></b>	<b><u>\$ 16,024</u></b>

See accompanying notes and accountant's report.



# MISSING IN AMERICA VETERANS RECOVERY PROGRAM

## STATEMENT OF FINANCIAL POSITION

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 15,970	\$ 15,990
Property and equipment	1,190	1,190
Accumulated depreciation	<u>(1,179)</u>	<u>(1,156)</u>
TOTAL ASSETS	<u>\$ 15,981</u>	<u>\$ 16,024</u>
UNRESTRICTED NET ASSETS	<u>\$ 15,981</u>	<u>\$ 16,024</u>
TOTAL UNRESTRICTED NET ASSETS	<u>\$ 15,981</u>	<u>\$ 16,024</u>

See accompanying notes and accountant's report.