

April 7, 2014

To the Board of Directors and Management of
Military Association of Atheists and Freethinkers

In planning and performing our audits of the financial statements of MAAF as of and for the years ended December 31, 2013 and 2012, in accordance with auditing standards generally accepted in the United States of America, we considered MAAF's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of MAAF's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. However, material weaknesses may exist that have not been identified. Our audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

During our audits, we became aware of the following deficiency in internal control, other than a significant deficiency or material weakness, that is an opportunity for strengthening internal controls:

Supporting Documentation for Revenue and Expense Transactions

During our testing of revenues, we noted instances where supporting documentation was either incomplete or missing. Examples of deficiencies noted include:

- 2012: 2 of 16 contributions selected for testing had no supporting documentation. Unsupported amounts totaled \$45.
- 2013: 1 of 12 contributions selected for testing had no supporting documentation. Unsupported amounts totaled \$20.

Supporting documentation for these items were not retained as MAAF did not have a formal policy to retain check images for simple check donations. It is our understanding, through discussion with management, that a policy has since been put into place to retain check images, which should be sufficient to provide proper documentation for these types of transactions in the future.

The communications in this letter are intended solely for the information and use of the Board of Directors and Management and are not intended to be, and should not be, used by anyone other than these specified parties.

Rogers & Company PLLC

ROGERS & COMPANY PLLC

Military Association of Atheists and Freethinkers

Financial Statements
and Independent Auditors' Report

December 31, 2013 and 2012

Military Association of Atheists and Freethinkers

Financial Statements
December 31, 2013 and 2012

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Military Association of Atheists and Freethinkers

We have audited the accompanying financial statements of the Military Association of Atheists and Freethinkers (MAAF), which comprise the statements of financial position as of December 31, 2013 and 2012, 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

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 audits to obtain reasonable assurance about whether the financial statements are free of 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MAAF as of December 31, 2013 and 2012, 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.

Rogers & Company PLLC

Vienna, Virginia
April 7, 2014

Military Association of Atheists and Freethinkers

Statements of Financial Position December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Cash	\$ 133,145	\$ 42,595
Other current assets	<u>1,532</u>	<u>-</u>
Total assets	<u>\$ 134,677</u>	<u>\$ 42,595</u>
Liabilities and Net Assets		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Net Assets		
Unrestricted	<u>134,677</u>	<u>42,595</u>
Total net assets	<u>134,677</u>	<u>42,595</u>
Total liabilities and net assets	<u>\$ 134,677</u>	<u>\$ 42,595</u>

Military Association of Atheists and Freethinkers

Statements of Activities For the Years Ended December 31, 2013 and 2012

	2013	2012
Unrestricted Revenue and Support		
Contributions	\$ 162,356	\$ 42,532
Membership dues	2,385	1,125
Other income	3,595	45
Interest income	47	1
	<hr/>	<hr/>
Total revenue and support	168,383	43,703
	<hr/>	<hr/>
Expenses		
Program services:		
Outreach	37,296	147
Education	11,286	-
Advocacy	5,913	-
	<hr/>	<hr/>
Total program services	54,495	147
	<hr/>	<hr/>
Supporting services:		
Management and general	13,797	711
Fundraising	8,009	250
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Total supporting services	21,806	961
	<hr/>	<hr/>
Total expenses	76,301	1,108
	<hr/>	<hr/>
Change in Net Assets	92,082	42,595
Net Assets, beginning of year	42,595	-
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Net Assets, end of year	\$ 134,677	\$ 42,595
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See accompanying notes.

Military Association of Atheists and Freethinkers

Statements of Cash Flows For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 92,082	\$ 42,595
Change in operating assets and liabilities:		
Increase in other current assets	<u>(1,532)</u>	<u>-</u>
Net cash provided by operating activities	<u>90,550</u>	<u>42,595</u>
Net Increase in Cash	90,550	42,595
Cash, beginning of year	<u>42,595</u>	<u>-</u>
Cash, end of year	<u><u>\$ 133,145</u></u>	<u><u>\$ 42,595</u></u>

Military Association of Atheists and Freethinkers

Notes to Financial Statements
December 31, 2013 and 2012

1. Nature of Operations

The Military Association of Atheists and Freethinkers (MAAF) is a nonprofit organization that was incorporated under the laws of the District of Columbia in December 2011. MAAF received its determination letter of 501(c)(3) status from the Internal Revenue Service (IRS) in October 2012 and MAAF's first financial transaction was on November 6, 2012. The purpose of MAAF is to provide a supportive community for nontheistic service members, to educate military leaders about nontheism, and to resolve insensitive practices that illegally promote religion or unethically discriminate against nontheism.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

MAAF's financial statements are prepared on the accrual basis of accounting and are in accordance with generally accepted accounting principles for not-for-profit organizations. Net assets are reported based on the presence or absence of donor-imposed restrictions. Unrestricted net assets represent funds that are not subject to donor-imposed stipulations and are available for support of MAAF's general operations. At December 31, 2013 and 2012, all net assets were unrestricted.

Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

Contributions, including membership dues, are recognized as revenue in the earlier of the period promised or received. Grants are recognized as revenue in the period such promises or agreements are made. Grants and contributions received are considered to be available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period, or are restricted by the grantor or donor for specific purposes, are reported as temporarily restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Revenue from other sources is recognized as earned.

Military Association of Atheists and Freethinkers

Notes to Financial Statements
December 31, 2013 and 2012

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

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

Subsequent Events

MAAF follows the guidance of FASB Accounting Standards Codification (ASC) 855, *Subsequent Events*, which establishes general standards of accounting for and disclosure of events that occur after the statement of financial position date but before the financial statements are issued. In preparing these financial statements, MAAF has evaluated events and transactions for potential recognition or disclosure through April 7, 2014, the date the financial statements were available to be issued.

3. Concentrations of Risk

Credit Risk

Financial instruments that potentially subject MAAF to significant concentrations of credit risk consist of cash. MAAF maintains various cash deposit and transaction accounts with a financial institution that are not expected to exceed insurable limits under the Federal Depository Insurance Corporation (FDIC). MAAF has not experienced any credit losses on its cash to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of this financial institution and believes that the risk of any credit loss is minimal.

Revenue Risk

A substantial portion of MAAF's revenue and support is received from a small number of donors. Any reduction in the level of support from these sources could affect MAAF's program activities. For the year ended December 31, 2013, MAAF received approximately 59% of its total revenue and support from two donors. For the year ended December 31, 2012, MAAF received approximately 69% of its total revenue and support from two donors.

Military Association of Atheists and Freethinkers

Notes to Financial Statements
December 31, 2013 and 2012

4. Income Taxes

MAAF is exempt from payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. No tax expense is recorded in the accompanying financial statements for the years ended December 31, 2013 and 2012, as there were no significant unrelated business activities. Management evaluated MAAF's tax positions and has concluded that MAAF has taken no uncertain tax positions that require either recognition or disclosure in the accompanying financial statements.