

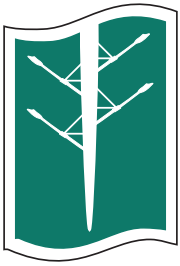
JOHNNY MAC SOLDIERS FUND, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

JOHNNY MAC SOLDIERS FUND, INC.

CONTENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

	PAGE(S)
Independent Auditors' Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 13



Murphy,
Edwards,
Goncalves
&
Ferrera, PC

*Certified Public Accountants
and Business Advisors*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Johnny Mac Soldiers Fund, Inc.

We have audited the accompanying financial statements of Johnny Mac Soldiers Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

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 Johnny Mac Soldiers Fund, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Johnny Mac Soldiers Fund, Inc.'s 2016 financial statements, and we expressed an unmodified opinion on those audited financial statement in our report dated February 23, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Murphy, Edwards, Goncalves & Ferrera, PC

Southborough, Massachusetts
May 10, 2018

JOHNNY MAC SOLDIERS FUND, INC.

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2017

(With Comparative Totals as of December 31, 2016)

	2017	2016
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Notes 2 and 7)	\$ 826,844	\$ 574,667
Pledges Receivable (Notes 2 and 3)	13,870	8,100
Other Receivable	10,110	-
Prepaid Expenses	9,659	3,635
Total Current Assets	<u>860,483</u>	<u>586,402</u>
OTHER ASSETS:		
Website Costs, Net (Note 4)	-	13,293
Investments (Note 5)	732,825	519,147
Total Other Assets	<u>732,825</u>	<u>532,440</u>
TOTAL ASSETS	<u><u>\$ 1,593,308</u></u>	<u><u>\$ 1,118,842</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Deferred Revenue	\$ -	\$ 25,000
Total Current Liabilities	<u>-</u>	<u>25,000</u>
TOTAL LIABILITIES	<u>-</u>	<u>25,000</u>
NET ASSETS:		
Unrestricted (Note 2)	1,593,308	1,093,842
Total Net Assets	<u>1,593,308</u>	<u>1,093,842</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,593,308</u></u>	<u><u>\$ 1,118,842</u></u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

JOHNNY MAC SOLDIERS FUND, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

	2017	2016
UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE:		
Support:		
Contributions	\$ 3,421,394	\$ 153,662
Special Event Revenues, including In-Kind Contributions (Note 2)	1,967,668	2,148,146
Direct Special Event Costs, including In-Kind Expenses (Note 2)	<u>(302,753)</u>	<u>(363,301)</u>
Net Special Event Revenues	<u>1,664,915</u>	<u>1,784,845</u>
Other In-Kind Contributions (Note 2)	203,978	177,673
Revenue:		
Other Income	3,332	2,470
Realized Loss (Note 5)	(207)	(75)
Unrealized Gain (Note 5)	22,912	1,212
Interest and Dividend Income (Note 5)	<u>15,846</u>	<u>8,529</u>
TOTAL SUPPORT AND REVENUE	<u>5,332,170</u>	<u>2,128,316</u>
FUNCTIONAL EXPENSES: (Note 2)		
Program Services	<u>4,388,354</u>	<u>1,636,059</u>
Support Services:		
General and Administrative	144,888	143,938
Fundraising	<u>299,462</u>	<u>248,176</u>
Total Support Services	<u>444,350</u>	<u>392,114</u>
TOTAL FUNCTIONAL EXPENSES	<u>4,832,704</u>	<u>2,028,173</u>
INCREASE IN NET ASSETS	499,466	100,143
NET ASSETS - BEGINNING	<u>1,093,842</u>	<u>993,699</u>
NET ASSETS - ENDING	<u>\$ 1,593,308</u>	<u>\$ 1,093,842</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

JOHNNY MAC SOLDIERS FUND, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

	SUPPORT SERVICES				
	Program Services	General & Administrative	Fund- Raising	Total 2017	Total 2016
Salaries	\$ 32,833	\$ 65,667	\$ 65,667	\$ 164,167	\$ 145,833
Payroll Taxes	2,053	4,107	4,107	10,267	9,570
Employee Benefits (Note 6)	8,500	17,000	17,000	42,500	25,000
Total Payroll and Related Expenses	43,386	86,774	86,774	216,934	180,403
Grants	4,343,400	-	-	4,343,400	1,600,000
Amortization (Note 4)	-	13,293	-	13,293	26,586
Professional Fees	-	6,825	-	6,825	7,200
Office Supplies and Expenses	112	5,920	27,701	33,733	28,031
Advertising and Marketing	-	3,286	-	3,286	-
Insurance	-	3,082	-	3,082	-
Miscellaneous	344	431	620	1,395	1,400
Licenses and Fees	-	1,500	-	1,500	1,560
Travel	1,112	1,049	3,117	5,278	5,120
In-Kind Professional Fees (Note 2)	-	21,512	-	21,512	31,546
In-Kind Marketing (Note 2)	-	-	181,250	181,250	144,911
In-Kind Meeting Costs (Note 2)	-	1,216	-	1,216	1,416
 Total Functional Expenses	 <u>\$ 4,388,354</u>	 <u>\$ 144,888</u>	 <u>\$ 299,462</u>	 <u>\$ 4,832,704</u>	 <u>\$ 2,028,173</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

JOHNNY MAC SOLDIERS FUND, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 499,466	\$ 100,143
Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:		
Amortization	13,293	26,586
Loss on Sale of Investments	207	75
Unrealized Gain on Sale of Investments	(22,912)	(1,212)
Uncollectible Pledges Receivable	12,200	22,250
Changes in Current Assets and Liabilities:		
Pledges Receivable	(17,970)	(9,500)
Other Receivable	(10,110)	-
Prepaid Expenses	(6,024)	(635)
Accrued Expenses	-	(319)
Deferred Revenue	(25,000)	25,000
Net Cash Provided by Operating Activities	<u>443,150</u>	<u>162,388</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Investments	<u>(190,973)</u>	<u>(258,540)</u>
Net Cash Used by Investing Activities	<u>(190,973)</u>	<u>(258,540)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	252,177	(96,152)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>574,667</u>	<u>670,819</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 826,844</u>	<u>\$ 574,667</u>

See Independent Auditors' Report and Accompanying Notes to the Financial Statements

JOHNNY MAC SOLDIERS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Johnny Mac Soldiers Fund, Inc. is a nonprofit corporation located in Ashburn, Virginia which provides information, scholarships, educational assistance, and other services to persons who are veterans, or who are children or spouses of veterans, of the United States Army, Navy, Marines, Air Force or Coast Guard who are in financial need. The organization also provides financial support to educational institutions and other charitable organizations whose purposes are similar. The Organization is funded primarily by donations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting and reporting policies of the Organization conform with United States generally accepted accounting policies (GAAP) as codified in the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC). The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted - Net assets which are subject to donor-imposed restrictions such that they are maintained permanently by the Organization.

JOHNNY MAC SOLDIERS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summarized Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not in sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for the prior year, from which the summarized totals were derived.

Cash and Cash Equivalents

Johnny Mac Soldiers Fund, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable

Pledges receivable are unsecured amounts due to the Organization based on unconditional promises to give made by various individual donors. Pledges receivable are reported at fair value in the period the promise to give is made and are carried at their estimated collectible amounts. Pledges are periodically evaluated by management for collectability. Provisions for losses on pledges receivable are determined on the basis of loss experience, risk in the pledge balances, and current economic conditions. Losses on pledges incurred in 2017 totaled \$12,200 and are included in direct special event costs.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased. Johnny Mac Soldiers Fund, Inc. received the services of attorneys for various consultations, marketing and printing professionals for internet presence, promotional materials, brand development and related monitoring. The value of those services is included in the financial statements in the expense lines highlighted below.

JOHNNY MAC SOLDIERS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services (Continued)

Legal Services	\$ 21,512
Marketing	181,250
Printing	9,970
Meeting Costs	<u>1,216</u>
Total	<u>\$ 213,948</u>

Other donated services received that do not meet the criteria for recognition, include a substantial number of volunteers who have donated significant amounts of time on behalf of Johnny Mac Soldiers Fund, Inc.

Donor Restrictions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 statement of activities as net assets released from restrictions. If restrictions over contributions are met in the same reporting period as earned, the Organization reports such contributions as unrestricted support.

Allocation of Expenses

Expenses are allocated among program and supporting services directly or on the basis of time records and utilization estimates made by the Organization's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

JOHNNY MAC SOLDIERS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The presentation of financial statements in conformity with 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.

Income Taxes

Johnny Mac Soldiers Fund, Inc. is incorporated under the laws of the Commonwealth of Massachusetts. The Organization qualifies as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization had no unrelated business income in 2017. Accordingly, no provision for income taxes is required.

Under the *Income Taxes* accounting standard, an organization should recognize the tax benefit associated with uncertain tax positions taken for tax return purposes only when it is more likely than not the position will be sustained. Management does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits, interest or penalties. Tax years 2014 through 2017 are currently open for examination by taxing authorities.

Subsequent Events

Management has evaluated subsequent events through May 10, 2018, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

JOHNNY MAC SOLDIERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(Continued)

NOTE 3 PLEDGES RECEIVABLE

As of December 31, 2017, pledges receivable consist of promises to give by various donors for one of the fundraising galas. The collection of pledges is expected as follows:

Due within one year	<u>\$ 13,870</u>
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NOTE 4 INTANGIBLE ASSET

The intangible asset subject to amortization as of December 31, 2017 is as follows:

Website Costs	\$ 79,758
Accumulated Amortization	<u>(79,758)</u>
Net Intangible Asset	<u>\$ -</u>

Website costs are amortized over three years. Amortization expense of \$- was recognized in 2017. No amortization expense is expected going forward.

NOTE 5 INVESTMENTS AND FAIR VALUE

The Organization carries investments with readily determinable values at quoted market prices, as of the balance sheet date, in accordance with the *Investments – Debt and Equity Securities* standard for not-for-profit entities.

In accordance with the *Fair Value Measurement* standard, the Organization measures its investments at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices for identical or similar assets in inactive markets, and Level 3 inputs have the lowest priority. The inputs and methodology used for valuing the

JOHNNY MAC SOLDIERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(Continued)

NOTE 5 INVESTMENTS AND FAIR VALUE (Continued)

Organization's investments are not indicators of the risks associated with those instruments. Mutual funds are valued based on the net asset values of the underlying funds. The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2017:

	Level 1	Total
Certificates of Deposit	\$ 344,754	\$ 344,754
Mutual Funds	288,160	288,160
Cash & Cash Equivalents	<u>99,911</u>	<u>99,911</u>
Total Market Value	<u>\$ 732,825</u>	<u>\$ 732,825</u>

The Organization's investment performance during the year ended December 31, 2017 consists of:

Investment Income	\$ 15,846
Realized Loss	(207)
Unrealized Gain	<u>22,912</u>
Total Investment Return	<u>\$ 38,551</u>

NOTE 6 EMPLOYEE BENEFIT PLAN

The Organization has a qualified defined contribution plan to which it contributed \$42,500 for the benefit of its employee.

JOHNNY MAC SOLDIERS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(Continued)

NOTE 7 CONCENTRATIONS OF RISK

Cash balances are primarily maintained at one bank and have periodically exceeded the Federal Deposit Insurance Corporation (FDIC) coverage limit. At December 31, 2017, the uninsured cash balance is \$548,756. The Organization has not experienced any losses in such accounts.

The Organization has significant investments in certificates of deposit and equity funds, and is therefore subject to risk. Investments are managed by one primary investment manager engaged by the Organization. Though the market value of investments is subject to fluctuations, management believes the investment policy is prudent for the long-term welfare of the Organization.

Two of the fundraising events held by Johnny Mac Soldiers Fund, Inc. during 2017 generated 29% of the Organization's revenue for the year, and one donor provided 57% of the Organization's support for the year.