

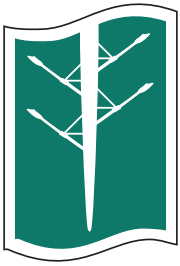
**JOHNNY MAC SOLDIERS FUND, INC.**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**JOHNNY MAC SOLDIERS FUND, INC.**

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**FOR THE YEAR ENDED DECEMBER 31, 2019**

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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, 2019, 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.

### **Auditors' 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statement in our report dated March 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Murphy, Edwards, Goncalves & Ferrera, PC*

Southborough, Massachusetts  
March 13, 2020

**JOHNNY MAC SOLDIERS FUND, INC.**

**STATEMENT OF FINANCIAL POSITION**

**AS OF DECEMBER 31, 2019**

(With Comparative Totals as of December 31, 2018)

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents (Notes 2, 3 and 7)	\$ 736,013	\$ 1,090,596
Pledges Receivable (Notes 2, 3, 4 and 7)	1,360,530	1,386,443
Prepaid Expenses	<u>13,095</u>	<u>28,840</u>
Total Current Assets	2,109,638	2,505,879
<b>OTHER ASSET:</b>		
Investments (Notes 3, 5 and 7)	<u>1,102,371</u>	<u>392,470</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,212,009</u></u>	<u><u>\$ 2,898,349</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 100,039	\$ 806,000
Accrued Expenses	-	1,475
Deferred Revenue	<u>78,296</u>	<u>500</u>
Total Current Liabilities	178,335	807,975
<b>NET ASSETS:</b>		
Without Donor Restrictions (Note 2)	<u>3,033,674</u>	<u>2,090,374</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 3,212,009</u></u>	<u><u>\$ 2,898,349</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, 2019**

(With Comparative Totals for the Year Ended December 31, 2018)

	<b>2019</b>	<b>2018</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>SUPPORT AND REVENUE:</b>		
<b>Support:</b>		
Contributions (Notes 2 and 7)	\$ 2,507,618	\$ 2,849,883
Special Event Revenues, including		
In-Kind Contributions (Note 2)	3,456,960	2,735,409
Direct Special Event Costs, including		
In-Kind Expenses (Note 2)	<u>(417,203)</u>	<u>(453,296)</u>
Net Special Event Revenues (Note 7)	<u>3,039,757</u>	<u>2,282,113</u>
Other In-Kind Contributions (Note 2)	140,360	197,645
<b>Revenue:</b>		
Other Income	3,618	6,571
Net Investment Return	<u>86,609</u>	<u>(17,418)</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<u>5,777,962</u>	<u>5,318,794</u>
<b>FUNCTIONAL EXPENSES:</b> (Note 2)		
Program Services	<u>4,450,330</u>	<u>4,372,033</u>
Support Services:		
General and Administrative	92,705	78,720
Fundraising	<u>291,627</u>	<u>370,975</u>
Total Support Services	<u>384,332</u>	<u>449,695</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>4,834,662</u>	<u>4,821,728</u>
<b>INCREASE IN NET ASSETS</b>	943,300	497,066
<b>NET ASSETS - BEGINNING</b>	<u>2,090,374</u>	<u>1,593,308</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 3,033,674</u>	<u>\$ 2,090,374</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, 2019**

(With Comparative Totals for the Year Ended December 31, 2018)

	<b>SUPPORT SERVICES</b>					
	<b>Program Services</b>	<b>General &amp; Administrative</b>	<b>Fund- Raising</b>	<b>Direct Benefits to Donors</b>	<b>Total 2019</b>	<b>Total 2018</b>
Salaries	\$ 80,700	\$ 40,350	\$ 80,700	\$ -	\$ 201,750	\$ 232,875
Payroll Taxes	4,466	2,243	4,466	-	11,175	14,800
Employee Benefits (Note 6)	20,175	10,088	20,175	-	50,438	42,749
Total Payroll and Related Expenses	105,341	52,681	105,341	-	263,363	290,424
Grants	4,296,000	-	-	-	4,296,000	4,238,500
Direct Special Events	-	-	209,153	208,050	417,203	453,296
In-Kind Marketing (Note 2)	-	-	119,514	-	119,514	176,799
Office Supplies and Expenses	2,239	3,373	45,736	-	51,348	55,559
Professional Fees	7,489	9,710	14,992	-	32,191	14,612
Miscellaneous	30,739	-	46	-	30,785	542
In-Kind Professional Fees (Note 2)	-	20,000	-	-	20,000	20,000
Travel	5,976	1,034	5,755	-	12,765	15,536
Insurance	243	2,499	243	-	2,985	4,547
Licenses and Fees	-	2,562	-	-	2,562	1,445
Advertising and Marketing (Note 2)	2,303	-	-	-	2,303	2,918
In-Kind Meeting Costs (Note 2)	-	846	-	-	846	846
Total Expenses	4,450,330	92,705	500,780	208,050	5,251,865	5,275,024
Less Items Included Within the Statement of Activities:						
Direct Special Events	-	-	(209,153)	(208,050)	(417,203)	(453,296)
Total Functional Expenses	<u>\$ 4,450,330</u>	<u>\$ 92,705</u>	<u>\$ 291,627</u>	<u>\$ -</u>	<u>\$ 4,834,662</u>	<u>\$ 4,821,728</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, 2019**

(With Comparative Totals for the Year Ended December 31, 2018)

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in Net Assets	\$ 943,300	\$ 497,066
Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:		
Donated Securities	73,373	52,760
Sales of Donated Securities	(72,208)	(53,550)
Unrealized (Gain) Loss on Sale of Investments	(40,268)	45,715
Uncollectible Pledges Receivable	6,850	14,869
Changes in Current Assets and Liabilities:		
Pledges Receivable	19,063	(1,387,442)
Other Receivable	-	10,110
Prepaid Expenses	15,745	(19,181)
Accounts Payable	(705,961)	806,000
Accrued Expenses	(1,475)	1,475
Deferred Revenue	77,796	500
Net Cash Provided (Used) by Operating Activities	<u>316,215</u>	<u>(31,678)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from Sales of Investments	2,950,000	375,617
Purchases of Investments	<u>(3,620,798)</u>	<u>(80,187)</u>
Net Cash Provided (Used) by Investing Activities	<u>(670,798)</u>	<u>295,430</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(354,583)	263,752
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,090,596</u>	<u>826,844</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 736,013</u>	<u>\$ 1,090,596</u>

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



**JOHNNY MAC SOLDIERS FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**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**

**Financial Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset classes follows:

**Without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

**With Donor Restrictions** - 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 or which are subject to donor-imposed restrictions such that they be maintained permanently by the Organization.

**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.

**JOHNNY MAC SOLDIERS FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**New Accounting Pronouncements**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The update supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle. The Organization has adopted the provisions of the new ASU during the year ended December 31, 2019, and has retrospectively applied the standard to the year ended December 31, 2018. The retrospective application had no effect on the 2018 net income or the beginning net asset balance on January 1, 2018.

During the year, the Organization also adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. The ASU clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a contribution. If the resource provider does receive commensurate value from the contribution recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (Topic 606). If no commensurate value is received by the donor, the transfer is a contribution. The Organization has adopted the provisions of the new ASU during the year ended December 31, 2019 and has retrospectively applied the standard to the year ended December 31, 2018. The retrospective application had no effect on the 2018 net income or the beginning net asset balance on January 1, 2018.

**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.

**JOHNNY MAC SOLDIERS FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pledges Receivable**

Pledges receivable are unsecured amounts due to the Organization based on unconditional promises to give made by various 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 2019 totaled \$6,850 and are included in direct special event costs. Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional.

**Revenue Recognition**

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event, the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of functional expenses. The performance obligation is delivery of the event. The event fee is set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligations. Accordingly, the Organization separately presents in its statements of functional expenses the exchange and fundraising components of special events.

**JOHNNY MAC SOLDIERS FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 an attorney 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 and is comprised as noted below. Donated printing costs of \$22,357 and \$500 of meeting costs are included in direct special event expenses.

Marketing	\$ 119,514
Printing	22,357
Legal Services	20,000
Meeting Costs	<u>1,346</u>
Total	<u>\$ 163,217</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.

**Advertising**

Advertising costs are expensed as incurred. Advertising expense was \$2,303 for the year ended December 31, 2019.

**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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

**JOHNNY MAC SOLDIERS FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Allocation of Functional 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.

**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 2019. 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 2016 through 2019 are currently open for examination by taxing authorities.

**JOHNNY MAC SOLDIERS FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

(Continued)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Subsequent Events**

Management has evaluated subsequent events through March 13, 2020, the date the financial statements were available to be issued. No significant subsequent events have been identified by management.

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization's primary source of support is contributions. The Organization has a policy to manage its liquidity and reserves by following three principal guidelines, which include operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term goals and obligations will be met. The following reflects the Organization's financial assets as of December 31, 2019. Investments are generally held for long-term purposes but may be approved for use in the short term, if needed.

Cash and Cash Equivalents	\$ 736,013
Pledges Receivable, to be Collected in Less Than One Year	1,360,530
Investments	<u>1,102,371</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 3,198,914</u>

**NOTE 4 PLEDGES RECEIVABLE**

As of December 31, 2019, pledges receivable consist of unconditional promises to give by various donors. The collection of pledges is expected as follows:

Due within one year	<u>\$ 1,360,530</u>
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**JOHNNY MAC SOLDIERS FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

(Continued)

**NOTE 4 PLEDGES RECEIVABLE (Continued)**

During the year ended December 31, 2018, the Organization received a donor commitment stating that \$7.50 from each sale of the donor’s passenger vehicles sold in the United States in 2018 and 2019 would be donated. The donation is not to exceed \$2.5 million in either year. As the amount of the 2019 donation was determinable by the date of these financial statements, the 2019 portion of this conditional pledge has been recognized.

**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 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, 2019:

	<b>Level 1</b>	<b>Total</b>
Mutual Funds	\$ 320,632	\$ 320,632
Cash & Cash Equivalents	<u>781,739</u>	<u>781,739</u>
Total Market Value	<u>\$ 1,102,371</u>	<u>\$ 1,102,371</u>

**JOHNNY MAC SOLDIERS FUND, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

(Continued)

**NOTE 6 EMPLOYEE BENEFIT PLAN**

The Organization has a qualified defined contribution plan to which it contributed \$50,438 for the benefit of its employee.

**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, 2019, the uninsured cash balance is \$715,656. The Organization has not experienced any losses in such accounts.

A pledge receivable from one donor represents 90% of the pledges receivable balance. The amount pledged from this donor was received on February 11, 2020.

The Organization has investments in 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 2019 generated 50% of the Organization's revenue for the year, and one donor provided 38% of the Organization's support for the year.