

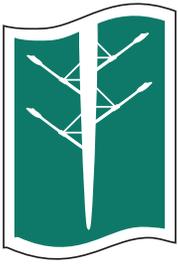
JOHNNY MAC SOLDIERS FUND, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020

JOHNNY MAC SOLDIERS FUND, INC.

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FOR THE YEAR ENDED DECEMBER 31, 2020

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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.

Opinion

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Johnny Mac Soldiers Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

INDEPENDENT AUDITORS' REPORT

(Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Johnny Mac Soldiers Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Johnny Mac Soldiers Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Johnny Mac Soldiers Fund, Inc.'s ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT

(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Johnny Mac Soldiers Fund, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 4, 2021

JOHNNY MAC SOLDIERS FUND, INC.

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020

(With Comparative Totals as of December 31, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and Cash Equivalents (Notes 2, 3 and 8)	\$ 1,227,318	\$ 736,013
Pledges Receivable (Notes 2, 3, 4 and 8)	1,096,956	1,360,530
Other Receivable	15,000	-
Prepaid Expenses	87,340	13,095
Total Current Assets	<u>2,426,614</u>	<u>2,109,638</u>
OTHER ASSETS:		
Venue Deposits	35,500	-
Investments (Notes 3, 5 and 8)	<u>930,321</u>	<u>1,102,371</u>
Total Other Assets	<u>965,821</u>	<u>1,102,371</u>
TOTAL ASSETS	<u><u>\$ 3,392,435</u></u>	<u><u>\$ 3,212,009</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable	\$ -	\$ 100,039
Note Payable (Note 6)	20,833	-
Deferred Revenue	<u>-</u>	<u>78,296</u>
Total Current Liabilities	20,833	178,335
NET ASSETS:		
Without Donor Restrictions (Note 2)	<u>3,371,602</u>	<u>3,033,674</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,392,435</u></u>	<u><u>\$ 3,212,009</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, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT AND REVENUE:		
Support:		
Contributions (Notes 2 and 8)	\$ 4,498,078	\$ 2,507,618
Special Event Revenues, including		
In-Kind Contributions	-	3,456,960
Direct Special Event Costs, including		
In-Kind Expenses	-	(417,203)
Net Special Event Revenues	-	3,039,757
Other In-Kind Contributions (Note 2)	86,255	140,360
Revenue:		
Other Income	9,645	3,618
Net Investment Return	34,833	86,609
TOTAL SUPPORT AND REVENUE	<u>4,628,811</u>	<u>5,777,962</u>
FUNCTIONAL EXPENSES: (Note 2)		
Program Services	<u>3,954,031</u>	<u>4,450,330</u>
Support Services:		
General and Administrative	91,256	92,705
Fundraising	245,596	291,627
Total Support Services	<u>336,852</u>	<u>384,332</u>
TOTAL FUNCTIONAL EXPENSES	<u>4,290,883</u>	<u>4,834,662</u>
INCREASE IN NET ASSETS	337,928	943,300
NET ASSETS - BEGINNING	<u>3,033,674</u>	<u>2,090,374</u>
NET ASSETS - ENDING	<u>\$ 3,371,602</u>	<u>\$ 3,033,674</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, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	SUPPORT SERVICES				
	Program Services	General & Administrative	Fund- Raising	Total 2020	Total 2019
Salaries	\$ 78,000	\$ 39,000	\$ 78,000	\$ 195,000	\$ 201,750
Payroll Taxes	4,546	2,273	4,546	11,365	11,175
Employee Benefits (Note 7)	<u>18,000</u>	<u>9,000</u>	<u>18,000</u>	<u>45,000</u>	<u>50,438</u>
Total Payroll and Related Expenses	100,546	50,273	100,546	251,365	263,363
Grants	3,835,000	-	-	3,835,000	4,296,000
In-Kind Marketing (Note 2)	-	-	57,212	57,212	119,514
Office Supplies and Expenses	1,006	8,731	38,023	47,760	51,348
Professional Fees	11,834	6,674	18,508	37,016	32,191
Other Fundraising Expenses (Note 2)	-	-	27,760	27,760	-
In-Kind Professional Fees (Note 2)	-	20,000	-	20,000	20,000
Advertising and Marketing (Note 2)	4,876	-	-	4,876	2,303
Insurance	301	3,536	301	4,138	2,985
Travel	2	30	2,917	2,949	12,765
Licenses and Fees	-	2,012	-	2,012	2,562
Miscellaneous	466	-	329	795	30,785
Direct Special Events	-	-	-	-	417,203
In-Kind Meeting Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>846</u>
Total Expenses	3,954,031	91,256	245,596	4,290,883	5,251,865
Less Items Included Within the Statement of Activities:					
Direct Special Events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(417,203)</u>
Total Functional Expenses	<u>\$ 3,954,031</u>	<u>\$ 91,256</u>	<u>\$ 245,596</u>	<u>\$ 4,290,883</u>	<u>\$ 4,834,662</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, 2020

(With Comparative Totals for the Year Ended December 31, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 337,928	\$ 943,300
Adjustments to Reconcile the Above to		
Net Cash Provided (Used) by Operating Activities:		
Donated Securities	40,971	73,373
Sales of Donated Securities	(40,625)	(72,208)
Unrealized Gain on Sale of Investments	(20,321)	(40,268)
Uncollectible Pledges Receivable	500	6,850
Changes in Assets and Liabilities:		
Pledges Receivable	263,074	19,063
Other Receivable	(15,000)	-
Prepaid Expenses	(74,245)	15,745
Venue Deposits	(35,500)	-
Accounts Payable	(100,039)	(705,961)
Accrued Expenses	-	(1,475)
Deferred Revenue	(78,296)	77,796
Net Cash Provided by Operating Activities	<u>278,447</u>	<u>316,215</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sales of Investments	1,760,000	2,950,000
Purchases of Investments	<u>(1,567,975)</u>	<u>(3,620,798)</u>
Net Cash Provided (Used) by Investing Activities	<u>192,025</u>	<u>(670,798)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Loans	<u>20,833</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>20,833</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	491,305	(354,583)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>736,013</u>	<u>1,090,596</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,227,318</u>	<u>\$ 736,013</u>

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

JOHNNY MAC SOLDIERS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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, 2020

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 2020 totaled \$500 and are included in other fundraising expenses. Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met and the pledges become unconditional.

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 \$9,043 and \$969 of food costs are included in other fundraising expenses.

Marketing	\$ 57,212
Legal Services	20,000
Printing	9,043
Food Costs	<u>969</u>
Total	<u>\$ 87,224</u>

JOHNNY MAC SOLDIERS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services (Continued)

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 \$4,876 for the year ended December 31, 2020.

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.

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.

JOHNNY MAC SOLDIERS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(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 2020. 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.

Subsequent Events

Management has evaluated subsequent events through March 4, 2021, the date the financial statements were available to be issued. See Notes 6 and 9.

JOHNNY MAC SOLDIERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

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, 2020. Investments are generally held for long-term purposes but may be approved for use in the short term, if needed.

Cash and Cash Equivalents	\$ 1,227,318
Pledges Receivable, to be Collected in Less Than One Year	1,096,956
Other Receivable	15,000
Investments	<u>930,321</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 3,269,595</u>

NOTE 4 PLEDGES RECEIVABLE

As of December 31, 2020, pledges receivable consist of unconditional promises to give by various donors. The collection of pledges is expected as follows:

Due within one year	<u>\$ 1,096,956</u>
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During 2020, the Organization received a donor commitment whereby the donor would make a donation to Johnny Mac Soldier’s Fund, Inc. based on the number of the donor’s passenger vehicles wholesaled in the United States during 2020. As the amount of the donation was determinable by the date of these financial statements, this conditional pledge has been fully recognized in 2020.

JOHNNY MAC SOLDIERS FUND, INC.
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE 5 INVESTMENTS AND FAIR VALUE

The Organization carries investments with readily determinable values at quoted market prices, as of the statement of financial position 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, 2020:

	Level 1	Total
Mutual Funds	\$ 347,440	\$ 347,440
Cash & Cash Equivalents	<u>582,881</u>	<u>582,881</u>
Total Market Value	<u>\$ 930,321</u>	<u>\$ 930,321</u>

NOTE 6 NOTE PAYABLE

In an effort to mitigate the uncertainty of the COVID-19 pandemic, on May 4, 2020, the Organization received a loan in the amount of \$20,833 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the qualifying business’ average monthly payroll expense. Because the loan proceeds were primarily used for payroll expenses, the loan was forgiven on January 28, 2021, and will be recognized as grant income in 2021.

JOHNNY MAC SOLDIERS FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

(Continued)

NOTE 7 EMPLOYEE BENEFIT PLAN

The Organization has a qualified defined contribution plan to which it contributed \$45,000 for the benefit of its employee.

NOTE 8 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, 2020, the uninsured cash balance is \$881,536. The Organization has not experienced any losses in such accounts.

A pledge receivable from one donor represents 91% of the pledges receivable balance. The amount pledged from this donor was received in February 2021.

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 donors provided 50% of the Organization's support for the year.

NOTE 9 SUBSEQUENT EVENTS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary cancellation of group gatherings and travel. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of cancelled programs. As such, the Organization anticipates that this matter may negatively impact its 2021 financial performance. However, the related financial impact and duration cannot be reasonably estimated at this time.