

**MASSACHUSETTS SOLDIERS
LEGACY FUND**

Financial Statements

Years Ended December 31, 2023 and 2022

(With Independent Accountants' Review Report Thereon)

MASSACHUSETTS SOLDIERS LEGACY FUND

FINANCIAL STATEMENTS

Years Ended December 31, 2023 and 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
Massachusetts Soldiers Legacy Fund:

We have reviewed the accompanying financial statements of Massachusetts Soldiers Legacy Fund (MSLF), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of MSLF management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Massachusetts Soldiers Legacy Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Basis for Qualified Conclusion

As disclosed in Note 2 to the financial statements, accounting principles generally accepted in the United States of America require that MSLF recognize an asset and liability related to certain leases on its statement of financial position. MSLF has not recorded certain leases on its statement of financial position. Management has not determined the effects of this departure from accounting principles generally accepted in the United States of America on the financial statements.

Qualified Conclusion

Based on our reviews, except for the effect of the matter described in the Basis for Qualified Conclusion paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Kahn, Litwin, Renya & Co., Ltd.

June 5, 2024

MASSACHUSETTS SOLDIERS LEGACY FUND
STATEMENTS OF FINANCIAL POSITION
December 31, 2023 and 2022



	2023	2022
Assets		
Cash	\$ 60,249	\$ 55,269
Prepaid expenses and other assets	1,235	17,579
Investments	3,099,778	3,044,621
Total Assets	\$ 3,161,262	\$ 3,117,469
 Liabilities and Net Assets without Donor Restrictions		
Liabilities:		
Accounts payable	\$ 4,789	\$ 6,334
Accrued expenses	22,600	21,000
Total liabilities	27,389	27,334
Net assets without donor restrictions	3,133,873	3,090,135
Total Liabilities and Net Assets without Donor Restrictions	\$ 3,161,262	\$ 3,117,469

MASSACHUSETTS SOLDIERS LEGACY FUND
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2023 and 2022



	2023	2022
<u>Net Assets without Donor Restrictions</u>		
Support and Revenue:		
Contributions	\$ 30,322	\$ 39,319
Investment return	505,353	(608,835)
Total support and revenue	535,675	(569,516)
Expenses:		
Program	428,934	487,352
General and administrative	48,465	64,190
Fundraising	14,538	13,314
Total expenses	491,937	564,856
 Change in Net Assets without Donor Restrictions	 43,738	 (1,134,372)
 Net Assets without Donor Restrictions, beginning of year	 3,090,135	 4,224,507
 Net Assets without Donor Restrictions, end of year	 \$ 3,133,873	 \$ 3,090,135

MASSACHUSETTS SOLDIERS LEGACY FUND
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2023 and 2022



	2023				2022			
	Program	General and Administrative	Fundraising	Total	Program	General and Administrative	Fundraising	Total
Salaries	\$ 84,575	\$ 9,950	\$ 4,975	\$ 99,500	\$ 81,954	\$ 9,642	\$ 4,821	\$ 96,417
Payroll taxes and benefits	9,975	1,174	587	11,736	11,495	1,352	676	13,523
Continuing education	-	-	2,450	2,450	-	-	-	-
Education assistance grants	316,034	-	-	316,034	375,471	-	-	375,471
Professional fees	-	29,176	-	29,176	-	47,299	-	47,299
Marketing and advertising	6,128	-	5,810	11,938	6,377	-	7,129	13,506
Occupancy	11,677	1,374	687	13,738	10,914	1,284	642	12,840
Event consultants	55	-	-	55	355	-	-	355
Technology	-	159	-	159	-	159	-	159
Insurance	-	2,899	-	2,899	-	2,387	-	2,387
Payroll processing fees	490	58	29	577	786	93	46	925
Office expenses	-	3,675	-	3,675	-	1,974	-	1,974
Total expenses	\$ 428,934	\$ 48,465	\$ 14,538	\$ 491,937	\$ 487,352	\$ 64,190	\$ 13,314	\$ 564,856

MASSACHUSETTS SOLDIERS LEGACY FUND
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023 and 2022



	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets without donor restrictions	\$ 43,738	\$ (1,134,372)
Adjustments to reconcile change in net assets without donor restrictions to net cash used by operating activities:		
Net realized and unrealized (gain) loss from investments	(475,555)	653,686
Dividend income reinvested	(29,799)	(44,851)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	16,344	(15,562)
Accounts payable	(1,545)	3,337
Accrued expenses	1,600	21,000
Net cash used by operating activities	<u>(445,217)</u>	<u>(516,762)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	450,197	525,233
Net cash provided by investing activities	<u>450,197</u>	<u>525,233</u>
Net Increase in Cash	4,980	8,471
Cash, beginning of year	<u>55,269</u>	<u>46,798</u>
Cash, end of year	<u><u>\$ 60,249</u></u>	<u><u>\$ 55,269</u></u>

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

1. Nature of Operations

Massachusetts Soldiers Legacy Fund (MSLF) was founded in 2004 to provide educational assistance grants to the children of Massachusetts Service members who died in the War Against Terrorism in Afghanistan or Iraq, or in such foreign conflict as the Board of Trustees (the Board) may determine. There is no selection process. If the child is a son or daughter of a Serviceman or Woman whose service is credited to Massachusetts and gave his/her life in support of the global war on terror, that child qualifies for funds.

2. Summary of Significant Accounting Policies

This summary of significant accounting policies of MSLF is presented to assist the reader in understanding MSLF's financial statements. The financial statements and notes are representations of MSLF's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation

MSLF prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions: Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes.

Net Assets with Donor Restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

There were no net assets with donor restrictions as of December 31, 2023 and 2022.

Leases

MSLF determines if an arrangement is a lease at inception. Operating leases (Note 5) are accounted for as rent expense on a straight-line basis over the term of the lease agreement, rather than recognized as right-of-use assets and lease liabilities as required by GAAP.

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

Investments and Fair Value Measurements

Investments with readily determinable fair values are reported at fair value in the statements of financial position. Unrealized and realized gains and losses, interest and dividends and investment expenses, if any, are included as part of investment return in the change in net assets without donor restrictions, unless gains and losses on investments are restricted by a donor's explicit stipulation or by law that extends a donor's restriction.

Authoritative guidance defines fair value, establishes a framework for measuring fair value, and establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities MSLF has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs are developed based on the best information available in the circumstances and may include MSLF's own data.)

MSLF reports investments at fair value on a recurring basis. These investments are classified as level 1 in the fair value hierarchy.

Level 1 investments owned by MSLF and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date, or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Support and Revenue

MSLF recognizes contributions in the fiscal year in which the contribution is made. Contributions are recorded either as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Restricted contributions are classified as net assets without donor restrictions if the restrictions are satisfied in the same reporting period in which the contributions are received.

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

Functional Allocation of Expenses

The accompanying financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on a basis of estimates of time and efforts.

Marketing and Advertising

Marketing and advertising costs are expensed as incurred.

Income Taxes

MSLF is exempt from income tax as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that MSLF operates in a manner consistent with its tax-exempt status at both the state and federal level.

MSLF annually files IRS Form 990, *Return of Organization Exempt from Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities, generally for a period of three years after they were filed. MSLF currently has no examinations in progress.

Estimates and Assumptions

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 reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management of MSLF has evaluated subsequent events through June 5, 2024, which is the date these financial statements were available to be issued.

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022



3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Financial assets:		
Cash	\$ 60,249	\$ 55,269
Investments	3,099,778	3,044,621
Financial assets available to meet general expenditure needs within one year	\$ 3,160,027	\$ 3,099,890

MSLF's financial assets available for operations consist of funds intended to be used to cover short-term operating expenses, including its extensive grant program. These financial assets are invested with the purpose of preserving its assets to cover operating expenses and realizing earnings in a way that allows for immediate liquidity to meet MSLF's ongoing programmatic and operational needs.

4. Investments

Level 1 investments are presented in the financial statements at their aggregate fair value and consist of the following:

	2023	2022
Money market	\$ 76,408	\$ 334,748
Fixed income	554,216	626,995
Domestic equity securities	1,457,560	1,291,992
Mutual funds:		
Balanced funds	277,012	249,111
Alternative investment funds	734,582	541,775
Total investments	\$ 3,099,778	\$ 3,044,621

For the year ended December 31, 2023, investment return consisted of interest and dividends of \$29,799 and unrealized and realized gains of \$475,555.

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

5. Operating Lease

MSLF leases an office facility located in Marlborough, Massachusetts under an operating lease that expires August 31, 2024. The lease includes provisions for annual renewals, as defined. Rent expense, including MSLF's share of operating costs, was \$13,738 and \$12,840 for the years ended December 31, 2023 and 2022, respectively.

Approximate future minimum lease payments under the lease are as approximately \$7,000 for the year ending December 31, 2024.

6. Retirement Plan

MSLF has a 401(k) plan for employees who satisfy certain age and length of service requirements. Eligible employees may elect to make contributions pursuant to a salary reduction agreement. MSLF's matching contribution for the years ended December 31, 2023 and 2022 was \$2,985 and \$2,650, respectively.

7. Concentrations

The financial instruments that potentially subject MSLF to concentrations of credit and business risk consist principally of cash, investments and contributions.

MSLF maintains its cash balance in one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the Company's cash balance may exceed this limit. Cash balances in excess of \$250,000 are generally uninsured.

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in values of investment securities could occur in the near term and that such change could materially affect investment balances and activity included in the financial statements. MSLF's investments are maintained in a diversified portfolio in an attempt to minimize potential risk associated with securities to the extent possible.

Two donors accounted for approximately 77% and 62% of MSLF's total contribution support for the years ended December 31, 2023 and 2022, respectively.