

MASSACHUSETTS SOLDIERS LEGACY FUND

FINANCIAL STATEMENTS

DECEMBER 31, 2015

MASSACHUSETTS SOLDIERS LEGACY FUND
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Massachusetts Soldiers Legacy Fund
Boston, Massachusetts

I have audited the accompanying financial statements of Massachusetts Soldiers Legacy Fund (a non-profit organization) (the organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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 State 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Soldiers Legacy Fund as of December 31, 2015, 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.

David J. Cleary, CPA

May 12, 2016

MASSACHUSETTS SOLDIERS LEGACY FUND
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

Cash and cash equivalents	\$ 105,015
Investments, at fair value (Notes 1 and 2)	3,905,253
Prepaid expenses	6,671
Contributions receivable (Note 4)	4,450
Pledge receivable (Note 5)	<u>200,000</u>
Total assets	<u><u>\$4,221,389</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	<u>\$ 3,674</u>
Net assets	
Unrestricted net assets	1,777,678
Temporarily restricted net assets	<u>2,440,037</u>
Total net assets	<u><u>4,217,715</u></u>
Total liabilities and net assets	<u><u>\$4,221,389</u></u>

See Accompanying Notes

MASSACHUSETTS SOLDIERS LEGACY FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Unrestricted Net Assets	
Support & Revenue	
Realized capital gains	\$ 106,183
Unrealized capital (loss)	(287,242)
Dividend & Interest income	130,730
Total Support and Revenue	<u>(50,329)</u>
Net assets released from temporary restrictions	<u>298,132</u>
	<u>247,803</u>
Expenses	
Program services	
Education Grants	298,132
Payroll	72,000
Payroll taxes	5,984
Travel	2,232
Advertising and promotion	9,892
Event expense	2,377
Total program services	<u>390,617</u>
Support services	
Rent	10,475
Professional fees	8,580
Fundraising expenses	5,942
Design fees	3,918
Office expense	4,761
Insurance	2,452
Total support services	<u>36,128</u>
Total Expenses	<u>426,745</u>
Increase in unrestricted net assets	<u>(178,942)</u>
Temporarily Restricted Net Assets	
Contributions	92,358
Net assets released from temporary restrictions	<u>(298,132)</u>
Decrease in temporarily restricted net assets	<u>(205,774)</u>
Total increase (decrease) in net assets	(384,716)
Net assets, beginning of year	<u>4,602,431</u>
Net assets, end of year	<u>\$ 4,217,715</u>

See Accompanying Notes

MASSACHUSETTS SOLDIERS LEGACY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Operating Activities	
Change in net assets	\$ (384,716)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized loss on investment securities	287,242
Realized gain on investment securities	(106,183)
Decrease in prepaid expenses	57
Decrease in contribution receivable	23,872
Increase in accounts payable	<u>3,453</u>
Net cash (used) by operating activities	<u>(176,275)</u>
Investing activity	
Purchase of investment securities	(1,070,101)
Proceeds from redemptions of investments	<u>1,320,000</u>
Net cash provided in investing activities	249,899
Net increase in cash and cash equivalents	73,624
Cash and cash equivalents at beginning of year	<u>31,391</u>
Cash and cash equivalents at end of year	<u><u>\$ 105,015</u></u>

Supplemental Cash Flow Information:

Interest paid	<u>\$ -</u>
Taxes paid	<u><u>\$ -</u></u>

See Accompanying Notes

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 1 - Summary of Significant Accounting Policies

Nature of Organization

Massachusetts Soldiers Legacy Fund (the Organization) is a non-profit organization established to provide educational assistance grants to the children of service members slain while deployed on operations Enduring and Iraqi Freedom and Massachusetts employees of the CIA. The fund is specifically designed to grant funds for current and future children whose parent's home of record at the Department of Defense was Massachusetts.

Public Support and Revenue

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are reported. All other contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non financial assets or that require specialized skills, are provided by individuals possessing those skills and would be typically need to be purchased by the Organization if not provided by the donation, are recorded at their fair value in the period received.

Unrestricted Net Assets

Unrestricted net assets are not subject to donor-imposed stipulations. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions or law. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Expirations of temporary restrictions on net assets, that is, the donor-imposed stipulated purpose having been accomplished and/or the stipulated time period having elapsed, are reported as net assets released from restrictions between the applicable classes of net assets.

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 1 - Summary of Significant Accounting Policies - Continued

Temporarily Restricted Net Assets

Temporarily restricted net assets includes contributions, pledges, income and gains which can be expended for specific purposes but which restrictions have not yet been met. Such restrictions include restrictions where donors have specified the purpose for which the net assets are to be spent, or time limitations imposed by donors or implied by the nature of the contribution or by interpretations of law.

Management Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributions Receivable

Unconditional contributions are recognized as contributions receivable at their estimated net present value when pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 1 - Summary of Significant Accounting Policies - Continued

Income Taxes

The Organization operates as a nonprofit and is exempt from Federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, therefore no provision for income taxes has been made in these financial statements.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Note 2 - Investments

The fair value of the investments totaled \$3,905,253 as of December 31, 2015. The following schedule summarizes investment returns and their classification in the statement of activities for the year ended:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Interest and Dividend income	\$130,730	--	\$130,730
Net realized and unrealized gain	<u>(181,059)</u>	<u>--</u>	<u>(181,059)</u>
Total investment returns	<u>\$(50,329)</u>	<u>--</u>	<u>\$(50,329)</u>

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 3 - Fair Value Measurements

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value at December 31, 2015.

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant other observable and unobservable inputs (Level 2 & 3)</u>
Mutual Funds - Equity	\$ 2,824,586	\$ 2,824,586	0
Mutual Funds - Fixed Income	<u>1,080,667</u>	<u>1,080,667</u>	<u>0</u>
Total investments at fair value	<u>\$3,905,253</u>	<u>\$3,905,253</u>	<u>0</u>

The Organization's valuation methodologies for assets measured at fair value are as follows:

Fair value for Level 1 is based upon quoted prices in active markets for identical assets or liabilities. Market price data is generally obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities. Inputs are obtained from various sources including market participants, dealers and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

MASSACHUSETTS SOLDIERS LEGACY FUND
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015

Note 4 – Contributions Receivable

Contributions receivable of \$4,450 at December 31, 2015 are all collected in January 2016.

Note 5 – Pledge Receivable

Pledge receivable consists of the following for the year ended December 31, 2015:

Board Member	<u>\$200,000</u>
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Note 6 – Rent

The Organization leases office space on a month -to -month basis. Rent expense for the year ended December 31, 2015 was \$10,475.

Note 7 – Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through May 12, 2016 the date on which the financial statements were available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.