

**MASSACHUSETTS SOLDIERS  
LEGACY FUND**

**Financial Statements**

**Years Ended December 31, 2020 and 2019**

**(With Independent Accountants' Review Report Thereon)**

## **MASSACHUSETTS SOLDIERS LEGACY FUND**

### **FINANCIAL STATEMENTS**

**Years Ended December 31, 2020 and 2019**

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to the Financial Statements	7

## **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, 2020 and 2019, 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.

**Accountants' Conclusion**

Based on our reviews, 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 14, 2021

**MASSACHUSETTS SOLDIERS LEGACY FUND**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2020 and 2019**



	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash	\$ 101,187	\$ 42,181
Prepaid expenses and other assets	666	1,529
Investments	3,999,751	4,094,321
<b>Total Assets</b>	<b>\$ 4,101,604</b>	<b>\$ 4,138,031</b>
<b>Liabilities and Net Assets without Donor Restrictions</b>		
Accounts payable	\$ 6,144	\$ 14,650
Net assets without donor restrictions	4,095,460	4,123,381
<b>Total Liabilities and Net Assets without Donor Restrictions</b>	<b>\$ 4,101,604</b>	<b>\$ 4,138,031</b>

**MASSACHUSETTS SOLDIERS LEGACY FUND**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended December 31, 2020 and 2019**



	2020	2019
<u>Net Assets without Donor Restrictions</u>		
Support and Revenue:		
Contributions	\$ 30,522	\$ 50,114
Investment return	530,610	836,457
<b>Total support and revenue</b>	<b>561,132</b>	<b>886,571</b>
Expenses:		
Program	531,284	612,260
General and administrative	46,382	38,620
Fundraising	11,387	6,234
<b>Total expenses</b>	<b>589,053</b>	<b>657,114</b>
 <b>Change in Net Assets without Donor Restrictions</b>	 <b>(27,921)</b>	 <b>229,457</b>
 <b>Net Assets without Donor Restrictions, beginning of year</b>	 <b>4,123,381</b>	 <b>3,893,924</b>
 <b>Net Assets without Donor Restrictions, end of year</b>	 <b>\$ 4,095,460</b>	 <b>\$ 4,123,381</b>

**MASSACHUSETTS SOLDIERS LEGACY FUND**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**Years Ended December 31, 2020 and 2019**



	<b>2020</b>				<b>2019</b>			
	<b>Program</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>	<b>Program</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 69,417	\$ 8,167	\$ 4,083	\$ 81,667	\$ 68,127	\$ 7,560	\$ 3,780	\$ 79,467
Payroll taxes and benefits	9,288	1,093	546	10,927	6,573	773	387	7,733
Education assistance grants	430,580	-	-	430,580	507,791	-	-	507,791
Professional fees	-	28,447	-	28,447	-	24,815	-	24,815
Marketing and advertising	7,921	-	6,025	13,946	11,069	-	1,411	12,480
Occupancy	10,762	1,126	626	12,514	10,464	1,143	571	12,178
Event consultants	100	-	-	100	5,843	-	-	5,843
Insurance	-	3,241	-	3,241	-	2,261	-	2,261
Payroll processing fees	3,216	250	107	3,573	2,393	190	85	2,668
Office expenses	-	4,058	-	4,058	-	1,878	-	1,878
<b>Total expenses</b>	<b>\$ 531,284</b>	<b>\$ 46,382</b>	<b>\$ 11,387</b>	<b>\$ 589,053</b>	<b>\$ 612,260</b>	<b>\$ 38,620</b>	<b>\$ 6,234</b>	<b>\$ 657,114</b>

**MASSACHUSETTS SOLDIERS LEGACY FUND**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2020 and 2019**



	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets without donor restrictions	\$ (27,921)	\$ 229,457
Adjustments to reconcile change in net assets without donor restrictions to net cash used by operating activities:		
Net realized and unrealized gain from investments	(474,273)	(754,263)
Dividend income, reinvested	(56,337)	(82,194)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	863	(223)
Accounts payable	(8,506)	12,599
<b>Net cash used by operating activities</b>	<u><b>(566,174)</b></u>	<u><b>(594,624)</b></u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	625,180	550,139
<b>Net cash provided by investing activities</b>	<u><b>625,180</b></u>	<u><b>550,139</b></u>
<b>Net Increase (Decrease) in Cash</b>	<b>59,006</b>	<b>(44,485)</b>
<b>Cash, beginning of year</b>	<u><b>42,181</b></u>	<u><b>86,666</b></u>
<b>Cash, end of year</b>	<u><u><b>\$ 101,187</b></u></u>	<u><u><b>\$ 42,181</b></u></u>

**MASSACHUSETTS SOLDIERS LEGACY FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

**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 Trustees 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 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 of Trustees (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 the 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, 2020 and 2019.

***Pledges and Other Receivables***

MSLF carries its pledges and other receivables at net realizable value. On a periodic basis, MSLF evaluates its receivables and establishes an allowance for doubtful accounts based on a history of past bad debt expense and collections and current credit conditions. At December 31, 2020 and 2019, there were no pledges and other receivables.

**MASSACHUSETTS SOLDIERS LEGACY FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

***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, 2020 and 2019**

***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.

***Recent Accounting Pronouncements***

In February 2016, the FASB issued ASU 2016-02, *Leases*, which is effective for annual periods beginning after December 15, 2021. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for MSLF's year ending December 31, 2022, with early adoption permitted. MSLF is currently in the process of evaluating the impact of adoption on the financial statements.

***Reclassifications***

Certain 2019 balances were reclassified to conform to the 2020 financial statement presentation.

**MASSACHUSETTS SOLDIERS LEGACY FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

***Subsequent Events***

Management of MSLF has evaluated subsequent events through June 14, 2021, which is the date these financial statements were available to be issued.

**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:

	<b>2020</b>	<b>2019</b>
Financial assets:		
Cash	\$ 101,187	\$ 42,181
Investments	3,999,751	4,094,321
Financial assets available to meet general expenditure needs within one year	\$ 4,100,938	\$ 4,136,502

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:

	<b>2020</b>	<b>2019</b>
Money market	\$ 197,664	\$ 73,698
Fixed income	567,077	491,318
Domestic equity securities	2,109,872	1,965,275
International equity securities	-	315,262
Mutual funds:		
Balanced funds	261,492	663,280
Alternative investment funds	863,646	585,488
Total investments	\$ 3,999,751	\$ 4,094,321

**MASSACHUSETTS SOLDIERS LEGACY FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**



**5. Operating Lease**

MSLF leases an office facility located in Marlborough, Massachusetts under an operating lease that expires February 28, 2023. The lease includes provisions for annual renewals, as defined. Rent expense, including MSLF’s share of operating costs, was \$12,514 and \$12,178 for the years ended December 31, 2020 and 2019, respectively.

Approximate future minimum lease payments under the lease are as follows:

<u>Year</u>	<u>Amount</u>
December 31, 2021	\$ 8,779
December 31, 2022	8,836
December 31, 2023	<u>1,473</u>
Total	<u>\$ 19,088</u>

**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, 2020 and 2019 was \$4,158 and \$1,200, respectively.

**7. Concentrations**

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

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 74% of MSLF’s total contribution support for the year ended December 31, 2020. One donor accounted for approximately 69% of MSLF’s total contribution support for the year ended December 31, 2019.