



FLORIDA NATIONAL GUARD FOUNDATION, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDED
JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Florida National Guard Foundation, Inc.
St. Augustine, Florida

We have audited the accompanying financial statements of the Florida National Guard Foundation, Inc. (the "Foundation"), a nonprofit organization), which comprise the statement of financial position as of June 30, 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements in accordance with accounting principles generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurances 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.

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 the Florida National Guard Foundation, Inc. as of June 30, 2020 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.

Prior Period Financial Statements

The financial statements as of June 30, 2019, were audited by W.H. O'Connell & Associates, P.A CPAs whose report dated July 31, 2019, expressed an unmodified opinion on those statements.

St. Augustine, Florida
September 30, 2020

FLORIDA NATIONAL GUARD FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS		
		<u>2020</u>
ASSETS		
Cash and cash equivalents	\$	167,260
Marketable securities		<u>241,443</u>
 TOTAL ASSETS		 \$ <u><u>408,703</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$	<u>867</u>
 Total Liabilities		 <u>867</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		141,785
NET ASSETS WITH DONOR RESTRICTIONS		<u>266,051</u>
Total Net Assets		<u>407,836</u>
 TOTAL LIABILITIES AND NET ASSETS		 \$ <u><u>408,703</u></u>

The accompanying notes are an integral part of these statements.

FLORIDA NATIONAL GUARD FOUNDATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT			
Contributions	\$ 11,654	\$ 93,737	\$ 105,391
Investment income	36	9,284	9,320
In-kind donation of salary and office space from the State of Florida	33,700	-	33,700
Special events	<u>9,495</u>	<u>-</u>	<u>9,495</u>
Total revenues	<u>54,885</u>	<u>103,021</u>	<u>\$ 157,906</u>
Net assets released from restrictions	<u>132,070</u>	<u>(132,070)</u>	<u>-</u>
Total revenues and support	<u>186,955</u>	<u>(29,049)</u>	<u>157,906</u>
EXPENSES			
Program expenses	126,070	-	126,070
General and administrative	6,912	-	6,912
Fundraising	<u>4,555</u>	<u>-</u>	<u>4,555</u>
Total expenses	<u>137,537</u>	<u>-</u>	<u>137,537</u>
CHANGE IN NET ASSETS	49,418	(29,049)	20,369
NET ASSETS - BEGINNING OF YEAR, AS RESTATED	<u>92,367</u>	<u>295,100</u>	<u>387,467</u>
NET ASSETS - END OF YEAR	<u><u>\$ 141,785</u></u>	<u><u>\$ 266,051</u></u>	<u><u>\$ 407,836</u></u>

The accompanying notes are an integral part of these statements.

FLORIDA NATIONAL GUARD FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	General Administration	Fundraising	2020 Total
Salaries and wages (In-kind from the State of Florida)	\$ 30,875	\$ 1,625	\$ -	\$ 32,500
Contributions	22,972	-	-	22,972
Office expenses	7,146	4,927	-	12,073
Rent (In-kind from the State of Florida)	840	360	-	1,200
Contracted services	6,259	-	-	6,259
Banquet and events	-	-	4,555	4,555
Financial Assistance	<u>57,978</u>	<u>-</u>	<u>-</u>	<u>57,978</u>
Total Expenses	<u>\$ 126,070</u>	<u>\$ 6,912</u>	<u>\$ 4,555</u>	<u>\$ 137,537</u>

The accompanying notes are an integral part of these statements.

FLORIDA NATIONAL GUARD FOUNDATION, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
INCREASE (DECREASE) IN CASH

	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 20,369
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:	
Net realized and unrealized (gain) loss on investments	(6,160)
(Decrease) Increase in accounts payable	<u>867</u>
Net Cash (Used) by Operating Activities	<u>(5,293)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of marketable securities	<u>42,629</u>
Net Cash Provided (Used) By Investing Activities	<u>42,629</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,705
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>109,555</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 167,260</u></u>

The accompanying notes are an integral part of these statements.

FLORIDA NATIONAL GUARD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Florida National Guard Foundation, Inc. (the "Foundation") formed in 1983 as a 501(c)(3) Non-Profit Organization to protect the history of the Florida National Guard and to administer a scholarship program developed by the Florida National Guard Association of Florida. After September 11, the focus of the Foundation shifted to providing financial assistance to the soldiers and airmen of the Florida National Guard and their families.

In 2003, the Foundation became a Direct Support Organization to the Florida Department of Military Affairs as provided by Florida Statutes, Chapter 250.115 to administer the Soldiers and Airman Relief Fund. The Foundation is organized and operated exclusively to raise funds; request and receive grants, gifts, bequests of moneys; acquire, receive, hold, invest and administer in its own name securities, funds or property and make expenditures to or for the direct or indirect benefit of the Florida National Guard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Accounting Pronouncement Changes

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, Not-for-Profit Entities Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules. The new standard was effective for the Foundation for all fiscal years beginning after December 15, 2018 and thereafter must be applied on a retrospective basis. These financial statements include the reporting requirements of ASU 2016-14.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). Topic 606 requires significant accounting changes of organizations that have contract revenue from customers. The new guidance is effective for fiscal years beginning after December 15, 2018. Management has adopted the reporting requirements of Topic 606.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Net assets, expenses, distributions, gains, and losses are classified based on the existence or absence of donor-imposed or other external restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows (prior to ASU 2016-14 these were unrestricted and temporarily restricted net assets):

- The change in net assets with donor restrictions.
- The change in net assets without donor restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and related 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. These estimates are based on management's knowledge and experience. Accordingly, actual results may differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit in banks and invested in liquid assets with maturities of less than three months when acquired. The Foundation maintains its cash in bank deposit accounts, which, at times may exceed federally insured limits.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. The interest income is included in the accompanying Statements of Activities.

Net Assets

Net assets are provided to the Foundation with donor restrictions and without donor restrictions. All net assets are presented in the Statement of Financial Position.

Restricted and Unrestricted Revenue and Support

Grants and other contributions are reported as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends, or the purpose of the 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. Grants and other contributions received with donor-imposed restrictions that are met in the same year in which the grant or contribution is received are classified as net assets without donor restrictions.

FLORIDA NATIONAL GUARD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. For gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Sources of Revenue

The activities of the Foundation are funded through a combination of donations and fundraising efforts. The Foundation receives donations of office space and the salary for one employee from the State of Florida. This amount is recognized as in-kind revenue and expense.

Functional Expenses

The costs of providing the programs and services of the Foundation have been summarized on a functional basis. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on management estimates of time and usage by personnel and programs. Although the methods used were appropriate, other methods could produce different results.

Program Descriptions

Since 2001, the Foundation has teamed up with organizations like Yellow Ribbon, American Red Cross, Survivor Outreach Services, Operation Homefront, local Elks organizations and VFW's to provide assistance to soldiers and airmen. With the ongoing demands placed on the Florida National Guard, many of the members of the Florida National Guard have been on multiple deployments. These deployments, along with the many natural disasters that the Guard has been called out for, have placed a burden on our soldiers and airmen.

To support its mission, the Foundation actively engages in fundraising, supports the Wounded Warriors and honors those who have made the ultimate sacrifice.

General and Administrative

General and administrative includes the functions necessary to maintain an adequate working environment; provide coordination and articulation of program strategy; secure proper administrative function of the board of directors; and manage the financial and budgetary responsibilities of the Foundation.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified to conform with the presentation in the current-year financial statements.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents and marketable securities approximate fair value due to the short maturity of these financial instruments.

3. INVESTMENTS

The Foundation has adopted FASB ASC 958-320, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Investment in Marketable Securities

Investments in marketable securities are stated at fair value based on quoted prices in active markets (all Level 1 measurements) and consist primarily of mutual funds with a cost basis of \$42,630. Investment income totaling \$9,320 consisted of unrealized gains of \$6,161, and dividends and capital gains of \$3,160.

4. NET ASSETS RELEASED FROM RESTRICTIONS

For the year ended June 30, 2020, the source of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, by occurrence of events specified by the donor or by the passage of time totaled \$132,070.

The Foundation has direct troop support for the year ended June 30, 2020 as follows:

Air Guard	\$ 2,379
In God We Trust	12,000
Jones Platoon	1,331
CSM/SGM	2,379
Direct financial assistance	57,978
Other assistance	56,003
Total	<u>\$ 132,070</u>

Net assets

As of June 30, 2020, the ("Foundation")'s net assets with donor restrictions and without donor restrictions totaled \$141,785 and \$266,051 respectively.

5. MANAGEMENT OF LIQUIDITY

The Foundation has financial assets available within one year of the statement of financial position date for general expenditures as follows.

	2020
Financial assets at year end:	
Cash and cash equivalents	\$ 167,260
Marketable securities	241,443
Financial assets available within one year	<u>\$ 408,703</u>

FLORIDA NATIONAL GUARD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

6. INCOME TAXES

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In accordance with the applicable provisions of the Internal Revenue Code, the Foundation is subject to an excise tax on net investment income, including realized investment gains.

The Foundation evaluates its tax positions for any uncertainties based on the technical merits of the position taken. The Foundation recognizes the tax benefit from any uncertain tax position only if it is more likely than not that the tax position will be upheld on examination by taxing authorities.

Currently, the tax years ended 2018, 2017 and 2016 are open and subject to examination by the Internal Revenue Service. However, the Foundation is not currently under audit nor has the Foundation been contacted by any of these jurisdictions.

7. SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 30, 2020, the date the financial statements were available to be issued.