

**THE NORTHEAST OHIO FOUNDATION  
FOR PATRIOTISM**

**(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS**

**Year Ended December 31, 2019**

**Laura J. MacDonald, CPA, Inc.  
135 North Broadway  
Medina, Ohio 44256**

**THE NORTHEAST OHIO FOUNDATION  
FOR PATRIOTISM  
(A NON-PROFIT ORGANIZATION)  
FINANCIAL STATEMENTS  
December 31, 2019**

**TABLE OF CONTENTS**

**Page No.**

INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Northeast Ohio Foundation  
for Patriotism  
Cleveland, Ohio

I have audited the accompanying financial statements of The Northeast Ohio Foundation for Patriotism (a non-profit organization) which comprise the Statement of Financial Position as of December 31, 2019, 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*

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 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, 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 The Northeast Ohio Foundation for Patriotism as of December 31, 2019, 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.



Medina, Ohio  
June 30, 2020

**THE NORTHEAST OHIO FOUNDATION  
FOR PATRIOTISM  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF FINANCIAL POSITION  
December 31, 2019**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 14,490
Prepaid expenses	16,408
Contributions receivable	24,433
Unconditional promises to give	
Board members	15,106
Private foundation	<u>10,000</u>

**TOTAL ASSETS** \$ 80,437

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 35,020
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**NET ASSETS**

Without donor restrictions	\$ 45,417
With donor restrictions	<u>-</u>

**TOTAL NET ASSETS** 45,417

**TOTAL LIABILITIES AND NET ASSETS** \$ 80,437

Please refer to accompanying notes.

**THE NORTHEAST OHIO FOUNDATION  
FOR PATRIOTISM  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2019**

**CHANGES IN UNRESTRICTED NET ASSETS  
UNRESTRICTED SUPPORT AND REVENUE**

Contributions	\$ 143,730	
Fundraising activities, net of direct expenses of \$234,237	61,346	
Membership fees	32,441	
In-kind donations	615,674	
Interest income	<u>410</u>	\$ 853,601

**DONOR RESTRICTED NET ASSETS  
RELEASED FROM RESTRICTIONS**

Local grant and foundation revenue	23,452	
Individual, corporate and Board pledges	<u>28,397</u>	<u>51,849</u>

**TOTAL UNRESTRICTED  
SUPPORT AND REVENUE**

905,450

**EXPENSES**

Charitable distributions	731,330
Other program activities	16,206
Management and general expenses	87,754
Fundraising	<u>55,622</u>

**TOTAL EXPENSES**

890,912

**INCREASE IN  
UNRESTRICTED NET ASSETS**

14,538

**CHANGES IN DONOR RESTRICTED  
NET ASSETS**

Board pledges restricted for the Executive Director	10,397
Local grant and foundation revenue	23,452
Board pledges released from restriction	(28,397)
Local grant and foundation revenue released from restrictions	<u>(23,452)</u>

**DECREASE IN DONOR  
RESTRICTED NET ASSETS**

(18,000)

**DECREASE IN NET ASSETS**

(3,462)

**NET ASSETS AT  
BEGINNING OF YEAR**

48,879

**NET ASSETS AT END OF YEAR**

\$ 45,417

Please refer to accompanying notes.

**THE NORTHEAST OHIO FOUNDATION  
FOR PATRIOTISM  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2019**

	CHARITABLE DISTRIBUTIONS	OTHER PROGRAM ACTIVITIES	MANAGE- MENT AND GENERAL EXPENSES	FUNDRAISING	TOTALS
<b>EXPENSES</b>					
Charitable distributions:					
In-kind distributions	\$ 615,674	-	-	-	\$ 615,674
Direct distributions	95,390	-	-	-	95,390
Personnel	20,000	-	20,000	20,000	60,000
Marketing	-	-	25,410	1,500	26,910
Professional fees	-	-	19,050	-	19,050
Office expenses	-	-	2,552	1,693	4,245
Insurance	-	-	1,868	-	1,868
Miscellaneous	266	-	13,873	179	14,318
Travel	-	-	2,884	32,250	35,134
Bad debt expense	-	-	2,117	-	2,117
Monuments and Remembrance	-	16,206	-	-	16,206
	<u>\$ 731,330</u>	<u>16,206</u>	<u>\$ 87,754</u>	<u>\$ 55,622</u>	<u>\$ 890,912</u>

Please refer to accompanying notes.

**THE NORTHEAST OHIO FOUNDATION  
FOR PATRIOTISM  
(A NON-PROFIT ORGANIZATION)  
STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (3,462)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
(Increase) decrease in assets:	
Contributions receivable	(17,338)
Unconditional promises to give	(7,106)
Prepaid expenses	(11,408)
Increase (decrease) in liabilities:	
Accounts payable	<u>18,832</u>

**NET CASH USED BY  
OPERATING ACTIVITIES**

\$ (20,482)

**CASH AND CASH EQUIVALENTS  
AT BEGINNING OF YEAR**

34,972

**CASH AND CASH EQUIVALENTS  
AT END OF YEAR**

\$ 14,490

Please refer to accompanying notes.

**THE NORTHEAST OHIO FOUNDATION  
FOR PATRIOTISM  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Northeast Ohio Foundation for Patriotism (NEOPAT) (the Organization) was incorporated in 2010 as a non-profit organization for the purpose of enhancing the support systems available to local military personnel and their families. NEOPAT's primary sources of funding include fundraising activities, grants, contributions and membership fees.

**Accounting Basis**

NEOPAT maintains its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles.

**Financial Statement Presentation**

NEOPAT's financial statements are presented in accordance with FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* and the provisions of Accounting Standards Update (ASU) 2016-14. The Organization has adopted ASU 2016-14 during its 2019 fiscal year. ASU 2016-14 requires the Organization to report information regarding its financial position and activities in two categories of net assets as described below:

**Net Assets Without Donor Restrictions**

Net Assets Without Donor Restrictions are either not subject to donor-imposed stipulations or are subject to such restrictions but those restrictions have been met in the same fiscal period that the revenue is recorded.

**Net Assets With Donor Restrictions**

Net Assets With Donor Restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. There were no assets with donor restrictions as of December 31, 2019.

**Support and Revenue Recognition**

Proceeds from fundraising events are recognized when the event takes place.

**Contributions Receivable**

Contributions receivable are considered to be fully collectible; accordingly, no allowance for doubtful accounts is required.

**Contributions**

Contributions, including contribution-type grants, are accounted for in accordance with FASB ASC 958-605-2. FASB ASC 958-605-2 requires that contributions are recognized when a donor/grantor makes a pledge to give that is, in substance, unconditional. Contributions, and contribution-type grants, that are restricted by the donor/grantor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in donor restricted net assets. When a restriction expires, donor restricted net assets are reclassified to unrestricted net assets.



**THE NORTHEAST OHIO FOUNDATION  
FOR PATRIOTISM  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**In-kind Contributions**

NEOPAT recognizes in-kind contributions of supplies and services in accordance with the guidelines outlined in FASB ASC 958-605. In accordance with FASB ASC 958-605, in-kind contributions of services are recognized as revenue in the financial statements if the services received (a) create or enhance non-financial assets (primarily property or other tangible or intangible assets) or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet this criteria, and promises to give such services, are not recognized. Although NEOPAT operates with the help of many volunteers, no amounts have been reflected in the financial statements for contributed services based on this criteria. During the year ended December 31, 2019, \$615,674 of in-kind revenues and related charitable distribution expenses were recognized, consisting of vacation cruise cabins (donated to military families) valued at approximately \$600,000, and a home bathroom renovation (for a military family) valued at approximately \$15,000.

**Disclosure of Subsequent Events**

NEOPAT is required to disclose the date through which subsequent events have been evaluated, in accordance with the requirements of FASB ASC Paragraph 855-10-50-1. NEOPAT has evaluated all subsequent events through the date the accompanying financial statements were available to be issued (June 30, 2020).

**Income Taxes**

NEOPAT is a private non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. None of NEOPAT's present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

NEOPAT has adopted the provisions of FASB ASC 740-10-25 that requires the disclosure of uncertain tax positions. There have been no interest or penalties recognized in the accompanying Statement of Financial Position or in the Statement of Activities relating to uncertain tax positions. Additionally, no tax positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months. NEOPAT evaluates uncertain tax positions, if any, on a continual basis.

NEOPAT's Federal income tax returns are generally subject to examination by the IRS for three years after they are filed.

**Statement of Cash Flows**

The Statement of Cash Flows is presented in accordance with FASB ASC 230. The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. NEOPAT made no cash payments for interest or income taxes during the year ended December 31, 2019.

**THE NORTHEAST OHIO FOUNDATION  
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NOTES TO FINANCIAL STATEMENTS  
December 31, 2019**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Functional Allocation of Expenses**

The costs of enhancing support systems available to local military personnel and their families and of conducting other related activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, personnel costs have been allocated between program expenses, management and general expenses and fundraising expenses based on estimates of the actual time incurred. All other costs are directly allocated.

**Use of Accounting Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates that affect the amount of assets, liabilities, revenues and expenses reported in the financial statements. Actual results could differ from those estimates.

**NOTE 2 – UNCONDITIONAL PROMISES TO GIVE**

As of December 31, 2019, unconditional promises to give consisted of private foundation funds pledged for general operations totaling \$10,000 and unrestricted pledges from Board members totaling \$15,106. Management has reviewed all unconditional promises outstanding as of December 31, 2019 and based on subsequent collection activity, has determined that no allowance for uncollectible promises is required. All unconditional promises to give are expected to be collected during 2020.

**NOTE 3 – RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2019 and contributions and membership fees from the Organization's Board members and Officers totaled \$23,000 and \$32,441 respectively. Unconditional promises to give includes \$15,106 in pledges made by members of the Organization's Board of Directors.

**NOTE 4 – DONOR RESTRICTED NET ASSETS**

As of December 31, 2018, Donor Restricted Net Assets totaled \$18,000 and consisted of unconditional promises to give, restricted for the Executive Director's salary. These promises were received during 2019 and were spent on the related salary expense. There were no donor restricted net assets as of December 31, 2019.

**NOTE 5 – LIQUIDITY**

NEOPAT's primary source of 2019 revenues includes unrestricted contributions, membership fees and fundraising activities and in-kind donations (accounting for 96% of revenues). Because the Organization's unrestricted revenue stream is substantial, the Organization's management anticipates it will have no difficulty maintaining sufficient resources to meet any restrictions imposed by its donors during the upcoming year. As of June 30, 2019, NEOPAT had approximately \$39,000 in unrestricted cash and cash equivalents and contributions receivable available to meet obligations for general expenditures.

In accordance with ASU 2016-14, assets included in the accompanying Statement of Financial Position have been sequenced according to the date of their anticipated conversion to cash and liabilities have been sequenced according to their estimated maturity dates.