

**THE NORTHEAST OHIO FOUNDATION
FOR PATRIOTISM**

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

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

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FOR PATRIOTISM
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FINANCIAL STATEMENTS
December 31, 2020 and 2019**

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Specializing in Audits
of Non-Profit Agencies

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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 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.

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 audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Medina, Ohio
June 3, 2021

**THE NORTHEAST OHIO FOUNDATION
FOR PATRIOTISM
(A NON-PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019**

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 108,524	\$ 14,490
Prepaid expenses	4,029	16,408
Contributions receivable	18,572	24,433
Unconditional promises to give		
Board members	-	15,106
Private foundation	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
TOTAL CURRENT ASSETS	<u>\$ 141,125</u>	<u>\$ 80,437</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 12,547	\$ 35,020
NET ASSETS		
Without donor restrictions	112,578	45,417
With donor restrictions	16,000	-
	<u>16,000</u>	<u>-</u>
TOTAL NET ASSETS	<u>128,578</u>	<u>45,417</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 141,125</u>	<u>\$ 80,437</u>

Please refer to accompanying notes.

**THE NORTHEAST OHIO FOUNDATION
FOR PATRIOTISM
(A NON-PROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CHANGES IN UNRESTRICTED NET ASSETS		
UNRESTRICTED SUPPORT AND REVENUE		
Contributions	113,958	\$ 143,730
Fundraising activities, net of direct expenses of \$177,541 and \$234,237, in 2020 and 2019, respectively.	38,731	61,346
Grant and foundation revenue	16,300	-
Membership fees	6,990	32,441
In-kind donations	1,000	615,674
Interest income	30	410
	<u>177,009</u>	<u>853,601</u>
DONOR RESTRICTED NET ASSETS RELEASED FROM RESTRICTIONS		
Local grant and foundation revenue	16,370	23,452
Contributions	6,500	-
Individual, corporate and Board pledges	80,000	28,397
	<u>102,870</u>	<u>51,849</u>
TOTAL UNRESTRICTED SUPPORT AND REVENUE	279,879	905,450
EXPENSES		
Charitable distributions	60,885	731,330
Other program activities	1,812	16,206
Management and general expenses	91,893	87,754
Fundraising	58,128	55,622
	<u>212,718</u>	<u>890,912</u>
TOTAL EXPENSES	212,718	890,912
INCREASE IN UNRESTRICTED NET ASSETS	67,161	14,538
CHANGES IN DONOR RESTRICTED NET ASSETS		
Local grant and foundation revenue restricted for specific purposes	18,870	23,452
Corporate contributions restricted for specific purposes	100,000	10,397
Corporate contributions released from restriction	(86,500)	(28,397)
Local grant and foundation revenue released from restrictions	(16,370)	(23,452)
	<u>16,000</u>	<u>(18,000)</u>
INCREASE (DECREASE) IN DONOR RESTRICTED NET ASSETS	16,000	(18,000)
INCREASE (DECREASE) IN NET ASSETS	83,161	(3,462)
NET ASSETS AT BEGINNING OF YEAR	<u>45,417</u>	<u>48,879</u>
NET ASSETS AT END OF YEAR	<u>\$ 128,578</u>	<u>\$ 45,417</u>

Please refer to accompanying notes.

THE NORTHEAST OHIO FOUNDATION
FOR PATRIOTISM
(A NON-PROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	<u>CHARITABLE DISTRIBUTIONS</u>	<u>OTHER PROGRAM ACTIVITIES</u>	<u>MANAGE- MENT AND GENERAL EXPENSES</u>	<u>FUNDRAISING</u>	<u>TOTALS</u>
EXPENSES					
Charitable distributions:					
In-kind distributions	\$ -	\$ -	\$ -	\$ -	\$ -
Direct distributions	34,135	1,706	-	25,000	60,841
Personnel	26,666	-	26,667	26,667	80,000
Marketing	-	-	29,928	-	29,928
Professional fees	-	-	19,044	-	19,044
Office expenses	84	-	-	1,461	1,545
Insurance	-	-	1,241	-	1,241
Miscellaneous	-	106	3,528	5,000	8,634
Travel	-	-	11,485	-	11,485
Bad debt expense	-	-	-	-	-
Mohuments and Remembrance	-	-	-	-	-
	<u>\$ 60,885</u>	<u>1,812</u>	<u>\$ 91,893</u>	<u>\$ 58,128</u>	<u>\$ 212,718</u>

Please refer to accompanying notes.

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

	<u>CHARITABLE DISTRIBUTIONS</u>	<u>OTHER PROGRAM ACTIVITIES</u>	<u>MANAGE- MENT AND GENERAL EXPENSES</u>	<u>FUNDRAISING</u>	<u>TOTALS</u>
EXPENSES					
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, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 83,161	\$ (3,462)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in assets:		
Contributions receivable	5,861	(17,338)
Unconditional promises to give	15,106	(7,106)
Prepaid expenses	12,379	(11,408)
Increase (decrease) in liabilities:		
Accounts payable	<u>(22,473)</u>	<u>18,832</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	94,034	(20,482)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>14,490</u>	<u>34,972</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 108,524</u>	<u>\$ 14,490</u>

**THE NORTHEAST OHIO FOUNDATION
FOR PATRIOTISM
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 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. Net assets with donor restrictions totaled \$16,000 as of December 31, 2020. 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
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 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, 2020, in-kind contributions totaled \$1,000. 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 3, 2021).

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.

Statements of Cash Flows

The Statements of Cash Flows are 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 years ended December 31, 2020 and 2019.

**THE NORTHEAST OHIO FOUNDATION
FOR PATRIOTISM
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NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 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, 2020 and 2019, unconditional promises to give consisted of private foundation funds pledged for general operations, totaling \$10,000. In addition to this, as of December 31, 2019, unconditional promises to give also included unrestricted pledges from Board members totaling \$15,106. Management has reviewed all unconditional promises outstanding as of December 31, 2020 and 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 2021.

NOTE 3 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2020, contributions and membership fees from the Organization’s Board members and Officers totaled \$6,470 and \$6,990, respectively. During the year ended December 31, 2019, contributions and membership fees from the Organization’s Board members and Officers totaled \$23,000 and \$32,441 respectively. Additionally, as of December 31, 2019 unconditional promises to give included \$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. Donor restricted net assets as of December 31, 2020 totaled \$16,000 and consisted of corporate contributions and grant funds restricted for the following purposes:

<u>Description</u>	<u>Amount</u>
Mental Health Workshops	\$10,000
Covid Relief	3,500
Equine Therapy	2,500
	<u>\$16,000</u>

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NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019**

NOTE 5 – LIQUIDITY

NEOPAT's primary source of 2020 revenues includes unrestricted contributions, membership fees and fundraising activities and in-kind donations (accounting for 94% of revenues). Because the Organization's unrestricted revenue stream is substantial and there is no significant debt, 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, 2020, NEOPAT had approximately \$108,500 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.