



**CONNECTICUT NATIONAL GUARD
FOUNDATION, INC.**

DECEMBER 31, 2009



CONNECTICUT NATIONAL GUARD FOUNDATION, INC.

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INDEPENDENT ACCOUNTANT'S OPINION

Board of Directors
Connecticut National Guard Foundation, Inc.

I have audited the accompanying statements of financial position of Connecticut National Guard Foundation, Inc. (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based upon 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut National Guard Foundation, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Adam P. Cohen CPA, LLC

June 2, 2010

CONNECTICUT NATIONAL GUARD FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 377,291	\$ 265,664
Investments, at current value	353,311	270,668
Furniture and equipment, net of accumulated depreciation of \$6,142 in 2009 and \$5,878 in 2008	<u>1,318</u>	<u>-</u>
Total Assets	\$ <u>731,920</u>	\$ <u>536,332</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ <u>-</u>	\$ <u>5,435</u>
 Net Assets		
Unrestricted net assets - undesignated	710,313	509,712
Unrestricted net assets – designated for endowment	11,493	9,114
Temporarily restricted net assets	<u>10,114</u>	<u>12,071</u>
Total Net Assets	<u>731,920</u>	<u>530,897</u>
 Total Liabilities and Net Assets	\$ <u>731,920</u>	\$ <u>536,332</u>

The accompanying notes are an integral part of the financial statements.

CONNECTICUT NATIONAL GUARD FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Change in Unrestricted Net Assets		
Revenue and support		
Contributions – public support	\$ 449,425	\$ 113,822
Running events, net of expenses of \$1,539 in 2008	-	7,280
Interest and dividend income	<u>11,441</u>	<u>10,932</u>
	460,866	132,034
Net assets released from restrictions	<u>16,780</u>	<u>33,300</u>
Total revenue and support	<u>477,646</u>	<u>165,334</u>
Expenses		
Grants to individuals and families	77,664	70,843
Scholarships awards	10,000	10,000
Grants to family readiness groups	35,000	8,500
Operation Home for the Holidays – buses and allowances	163,998	-
Grants to Connecticut Community Foundation – Sgt. Felix DelGreco Scholarship Fund	12,700	18,000
Grant to Operation Tribute	15,000	-
Other program expenses, principally holiday party	<u>14,521</u>	<u>9,591</u>
Subtotal – program expenses	328,883	116,934
Management and general	9,917	10,979
Fundraising	<u>7,403</u>	<u>5,535</u>
Total expenses	<u>346,203</u>	<u>133,448</u>
Excess of revenue and support over expenses	131,443	31,886
Realized and unrealized appreciation of investments	<u>71,537</u>	<u>(146,791)</u>
Increase (decrease) in unrestricted net assets	<u>202,980</u>	<u>(114,905)</u>
Change in Temporarily Restricted Net Assets		
Contributions – Sgt. Felix DelGreco Scholarship Fund	15,222	18,100
State of Connecticut grant (refund) – Operation Elf	(410)	10,000
Other grants and contributions	-	7,434
Interest income	11	-
Net assets released from restrictions	<u>(16,780)</u>	<u>(33,300)</u>
Increase (decrease) in temporarily restricted net assets	<u>(1,957)</u>	<u>2,234</u>
Increase (decrease) in total net assets	201,023	(112,671)
Net Assets – Beginning of Year	<u>530,897</u>	<u>643,568</u>
Net Assets – End of Year	<u>\$ 731,920</u>	<u>\$ 530,897</u>

The accompanying notes are an integral part of the financial statements.

CONNECTICUT NATIONAL GUARD FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Contributions, grants special event receipts	\$ 464,647	\$ 161,167
Interest and dividends received	346	559
Cash paid for grants and program expenses	(302,764)	(97,499)
Cash paid to Connecticut Community Foundation	(12,700)	(18,000)
Cash paid to Operation Tribute	(15,000)	-
Cash paid for management and support	(13,917)	(9,215)
Cash paid for fundraising, items for sale and special events	(7,403)	(9,464)
Net cash provided by operating activities	<u>113,209</u>	<u>27,548</u>
Cash Flows from Investing Activities		
Purchase of computer	(1,582)	-
Proceeds from sale of investments	-	61,134
Purchase of investments	-	(76,000)
Net cash used by investing activities	<u>(1,582)</u>	<u>(14,866)</u>
Net increase in cash and cash equivalents	111,627	12,682
Cash and cash equivalents – Beginning of Year	<u>265,664</u>	<u>252,982</u>
Cash and cash equivalents – End of Year	<u>\$ 377,291</u>	<u>\$ 265,664</u>
Reconciliation of changes in net assets to net cash provided by (used by) operating activities:		
Increase in net assets	\$ 201,023	\$ (112,671)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	264	364
Interest and dividends on investments	(11,106)	(11,365)
Realized and unrealized (gains) losses - investments	(71,537)	147,781
Changes in operating assets and liabilities		
Contributions receivable	-	4,532
Accounts payable	(5,435)	(1,093)
Net cash provided by operating activities	<u>\$ 113,209</u>	<u>\$ 27,548</u>

The accompanying notes are an integral part of the financial statements.

CONNECTICUT NATIONAL GUARD FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies:

Nature of Organization – Connecticut National Guard Foundation, Inc. (The Foundation) is a Connecticut nonstock corporation formed on March 19, 2003, whose purpose is to provide familial assistance and support for members of the organized militia and National Guard. The Foundation raises funds from the general public, corporations and corporate and governmental employees for temporary financial assistance, scholarships, special projects and endowment for those needs.

Basis of Presentation - The Foundation prepares its financial statements in conformity with accounting principles generally accepted in the United States of America, *i.e.*, on the accrual basis. Under these standards, the financial statements report information regarding the Foundation's financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. The three classes are described as follows:

Unrestricted net assets represent resources of the Foundation that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets are resources subject to donor-imposed stipulations that can be fulfilled by the passage of time (time restrictions) or actions of the Foundation (purpose restrictions). Both principal and income may be expended. The Foundation's temporarily restricted net assets substantially result from the Sgt. Felix DelGreco Scholarship Fund.

Permanently restricted net assets represent resources that have donor-imposed restrictions requiring that the principal be maintained in perpetuity. The Foundation currently has no permanently restricted net assets.

Fund Accounting – The Foundation accounts for its operations in a current fund. Grants and contributions restricted by donors to support specific purposes are accounted for as separate restricted funds and included in temporarily restricted net assets.

Contributions - Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence of any explicit or implied donor restrictions. When a restriction expires, *i.e.*, when a purpose restriction is accomplished, generally by awarding a grant or scholarship, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as *net assets released from restrictions*. Other unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributed Services – The Foundation receives substantial donated services from officers and directors; individuals who participate in fundraising activities; and professionals who assist in the management of The Foundation. The Foundation receives free use of office space from the State of Connecticut Military Department. The values of these services are not recorded, although some of them, principally office space, legal and accounting services, might meet the criteria for recognition under generally accepted accounting principles.

Cash and Cash Equivalents – The Foundation considers savings accounts, money market funds and highly liquid certificates of deposit, with an original maturity of 90 days or less, to be cash equivalents. Cash, including uninvested cash in the Foundation’s investment account, is held at one bank and has generally exceeded the FDIC insurance coverage.

Investments – Investments in mutual funds are recorded at current net asset value (fair value) as reported by the respective fund managers. All investments are deemed to be valued using Level One inputs for purposes of determining fair values. Dividends and distributions from mutual funds are generally reinvested and are considered noncash transactions. Donated investments are recorded at the current value on the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received.

Assets Held by Others - During 2005, the Foundation established the Sgt. Felix M. DelGreco Scholarship Fund, a donor-advised fund at the Connecticut Community Foundation (CCF) and transferred \$37,500 from the Foundation’s similarly named fund to the new CCF fund. Additional grants have been made by The Foundation in each subsequent year from contributions received. The Foundation has the right to participate in the selection of the scholarship recipients, but CCF holds variance power over the new fund. In accordance with standards for *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the Foundation considers this fund to be an asset of CCF – not part of the Foundation’s net assets. The Foundation reports transfers to CCF as grants. (See Note 2.)

During 2005, the Foundation established an endowment fund at CCF, with an initial balance of \$10,000, which is Board-designated (unrestricted) endowment. Investment in this fund is recorded at current value as reported by CCF. Income within the CCF fund is included in realized and unrealized gains. The Foundation and CCF consider this fund to be an agency or custodial fund and the fund is included in the Foundation’s unrestricted net assets. (See Note 3.)

Furniture and Equipment –The Foundation’s capitalizes purchased and donated property in excess of \$500. Property below this threshold is expensed. Contributed furniture and equipment is depreciated using the straight-line method over three years.

Income Taxes - In April 2008, the Internal Revenue Service (IRS) confirmed its recognition of the Foundation’s status as a public charity. The Foundation previously received an advance determination letter that it was exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and that the Foundation could reasonably expect to be a public charity, as described in Sections 509(a)(1) and 170(b)(1)(A)(vi).

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions, which affect reported amounts of assets, liabilities, income and expenses. Actual amounts could differ from those estimates in the short-term.

Subsequent Events – Management has evaluated subsequent events through June 2, 2010.

Note 2 – Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
State of Connecticut Operation Elf grant	-	410
Sgt. Felix M. DelGreco, Jr. Scholarship Fund	\$ 3,594	\$ 1,061
Other scholarship funds	3,500	3,500
Handyman program	<u>3,020</u>	<u>7,100</u>
Total temporarily restricted net assets	\$ <u>10,114</u>	\$ <u>12,071</u>

During 2009 and 2008, the Foundation received \$15,222 and \$18,100 in contributions for the Sgt. Felix M. DelGreco Scholarship Fund. The Foundation granted \$12,700 and \$18,000 to the similarly named CCF fund. Grants to, activity within and current value of the CCF fund, which fund is not included in the assets or net assets of the Foundation are summarized below:

	<u>2009</u>	<u>2008</u>
Current value – beginning of year	\$ 80,580	\$ 92,762
Grants from Connecticut National Guard Foundation	12,700	18,000
Total return, net of administrative fees	18,462	(27,182)
Scholarships awarded by CCF	<u>(6,000)</u>	<u>(3,000)</u>
Current value – end of year	\$ <u>105,742</u>	\$ <u>80,580</u>

Note 3 – Investments:

Investments include mutual funds held by the Foundation and the Foundation's endowment fund at the Connecticut Community Foundation (CCF) at December 31, 2009 and 2008:

	<u>2009</u>		<u>2008</u>	
	<u>Current Value</u>	<u>Cost</u>	<u>Current Value</u>	<u>Cost</u>
Fixed income mutual funds	\$ 156,863	\$ 172,311	\$ 117,394	\$ 162,921
Equity mutual funds	184,955	253,996	144,160	251,947
Endowment Fund at CCF	<u>11,493</u>	<u>10,688</u>	<u>9,114</u>	<u>10,688</u>
	\$ <u>353,311</u>	\$ <u>436,995</u>	\$ <u>270,668</u>	\$ <u>425,556</u>
Unrealized losses	\$ <u>(83,684)</u>		\$ <u>(154,888)</u>	

The changes in current values for 2009 and 2008, are summarized as follows:

	<u>2009</u>	<u>2008</u>
Current value – beginning of year	\$ 270,668	\$ 392,218
Additional investments	-	45,000
Less uninvested cash in investment account	-	(30,412)
Dividends – reinvested	11,106	10,653
Capital gain distributions – reinvested	333	990
Realized capital gains (losses)	-	(8,957)
Change in unrealized appreciation (losses)	<u>71,204</u>	<u>(138,824)</u>
Current value – end of year	\$ <u>353,311</u>	\$ <u>270,668</u>