



**CONNECTICUT NATIONAL GUARD FOUNDATION, INC.**

**CONTENTS**

Independent Accountant's Opinion	1
Statements of Financial Position - December 31, 2004 and 2003	2
Statements of Activities for the Year Ended December 31, 2004 and the Year March 19, 2003 (Inception) - December 31, 2003	3
Statements of Cash Flows for the Year Ended December 31, 2004 and the Year March 19, 2003 (Inception) - December 31, 2003	4
Notes to Financial Statements	5



## 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, 2004 and 2003, and the related statements of activities and cash flows for the year ended December 31, 2004 and the initial year March 19, 2003 (inception) to December 31, 2003. 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.

As described in Note 1, Connecticut National Guard Foundation, Inc. has elected to present its financial statements in accordance with accounting principles generally accepted in the United States of America.

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, 2004 and 2003, and the changes in its net assets and its cash flows for the year ended December 31, 2004, and the initial year ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

*Adam P. Cohen CPA, LLC*

May 5, 2005

**CONNECTICUT NATIONAL GUARD FOUNDATION, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 372,046	\$ 143,922
Contributions receivable	1,395	-
Investments	55,431	-
Inventory – held for sale	1,460	200
Furniture and equipment, net of accumulated depreciation of \$1,230 in 2004	2,462	-
Deposit	<u>150</u>	<u>-</u>
<b>Total Assets</b>	<b>\$ <u>432,944</u></b>	<b>\$ <u>144,122</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ <u>304</u>	\$ <u>-</u>
<b>Net Assets</b>		
Unrestricted net assets - undesignated	377,733	144,122
Unrestricted net assets – designated for endowment	8,750	-
Temporarily restricted net assets	<u>46,157</u>	<u>-</u>
<b>Total Net Assets</b>	<b><u>432,640</u></b>	<b><u>144,122</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>432,944</u></b>	<b>\$ <u>144,122</u></b>

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

**CONNECTICUT NATIONAL GUARD FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2004 AND  
THE INITIAL YEAR MARCH 19 (INCEPTION) TO DECEMBER 31, 2003**

	<u>2004</u>	<u>2003</u>
<b>Change in Unrestricted Net Assets</b>		
Revenue and support		
Contributions – Public Support	\$ 232,620	\$ 147,431
Yellow Ribbon sales, net of costs of \$27,270 in 2004	48,804	2,350
Interest income	816	-
Realized and unrealized appreciation of investments	4,600	-
	<u>286,840</u>	<u>149,381</u>
Net assets released from restrictions	1,100	-
Total revenue and support	<u>287,940</u>	<u>149,381</u>
Expenses		
Grants to individuals and families	13,030	-
Scholarships awards	1,500	-
Management and general	16,130	1,700
Fundraising – printing and postage	14,919	3,559
Total expenses	<u>45,579</u>	<u>5,659</u>
<b>Increase in unrestricted net assets</b>	<u>242,361</u>	<u>144,122</u>
<b>Change in Temporarily Restricted Net Assets</b>		
Contributions – Sgt. Felix DelGreco Scholarship Fund	40,466	-
Other grants and contributions	6,600	-
Interest income	191	-
Net assets released from restrictions	<u>(1,100)</u>	<u>-</u>
<b>Increase in temporarily restricted net assets</b>	<u>46,157</u>	<u>-</u>
<b>Total increase in net assets</b>	288,518	144,122
<b>Net Assets – Beginning of Year</b>	<u>144,122</u>	<u>-</u>
<b>Net Assets - End of Year</b>	<u>\$ 432,640</u>	<u>\$ 144,122</u>

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

**CONNECTICUT NATIONAL GUARD FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2004 AND  
THE INITIAL YEAR MARCH 19 (INCEPTION) TO DECEMBER 31, 2003**

	<u>2004</u>	<u>2003</u>
<b>Cash Flows From Operating Activities</b>		
Contributions and grants received	\$ 274,599	\$ 147,431
Cash received from sales	76,074	2,350
Interest and dividends received	226	-
Cash paid to charitable grantees	(14,530)	-
Cash paid for cost of sales	(28,530)	(600)
Cash paid for management and support	(14,746)	(1,700)
Cash paid for fundraising	(14,919)	(3,559)
Net cash provided by operating activities	<u>278,174</u>	<u>143,922</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(50,050)	-
Net cash used by investing activities	<u>(50,050)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	228,124	143,922
<b>Cash and cash equivalents – Beginning of Year</b>	<u>143,922</u>	<u>-</u>
<b>Cash and cash equivalents - End of Year</b>	<u>\$ 372,046</u>	<u>\$ 143,922</u>
<b>Reconciliation of changes in net assets to net cash provided by (used by) operating activities:</b>		
Increase in net assets	\$ 288,518	\$ 144,122
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	1,230	-
Contributions of furniture and equipment	(3,692)	-
Interest and dividends on investments	(781)	-
Realized and unrealized appreciation of investments	(4,600)	-
Changes in operating assets and liabilities		
Contributions receivable	(1,395)	-
Inventory – held for sale	(1,260)	(200)
Deposit	(150)	-
Accounts payable	304	-
Net cash provided by operating activities	<u>\$ 278,174</u>	<u>\$ 143,922</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.

**Change in Basis of Accounting** – Connecticut National Guard Foundation, Inc. prepares its financial statements in accordance with United States generally accepted accounting principles, as they apply to not-for-profit organizations. The Foundation prepared its initial financial statements in 2003, applying the cash receipts and disbursements basis of accounting, which is an “other comprehensive basis of accounting”. There were no material differences between the two bases of accounting during 2003 and at December 31, 2003. The Foundation’s 2003 revenues and support, expenses and changes in net assets and ending net assets are the same as its cash receipts, disbursements, excess of cash receipts over disbursements, and fund balance.

**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. The Foundation follows the requirements of Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for Profit Organizations*, as well as other related statements and pronouncements. Under SFAS No. 117, 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 Sg. Felix DelGreco Scholarship Fund. It is the Board’s intention to maintain principal and expend income for scholarships.

**Permanently Restricted Net Assets**, represent resources that have donor-imposed restrictions that require 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 were first received during 2004, and are accounted for as separate restricted funds, which are 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, as well as individuals who participate in fundraising activities and professionals who assisted in the formation and management of The Foundation. The Foundation also receives free use of office space from the State of Connecticut Military Department. The value of these services are not recorded, although some of them, principally 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

**Investments** – Investments in mutual funds are recorded at current net asset value (fair value) as reported by the respective fund managers. 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.

**Furniture and Equipment** – During 2004, the Foundation received in-kind contributions of furniture and equipment. The Foundation's policy is to capitalize donated property in excess of \$500. Property below this threshold is expensed in the year received. Such contributions received prior to December 31, 2003 were *de minimis*. Contributed furniture is depreciated using the straight-line method over three years.

**Income Taxes** - The Foundation has received an advance determination letter that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and that The Foundation can reasonably expect to be a publicly supported organization as described in Sections 509(a)(1) and 170(b)(1)(A)(vi). During the advance ruling period, which runs through December 31, 2007, the Foundation will be treated as a publicly supported organization, and not as a private foundation.

**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.

Note 2 – **Temporarily Restricted Net Assets:**

Temporarily restricted net assets consist of the following at December 31, 2004:

Sgt. Felix DelGreco Scholarship Fund	\$	40,657
Restricted to scholarships		1,500
Handyman program - Fisher House Foundation / Newman's Own		<u>4,000</u>
Total temporarily restricted net assets	\$	<u>46,157</u>

Note 3 – **Investments:**

Investments in mutual funds at December 31, 2004, consist of the following:

	<u>Current Value</u>	<u>Cost</u>
Fixed income funds	\$ 15,420	\$ 15,232
Equity funds	<u>40,011</u>	<u>35,598</u>
	\$ <u>55,431</u>	\$ <u>50,830</u>