

Missouri State Highway Patrol Benevolent Fund, Inc.
Poplar Bluff, Missouri
September 30, 2019 and 2018

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Members of the Board
Missouri State Highway Patrol Benevolent Fund, Inc.
Poplar Bluff, Missouri

We have reviewed the accompanying financial statements of the Missouri State Highway Patrol Benevolent Fund, Inc. (a non-profit organization), which comprise the statement of financial position - modified cash basis as of September 30, 2019 and 2018, and the related statements of activities - modified cash basis and statements of functional expenses - modified cash basis for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Kraft, Miles & Tatum, LLC

Certified Public Accountants
December 27, 2019

Missouri State Highway Patrol Benevolent Fund, Inc.
 Statements of Financial Position - Modified Cash Basis
 September 30, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 28,889	19,824
Certificates of deposit (Note 3)	1,422,313	1,248,867
Investments (Note 4)	<u>1,062,433</u>	<u>1,053,288</u>
Total assets	<u>\$ 2,513,635</u>	<u>2,321,979</u>
 <u>NET ASSETS</u>		
Without donor restrictions (Note 1)	<u>\$ 2,513,635</u>	<u>2,321,979</u>
Total net assets	<u>\$ 2,513,635</u>	<u>2,321,979</u>

See accompanying notes and independent accountant's review report.

Missouri State Highway Patrol Benevolent Fund, Inc.
 Statements of Activities - Modified Cash Basis
 For the Year Ended September 30, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenues and gains:			
Dues and donations	\$ 237,743	-	237,743
Interest and dividend income	46,730	-	46,730
Realized gain on investment	141,936	-	141,936
Other income	14,102	-	14,102
	<u>440,511</u>	<u>-</u>	<u>440,511</u>
Expenses and losses:			
Program services expense	239,887	-	239,887
Management and general expense	8,968	-	8,968
	<u>248,855</u>	<u>-</u>	<u>248,855</u>
Change in net assets	191,656	-	191,656
Net assets at beginning of year	<u>2,321,979</u>	<u>-</u>	<u>2,321,979</u>
Net assets at end of year	<u>\$ 2,513,635</u>	<u>-</u>	<u>2,513,635</u>

See accompanying notes and independent accountant's review report.

Missouri State Highway Patrol Benevolent Fund, Inc.
 Statements of Activities - Modified Cash Basis
 For the Year Ended September 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and gains:			
Dues and donations	\$ 248,693	-	248,693
Interest and dividend income	34,722	-	34,722
Realized gain on investment	11,562	-	11,562
Unrealized gain on investment	30,202	-	30,202
Other income	14,169	-	14,169
	<u>339,348</u>	<u>-</u>	<u>339,348</u>
Expenses and losses:			
Program services expense	84,180	-	84,180
Management and general expense	6,596	-	6,596
	<u>90,776</u>	<u>-</u>	<u>90,776</u>
Change in net assets	248,572	-	248,572
Net assets at beginning of year	<u>2,073,407</u>	<u>-</u>	<u>2,073,407</u>
Net assets at end of year	<u>\$ 2,321,979</u>	<u>-</u>	<u>2,321,979</u>

See accompanying notes and independent accountant's review report.

Missouri State Highway Patrol Benevolent Fund, Inc.
 Statements of Functional Expenses - Modified Cash Basis
 For the Year Ended September 30, 2019

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Benefits paid	\$ 17,277	-	-	17,277
Postage	3,113	-	-	3,113
Printing & supplies	6,054	-	-	6,054
Meeting expense	9,678	-	-	9,678
Professional fees	-	-	1,200	1,200
Investment fees	10,376	-	-	10,376
Salaries	42,300	-	4,700	47,000
Payroll taxes	3,236	-	360	3,596
Cost of logo items	1,117	-	-	1,117
Awards	2,020	-	-	2,020
Unrealized loss on investment	141,647	-	-	141,647
Insurance	2,708	-	2,708	5,416
Miscellaneous	361	-	-	361
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 239,887</u>	<u>-</u>	<u>8,968</u>	<u>248,855</u>

See accompanying notes and independent accountant's review report

Missouri State Highway Patrol Benevolent Fund, Inc.
 Statements of Functional Expenses - Modified Cash Basis
 For the Year Ended September 30, 2018

	<u>Program</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Benefits paid	\$ 15,000	-	-	15,000
Postage	2,981	-	-	2,981
Printing & supplies	5,231	-	-	5,231
Meeting expense	10,868	-	-	10,868
Professional fees	-	-	1,175	1,175
Investment fees	10,406	-	-	10,406
Salaries	32,032	-	3,559	35,591
Payroll taxes	2,451	-	272	2,723
Cost of logo items	580	-	-	580
Insurance	1,595	-	1,590	3,185
Miscellaneous	3,036	-	-	3,036
Total expenses	<u>\$ 84,180</u>	<u>-</u>	<u>6,596</u>	<u>90,776</u>

See accompanying notes and independent accountant's review report

Missouri State Highway Patrol Benevolent Fund, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Missouri State Highway Patrol Benevolent Fund, Inc., is a Missouri nonprofit organization that provides assistance and scholarships to the spouses and children of Missouri State Troopers who have been killed in the line of duty. The Organization is also known as the Missouri Association of State Troopers Emergency Relief Society (the MASTERS).

B. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Basis of Accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, revenues are recognized when received rather than when earned and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred except for investments which are stated at fair market value.

D. Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases used in conjunctions with the Organization's cost allocation plan.

Missouri State Highway Patrol Benevolent Fund, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2019 and 2018

E. Tax Status

Missouri State Highway Patrol Benevolent Fund, Inc., is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, provisions for federal and state income taxes are not required. The MASTERS believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The MASTERS' Federal Exempt Organization Income Tax Returns (Form 990) for 2019 and 2018 are subject to examination by the IRS, generally for three years after they were filed.

F. Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without restrictions and with restrictions. A description of the two net asset categories follows:

Net Assets Without Donor Restrictions- Net assets available for use in general operations and not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions- Net assets whose use by the Missouri State Highway Patrol Benevolent Fund, Inc. is subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Missouri State Highway Patrol Benevolent Fund, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2019 and 2018

G. New Accounting Pronouncements

During the year ended September 30, 2019, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, are now reported as net assets with donor restrictions. The adoption of this provision did not have an impact on the Organization's financial position or changes in net position.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash and certificate of deposit balances at several different financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation for \$250,000 at each institution for each year ending September 30, 2019 and 2018, respectively. The Organization had no uninsured bank balances at September 30, 2019 and 2018, respectively.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, within one year of the balance sheet date, comprise the following:

Cash	\$ 28,889
Certificates of deposit	1,422,313
Investments	<u>1,062,433</u>
Total	<u>\$ 2,513,635</u>

Missouri State Highway Patrol Benevolent Fund, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2019 and 2018

NOTE 4 - CERTIFICATES OF DEPOSIT

The Organization's investments consist of certificates of deposit totaling \$1,422,313 and \$1,248,867 at September 30, 2019 and 2018, respectively. The certificates bear interest ranging from 1.70% to 3.25% and have maturities ranging from three months to forty-eight months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

NOTE 5 - INVESTMENTS

Investments are stated at readily determinable fair values and are summarized as follows as of September 30, 2019 and 2018:

<u>2019</u>		
	<u>Cost</u>	<u>Fair Value</u>
Marketable securities	\$ 898,319	1,062,433

<u>2018</u>		
	<u>Cost</u>	<u>Fair Value</u>
Marketable securities	\$ 898,319	1,053,288

The following schedule summarizes the investment activity for the year ended September 30, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Purchases	\$ -	-	-
Dividend income	19,232	-	19,232
Realized gain	141,936	-	141,936
Administrative fees	(10,376)	-	10,376
Unrealized loss	(141,647)	-	(141,647)
Total	<u>\$ 9,145</u>	<u>-</u>	<u>9,145</u>

Missouri State Highway Patrol Benevolent Fund, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2019 and 2018

The following schedule summarizes the investment activity for the year ended September 30, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Purchases	\$ -	-	-
Dividend income	17,838	-	17,838
Realized gain	11,562	-	11,562
Administrative fees	(10,406)	-	10,406
Unrealized gain	30,202	-	30,202
Total	<u>\$ 49,196</u>	<u>-</u>	<u>49,196</u>

The fair value measurements at September 30, 2019 and 2018 are based upon quoted prices in active markets for identical assets (Level 1). The Organization has no assets to be measured based upon significant other observable inputs (Level 2) or significant unobservable inputs (Level 3).

NOTE 6 - SUBSEQUENT EVENTS

The "MASTERS" has evaluated subsequent events through December 27, 2019, which is the date the financial statements were available to be issued.