

Missouri State Highway Patrol Benevolent Fund, Inc.  
Poplar Bluff, Missouri  
September 30, 2016 and 2015

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**KRAFT, MILES & TATUM, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2016 and 2015, 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 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 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 accounting principles generally accepted in the United States of America. 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 accounting principles generally accepted in the United States of America.

*Kraft, Miles & Tatum, LLC*

Certified Public Accountants  
December 13, 2016

Missouri State Highway Patrol Benevolent Fund, Inc.  
 Statements of Financial Position - Modified Cash Basis  
 September 30, 2016 and 2015

| <u>ASSETS</u>                    | <u>2016</u>         | <u>2015</u>      |
|----------------------------------|---------------------|------------------|
| Cash                             | \$ 33,563           | 116,035          |
| Certificates of deposit (Note 3) | 753,214             | 494,015          |
| Investments (Note 4)             | <u>919,150</u>      | <u>859,704</u>   |
| Total assets                     | <u>\$ 1,705,927</u> | <u>1,469,754</u> |
| <br><u>NET ASSETS</u>            |                     |                  |
| Unrestricted net assets          | <u>\$ 1,705,927</u> | <u>1,469,754</u> |
| Total net assets                 | <u>\$ 1,705,927</u> | <u>1,469,754</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, 2016

|                                 | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>     |
|---------------------------------|---------------------|-----------------------------------|-----------------------------------|------------------|
| <b>Revenues and gains:</b>      |                     |                                   |                                   |                  |
| Dues and donations              | \$ 226,245          | -                                 | -                                 | 226,245          |
| Interest and dividend income    | 23,048              | -                                 | -                                 | 23,048           |
| Realized gain on investment     | 4,398               | -                                 | -                                 | 4,398            |
| Unrealized gain on investment   | 49,133              | -                                 | -                                 | 49,133           |
| Other income                    | 13,772              | -                                 | -                                 | 13,772           |
|                                 | <u>316,596</u>      | <u>-</u>                          | <u>-</u>                          | <u>316,596</u>   |
| <b>Expenses and losses:</b>     |                     |                                   |                                   |                  |
| Benefits paid                   | 6,102               | -                                 | -                                 | 6,102            |
| Meeting expense                 | 12,674              | -                                 | -                                 | 12,674           |
| Office supplies and postage     | 9,914               | -                                 | -                                 | 9,914            |
| Payroll expense                 | 37,258              | -                                 | -                                 | 37,258           |
| Professional fees               | 925                 | -                                 | -                                 | 925              |
| Investment fees                 | 8,914               | -                                 | -                                 | 8,914            |
| Cost of logo items              | 501                 | -                                 | -                                 | 501              |
| Insurance                       | 2,376               | -                                 | -                                 | 2,376            |
| Miscellaneous                   | 1,759               | -                                 | -                                 | 1,759            |
|                                 | <u>80,423</u>       | <u>-</u>                          | <u>-</u>                          | <u>80,423</u>    |
| Change in net assets            | 236,173             | -                                 | -                                 | 236,173          |
| Net assets at beginning of year | <u>1,469,754</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,469,754</u> |
| Net assets at end of year       | <u>\$1,705,927</u>  | <u>-</u>                          | <u>-</u>                          | <u>1,705,927</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, 2015

|                                 | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>     |
|---------------------------------|---------------------|-----------------------------------|-----------------------------------|------------------|
| Revenues and gains:             |                     |                                   |                                   |                  |
| Dues and donations              | \$ 230,744          | -                                 | -                                 | 230,744          |
| Interest and dividend income    | 20,812              | -                                 | -                                 | 20,812           |
| Realized gain on investment     | 4,484               | -                                 | -                                 | 4,484            |
| Other income                    | 13,673              | -                                 | -                                 | 13,673           |
|                                 | <u>269,713</u>      | <u>-</u>                          | <u>-</u>                          | <u>269,713</u>   |
| Expenses and losses:            |                     |                                   |                                   |                  |
| Benefits paid                   | 18,640              | -                                 | -                                 | 18,640           |
| Meeting expense                 | 6,951               | -                                 | -                                 | 6,951            |
| Office supplies and postage     | 7,997               | -                                 | -                                 | 7,997            |
| Payroll expense                 | 31,557              | -                                 | -                                 | 31,557           |
| Professional fees               | 800                 | -                                 | -                                 | 800              |
| Investment fees                 | 6,141               | -                                 | -                                 | 6,141            |
| Cost of logo items              | 4,338               | -                                 | -                                 | 4,338            |
| Supplies                        | 69                  | -                                 | -                                 | 69               |
| Unrealized loss on investment   | 68,685              | -                                 | -                                 | 68,685           |
| Insurance                       | 2,351               | -                                 | -                                 | 2,351            |
| Miscellaneous                   | 3,478               | -                                 | -                                 | 3,478            |
|                                 | <u>151,007</u>      | <u>-</u>                          | <u>-</u>                          | <u>151,007</u>   |
| Change in net assets            | 118,706             | -                                 | -                                 | 118,706          |
| Net assets at beginning of year | <u>1,351,048</u>    | <u>-</u>                          | <u>-</u>                          | <u>1,351,048</u> |
| Net assets at end of year       | <u>\$1,469,754</u>  | <u>-</u>                          | <u>-</u>                          | <u>1,469,754</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, 2016

|                     | <u>Program</u>       | <u>Fundraising</u> | <u>Management<br/>and General</u> | <u>Total</u>      |
|---------------------|----------------------|--------------------|-----------------------------------|-------------------|
| Benefits paid       | \$ 6,102             | -                  | -                                 | 6,102             |
| Postage             | 3,233                | -                  | -                                 | 3,233             |
| Printing & supplies | 6,681                | -                  | -                                 | 6,681             |
| Meeting expense     | 12,674               | -                  | -                                 | 12,674            |
| Professional fees   | -                    | -                  | 925                               | 925               |
| Investment fees     | 8,914                | -                  | -                                 | 8,914             |
| Salaries            | 31,149               | -                  | 3,461                             | 34,610            |
| Payroll taxes       | 2,383                | -                  | 265                               | 2,648             |
| Cost of logo items  | 501                  | -                  | -                                 | 501               |
| Insurance           | 1,376                | -                  | 1,000                             | 2,376             |
| Miscellaneous       | <u>1,759</u>         | <u>-</u>           | <u>-</u>                          | <u>1,759</u>      |
| <br>Total expenses  | <br><u>\$ 74,772</u> | <br><u>-</u>       | <br><u>5,651</u>                  | <br><u>80,423</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, 2015

|                               | <u>Program</u>    | <u>Fundraising</u> | <u>Management<br/>and General</u> | <u>Total</u>   |
|-------------------------------|-------------------|--------------------|-----------------------------------|----------------|
| Benefits paid                 | \$ 18,640         | -                  | -                                 | 18,640         |
| Postage                       | 3,764             | -                  | -                                 | 3,764          |
| Printing & supplies           | 4,232             | -                  | -                                 | 4,232          |
| Meeting expense               | 6,951             | -                  | -                                 | 6,951          |
| Professional fees             | -                 | -                  | 800                               | 800            |
| Investment fees               | 6,141             | -                  | -                                 | 6,141          |
| Salaries                      | 23,566            | -                  | 5,892                             | 29,458         |
| Payroll taxes                 | 1,680             | -                  | 420                               | 2,100          |
| Cost of logo items            | 4,338             | -                  | -                                 | 4,338          |
| Supplies                      | -                 | 69                 | -                                 | 69             |
| Unrealized loss on investment | 68,685            | -                  | -                                 | 68,685         |
| Insurance                     | 1,351             | -                  | 1,000                             | 2,351          |
| Miscellaneous                 | 3,478             | -                  | -                                 | 3,478          |
| Total expenses                | <u>\$ 142,826</u> | <u>69</u>          | <u>8,112</u>                      | <u>151,007</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, 2016 and 2015

**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. 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 2016 and 2015 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the three net asset categories follows:



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Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted - Net assets whose use by the Organization is subject to donor restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. No temporarily restricted net assets are present at September 30, 2016 and 2015.

Permanently restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. No permanently restricted net assets were held during the years ended September 30, 2016 and 2015, and, accordingly, these financials do not reflect any activity related to this class of net assets for the years then ended September 30, 2016 and 2015.

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, 2016 and 2015, respectively. The Organization had no uninsured bank balances at September 30, 2016 and 2015, respectively.

NOTE 3 - CERTIFICATES OF DEPOSIT

The Organization's investments consist of certificates of deposit totaling \$753,214 and \$494,015 at September 30, 2016 and 2015, respectively. The certificates bear interest ranging from 1.00% to 4.02% 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 4 - INVESTMENTS

Investments are stated at readily determinable fair values and are summarized as follows as of September 30, 2016 and 2015:

|                       | <u>2016</u> |                   |
|-----------------------|-------------|-------------------|
| <u>Unrestricted</u>   | <u>Cost</u> | <u>Fair Value</u> |
| Marketable securities | \$ 896,700  | 919,150           |

Missouri State Highway Patrol Benevolent Fund, Inc.  
Notes to Financial Statements  
For the Years Ended September 30, 2016 and 2015

2015

|                       |    |             |                   |
|-----------------------|----|-------------|-------------------|
| <u>Unrestricted</u>   |    | <u>Cost</u> | <u>Fair Value</u> |
| Marketable securities | \$ | 892,500     | 859,704           |

The following schedule summarizes the investment activity for the year ended September 30, 2016:

|                     | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u>  |
|---------------------|---------------------|-------------------------------|-------------------------------|---------------|
| Purchases           | \$ 2,100            | -                             | -                             | 2,100         |
| Dividend income     | 12,729              | -                             | -                             | 12,729        |
| Realized gain       | 4,398               | -                             | -                             | 4,398         |
| Administrative fees | (8,914)             | -                             | -                             | (8,914)       |
| Unrealized gain     | 49,133              | -                             | -                             | 49,133        |
| Total               | <u>\$ 59,446</u>    | <u>-</u>                      | <u>-</u>                      | <u>59,446</u> |

The following schedule summarizes the investment activity for the year ended September 30, 2015:

|                     | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u>   |
|---------------------|---------------------|-------------------------------|-------------------------------|----------------|
| Purchases           | \$ 662,500          | -                             | -                             | 662,500        |
| Dividend income     | 7,384               | -                             | -                             | 7,384          |
| Realized gain       | 4,484               | -                             | -                             | 4,484          |
| Administrative fees | (6,141)             | -                             | -                             | (6,141)        |
| Unrealized loss     | (68,685)            | -                             | -                             | (68,685)       |
| Total               | <u>\$ 599,542</u>   | <u>-</u>                      | <u>-</u>                      | <u>599,542</u> |

The fair value measurements at September 30, 2016 and 2015 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 5 - SUBSEQUENT EVENTS

The "MASTERS" has evaluated subsequent events through December 13, 2016, which is the date the financial statement were available to be issued.