

**Federal Law Enforcement Officers  
Association Foundation, Inc.**

Financial Statements

December 31, 2021 and 2020



## Independent Auditors' Report

**Executive Board  
Federal Law Enforcement Officers Association Foundation, Inc.**

### ***Opinion***

We have audited the accompanying financial statements of Federal Law Enforcement Officers Association Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*PKF O'Connor Davies, LLP*

October 13, 2023

Federal Law Enforcement Officers Association Foundation, Inc.

Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 332,724	\$ 411,195
Investments	<u>1,159,419</u>	<u>1,086,693</u>
	<u>\$ 1,492,143</u>	<u>\$ 1,497,888</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 191	\$ 13,000
Net assets - without donor restrictions	<u>1,491,952</u>	<u>1,484,888</u>
	<u>\$ 1,492,143</u>	<u>\$ 1,497,888</u>

See notes to financial statements

**Federal Law Enforcement Officers Association Foundation, Inc.**

Statements of Activities

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
<b>REVENUES AND SUPPORT</b>		
Contributions	\$ 278,210	\$ 200,445
Contributions from Federal Law Enforcement Officers Association, Inc.	71,342	68,417
Combined Federal Campaign contributions	-	4,554
Investment return	<u>72,726</u>	<u>46,642</u>
Total Revenues and Support	<u>422,278</u>	<u>320,058</u>
<b>EXPENSES</b>		
Program service expenses	392,185	235,303
Management and general expenses	<u>23,029</u>	<u>28,217</u>
Total Expenses	<u>415,214</u>	<u>263,520</u>
 Change in Net Assets	 7,064	 56,538
<b>NET ASSETS</b>		
Beginning of year	<u>1,484,888</u>	<u>1,428,350</u>
 End of year	 <u>\$ 1,491,952</u>	 <u>\$ 1,484,888</u>

See notes to financial statements

**Federal Law Enforcement Officers Association Foundation, Inc.**

Statements of Functional Expenses

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
<b>PROGRAM SERVICE EXPENSES</b>		
Assistance	\$ 252,564	\$ 103,505
Charitable contributions	27,994	19,906
Promotional events	12,877	5,892
Scholarships	98,750	106,000
Total Program Service Expenses	<u>\$ 392,185</u>	<u>\$ 235,303</u>
<b>MANAGEMENT AND GENERAL EXPENSES</b>		
Bank charges	\$ 519	\$ 298
Office	4,210	23,669
Professional fees	18,300	4,250
Total Management and General Expenses	<u>\$ 23,029</u>	<u>\$ 28,217</u>

See notes to financial statements

**Federal Law Enforcement Officers Association Foundation, Inc.**

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 7,064	\$ 56,538
Adjustments to reconcile change in net assets to net cash from operating activities		
Unrealized loss on investments	30,823	13,331
Realized gain on investments	(8,866)	(13,869)
Changes in operating assets and liabilities		
Accounts payable and accrued expenses	(12,809)	(23,344)
Net Cash from Operating Activities	16,212	32,656
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(296,404)	(358,722)
Sale of investments	201,721	312,618
Net Cash from Investing Activities	(94,683)	(46,104)
 Net Change in Cash	(78,471)	(13,448)
 <b>CASH</b>		
Beginning of year	411,195	424,643
End of year	\$ 332,724	\$ 411,195

See notes to financial statements

# Federal Law Enforcement Officers Association Foundation, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

## 1. Organization

The primary purpose of Federal Law Enforcement Officers Association Foundation, Inc. (the "Foundation"), which was incorporated as a not-for-profit corporation on September 14, 1993 in the State of New York, is to serve as the primary source of charitable support for members of the Federal Law Enforcement Officers Association (the "FLEOA"). The Foundation was created to provide expedited financial assistance to FLEOA members and their families in times of need.

## 2. Summary of Significant Accounting Policies

### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### ***Net Asset Presentation***

The Foundation's net assets are comprised of two groups as follows:

*Without Donor Restrictions* - net assets that are not subject to donor-imposed restrictions and may be expended for the general support of the Foundation's operations and programs. These net assets may be used at the discretion of the Foundation's management and Executive Board.

*With Donor Restrictions* - net assets that are subject to stipulations imposed by donors and grantors that limit their use either through purpose or time restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Foundation. Certain restrictions may require the assets to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable law. The Foundation had no net assets with donor restrictions as of December 31, 2021 and 2020.

### ***Revenues and Support***

Contributions received are recorded as net assets without or with donor restriction, depending on the existence of any donor restrictions. Contributions with purpose or time restrictions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions received and released in the same year are reported as net assets without donor restrictions.

## Federal Law Enforcement Officers Association Foundation, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Revenue Recognition***

##### ***Contributions***

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional promises to give are recognized when the conditions upon which they depend have been substantially met.

##### ***Tax Status and Accounting for Uncertainty in Income Taxes***

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes on related income pursuant to Section 102 of the Not-for-Profit Corporation Law in the State of New York.

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Foundation had no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2018.

##### ***Fair Value Measurements***

The Foundation follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

##### ***Investment Valuation and Income Recognition***

Investments are stated at fair value. Purchases and sales of investments are recorded on a trade date basis. Money markets and certificates of deposit are valued at the amounts deposited, plus accrued interest, and are not measured at fair value. Realized and unrealized gains and losses on investments are calculated based on cost and are reflected in the statements of activities as part of investment return. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis.

## Federal Law Enforcement Officers Association Foundation, Inc.

Notes to Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Investment Risks and Uncertainties***

Investments are exposed to various risks such as interest rates, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the Foundation's account balances and the amounts reported in the accompanying financial statements.

#### ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis. All costs are direct expenses to each functional category. Program service expenses consist of costs expended to execute and fulfill the purpose of the Foundation. Management and general expenses are those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Foundation.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 13, 2023.

### 3. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash on deposit with financial institutions and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. As of December 31, 2021 and 2020, the Foundation's uninsured cash on deposit totaled approximately \$81,000 and \$147,000.

Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). As of December 31, 2021 and 2020, the Foundation's uninsured investment holdings totaled approximately \$520,000 and \$480,000.

The investment portfolio is diversified by type of investment and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

### 4. Related Party Transactions *(not disclosed elsewhere)*

The Foundation is affiliated with FLEOA through common Board members. During the years ended December 31, 2021 and 2020, FLEOA contributed \$71,342 and \$68,417 to the Foundation.

**Federal Law Enforcement Officers Association Foundation, Inc.**

Notes to Financial Statements  
December 31, 2021 and 2020

**5. Investments**

The following are major categories of investments measured at fair value on a recurring basis at December 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	2022		
	Level 2	Total	
Unit investment trusts	\$ 898,326	\$ 898,326	
Corporate bonds	122,460	122,460	
Total Investments at Fair Value	\$ 1,020,786	1,020,786	
Certificates of deposit, at cost		85,167	
Money markets, at cost		53,466	
Total Investments		\$ 1,159,419	

  

	2020		
	Level 1	Level 2	Total
Exchange traded funds	\$ 98,586	\$ -	\$ 98,586
Unit investment trusts	-	762,686	762,686
Corporate bonds	-	122,228	122,228
Total Investments at Fair Value	\$ 98,586	\$ 884,914	983,500
Certificates of deposit, at cost			84,785
Money markets, at cost			18,408
Total Investments			\$ 1,086,693

**6. Liquidity and Availability of Financial Assets**

The Foundation's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statements of financial position were as follows at December 31:

Financial Assets:	2021	2020
Cash	\$ 332,724	\$ 411,195
Investments	1,159,419	1,086,693
	\$ 1,492,143	\$ 1,497,888

As part of the Foundation's liquidity management strategy, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Foundation is supported by revenues derived predominantly from unsolicited contributions and contributions from FLEOA. The timing of cash receipts generated from these various contribution sources provides the Foundation with a consistent monthly cash flow.

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