

**NATIONAL LAW ENFORCEMENT AND
FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION**

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**FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORT, AND
SUPPLEMENTARY INFORMATION**

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FOR THE YEAR ENDED DECEMBER 31, 2022

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION

FINANCIAL STATEMENTS,
INDEPENDENT AUDITORS' REPORT, AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2022

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Independent Auditors' Report

To the Board of Directors of
National Law Enforcement and Firefighters Children's Foundation
D/B/A First Responders Children's Foundation
New York, NY 10016

Opinion

We have audited the accompanying financial statements of National Law Enforcement and Firefighters Children's Foundation D/B/A First Responders Children's Foundation (a Delaware not-for-profit organization) (the "Foundation"), which comprise the balance sheet as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows, all for the year 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 National Law Enforcement and Firefighters Children's Foundation D/B/A First Responders Children's Foundation as of December 31, 2022, and the results of its operations and its cash flows for the year 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 National Law Enforcement and Firefighters Children's Foundation D/B/A First Responders Children's Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 National Law Enforcement and Firefighters Children's Foundation D/B/A First Responders Children's Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(continued)

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 auditing standards generally accepted in the United States of America 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, including omissions, 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 auditing standards generally accepted in the United States of America, 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 National Law Enforcement and Firefighters Children's Foundation D/B/A First Responders Children's 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, which raise substantial doubt about National Law Enforcement and Firefighters Children's Foundation D/B/A First Responders Children's 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 19 and 20 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon and Hechtman CPA's, LLP

New York, NY

September 14, 2023

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|---------------------|
| <u>Assets</u> | | | |
| Cash | | | |
| Cash and cash equivalents - without donor restrictions | \$ 6,156,530 | \$ - | \$ 6,156,530 |
| Cash and cash equivalents - with donor restrictions | - | 1,525,398 | 1,525,398 |
| Total cash | <u>6,156,530</u> | <u>1,525,398</u> | <u>7,681,928</u> |
| Pledges receivable | <u>-</u> | <u>627,736</u> | <u>627,736</u> |
| Fixed assets | | | |
| Fixed assets - at cost | 61,344 | - | 61,344 |
| Less: accumulated depreciation | <u>(18,403)</u> | <u>-</u> | <u>(18,403)</u> |
| Fixed assets - net book value | <u>42,941</u> | <u>-</u> | <u>42,941</u> |
| Prepaid expenses | 3,619 | - | 3,619 |
| Security deposits | 39,023 | - | 39,023 |
| Total assets | <u>\$ 6,242,113</u> | <u>\$ 2,153,134</u> | <u>\$ 8,395,247</u> |
| <u>Liabilities and Net Assets</u> | | | |
| Liabilities | | | |
| Accounts payable and accrued expenses | \$ 95,061 | \$ - | \$ 95,061 |
| Credit cards payable | <u>5,236</u> | <u>-</u> | <u>5,236</u> |
| Total liabilities | <u>100,297</u> | <u>-</u> | <u>100,297</u> |
| Net assets | | | |
| Without donor restrictions | 6,141,816 | - | 6,141,816 |
| With donor restrictions | <u>-</u> | <u>2,153,134</u> | <u>2,153,134</u> |
| Total net assets | <u>6,141,816</u> | <u>2,153,134</u> | <u>8,294,950</u> |
| Total liabilities and net assets | <u>\$ 6,242,113</u> | <u>\$ 2,153,134</u> | <u>\$ 8,395,247</u> |

The notes are an integral part of these financial statements.

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|----------------------------------|-------------------------------|---------------------|
| Revenue | | | |
| Contributions | \$ 9,816,585 | \$ 1,318,648 | \$ 11,135,233 |
| Donated goods and services | - | 17,830,338 | 17,830,338 |
| Interest income | 65 | - | 65 |
| Net assets without donor restrictions added to restricted cash | (1,819,842) | 1,819,842 | - |
| Total revenue | <u>7,996,808</u> | <u>20,968,828</u> | <u>28,965,636</u> |
| Functional Expenses | | | |
| Program | 3,251,244 | 18,865,463 | 22,116,707 |
| Management and general | 973,211 | - | 973,211 |
| Fundraising | 521,049 | - | 521,049 |
| Total functional expenses | <u>4,745,504</u> | <u>-</u> | <u>23,610,967</u> |
| Increase in net assets | 3,251,305 | 2,103,365 | 5,354,670 |
| Net assets - January 1, 2022 | <u>2,890,511</u> | <u>49,769</u> | <u>2,940,280</u> |
| Net assets - December 31, 2022 | <u>\$ 6,141,816</u> | <u>\$ 2,153,134</u> | <u>\$ 8,294,950</u> |

The notes are an integral part of these financial statements.

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Program | Management and General | Fundraising | Total |
|--|---------------------|---------------------------|-------------------|---------------------|
| Schedule 1 | | | | |
| Direct program expenses: | | | | |
| "Toy Express" program | \$ 2,168,775 | \$ - | \$ - | \$ 2,168,775 |
| Program consultants | 446,424 | - | - | 446,424 |
| Thanksgiving program | 320,872 | - | - | 320,872 |
| Annual Gala | 192,343 | - | - | 192,343 |
| Miscellaneous program expenses | 118,098 | - | - | 118,098 |
| Los Angeles event | 59,573 | - | - | 59,573 |
| Mental Health program | 49,950 | - | - | 49,950 |
| National First Responders Day | 43,518 | - | - | 43,518 |
| Police Week | 17,350 | - | - | 17,350 |
| Total direct program expenses | <u>\$ 3,416,903</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,416,903</u> |
| Schedule 2 | | | | |
| Scholarships: | | | | |
| General scholarships | \$ 716,000 | \$ - | \$ - | \$ 716,000 |
| CSX Scholarships | 56,500 | - | - | 56,500 |
| PwC Scholarships | 53,125 | - | - | 53,125 |
| T-Mobile Scholarships | 44,625 | - | - | 44,625 |
| Motorola Scholarships | 40,000 | - | - | 40,000 |
| Universal Music Group Scholarships | 20,000 | - | - | 20,000 |
| Luis Alvarez Memorial Scholarships | 18,750 | - | - | 18,750 |
| Children of Heroes Scholarships | 18,750 | - | - | 18,750 |
| SERVPRO Scholarships | 13,000 | - | - | 13,000 |
| TIAA Scholarships | 12,500 | - | - | 12,500 |
| Cradlepoint / Verizon Scholarships | 10,625 | - | - | 10,625 |
| Smiling Rocks Scholarship | 6,250 | - | - | 6,250 |
| Justice Family Scholarship | 5,000 | - | - | 5,000 |
| Bennett Memorial Scholarship | 5,000 | - | - | 5,000 |
| GFFFR Scholarship | 5,000 | - | - | 5,000 |
| Victoria Ovis Scholarship | 5,000 | - | - | 5,000 |
| Carol Ozaga Stanberry Scholarship | 5,000 | - | - | 5,000 |
| Total scholarships | <u>\$ 1,035,125</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,035,125</u> |
| Schedule 3 | | | | |
| Financial Grants: | | | | |
| Financial assistance grants | \$ 482,660 | \$ - | \$ - | \$ 482,660 |
| Funeral support grants | 41,825 | - | - | 41,825 |
| Miscellaneous charitable grant | 22,226 | - | - | 22,226 |
| Total financial grants | <u>\$ 546,711</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 546,711</u> |
| Total program expenses, scholarships, and financial grants | <u>\$ 4,998,739</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,998,739</u> |
| Schedule 4 | | | | |
| Wages, taxes, and employee benefits: | | | | |
| Wages - other | \$ 624,982 | \$ 323,178 | \$ 107,476 | \$ 1,055,636 |
| Wages - officer | 71,257 | 62,948 | 79,198 | 213,404 |
| Payroll taxes | 60,873 | 33,759 | 16,321 | 110,953 |
| Employee benefits | 46,932 | 26,028 | 12,583 | 85,543 |
| Total wages, taxes, and employee benefits | <u>\$ 804,044</u> | <u>\$ 445,913</u> | <u>\$ 215,578</u> | <u>\$ 1,465,535</u> |

(continued on page 6)

The notes are an integral part of these financial statements.

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

(continued from page 5)

Schedule 5

| | Program | Management and General | Fundraising | Total |
|--|----------------------|---------------------------|-------------------|----------------------|
| Other expenses: | | | | |
| Advertising and promotion | \$ 15,739,950 | \$ 31,024 | \$ 62,048 | \$ 15,833,022 |
| Travel, meetings, and entertainment | 119,787 | 59,894 | 59,894 | 239,575 |
| Web-site maintenance and graphic media | 118,332 | 59,166 | 59,166 | 236,664 |
| Postage and shipping | 56,828 | 28,414 | 28,414 | 113,656 |
| Warehouse rent | 113,508 | - | - | 113,508 |
| Computer software fees | 10,131 | 45,588 | 45,588 | 101,307 |
| Printing and publications | 60,100 | 30,050 | - | 90,150 |
| Professional fees | - | 73,795 | - | 73,795 |
| Marketing and public relations | 23,651 | 23,651 | 23,651 | 70,953 |
| Office rent | 21,960 | 21,960 | 21,960 | 65,880 |
| Payroll processing | - | 36,624 | - | 36,624 |
| Office expenses | - | 27,165 | - | 27,165 |
| Bookkeeping | - | 22,802 | - | 22,802 |
| Equipment rental | 18,675 | 1,902 | - | 20,577 |
| Warehouse expenses | 20,261 | - | - | 20,261 |
| Telephone and internet | 4,150 | 11,943 | - | 16,093 |
| Depreciation | - | 12,269 | - | 12,269 |
| Storage | - | 10,196 | - | 10,196 |
| Computer maintenance and supplies | - | 9,995 | - | 9,995 |
| Utilities | 6,352 | 1,576 | - | 7,928 |
| Insurance | - | 7,684 | - | 7,684 |
| Dues and subscriptions | - | 5,225 | 262 | 5,487 |
| Bank, credit card, and other processing fees | - | - | 4,488 | 4,488 |
| Cleaning | 238 | 3,999 | - | 4,237 |
| Consulting expenses | - | 1,086 | - | 1,086 |
| Business gifts | - | 740 | - | 740 |
| Filing fees | - | 550 | - | 550 |
| Total other expenses | <u>\$ 16,313,923</u> | <u>\$ 527,298</u> | <u>\$ 305,471</u> | <u>\$ 17,146,692</u> |
| Total functional expenses | <u>\$ 22,116,707</u> | <u>\$ 973,211</u> | <u>\$ 521,049</u> | <u>\$ 23,610,966</u> |

The notes are an integral part of these financial statements.

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | |
|---|----------------------------|
| Cash flows from operating activities: | |
| Increase in net assets | \$ 5,354,670 |
| Adjustments to reconcile increase in net assets to net cash flows provided by operating activities: | |
| Depreciation | 12,269 |
| Change in operating accounts: | |
| Pledges receivable | (627,736) |
| Prepaid expenses | 1,219 |
| Security deposits | 22,883 |
| Accounts payable and accrued expenses | (14,962) |
| Credit cards payable | <u>2,172</u> |
| Net cash flows provided by operating activities | <u>4,750,515</u> |
| Cash flows from investing activities | <u>-</u> |
| Cash flows from financing activities | <u>-</u> |
| Net increase in cash | 4,750,515 |
| Cash and cash equivalents - January 1, 2022 | <u>2,931,413</u> |
| Cash and cash equivalents - December 31, 2022 | <u><u>\$ 7,681,928</u></u> |
| <u>Supplemental information:</u> | |
| <u>Composition of cash and cash equivalents</u> | |
| Cash and cash equivalents - unrestricted | \$ 6,156,530 |
| Cash and cash equivalents - restricted | <u>1,525,398</u> |
| Total cash and cash equivalents - end of year | <u><u>\$ 7,681,928</u></u> |
| <u>Cash used for:</u> | |
| Interest expense | \$ - |
| Taxes paid | \$ - |

The notes are an integral part of these financial statements.

**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – ORGANIZATION, SUMMARY, AND HIGHLIGHTS OF OPERATIONS

Organization

The National Law Enforcement and Firefighters Children's Foundation D/B/A First Responders Children's Foundation (the "Foundation") is a Delaware not-for-profit organization formed in 2002. The Foundation's administrative office is in New York City.

Summary Of Operations

First Responders Children's Foundation supports the families of first responders including police officers, firefighters, paramedics, Emergency Medical Technicians ("EMT's"), and 911 dispatchers as they protect our communities from pandemics, wildfires, hurricanes, terrorist threats, and more than 600,000 other emergencies called into 911 every day.

The Foundation provides financial support to children who have lost a parent in the line of duty in addition to families enduring significant financial hardship due to tragic circumstances. The Foundation also supports educational activities and programs created and operated by other first responder organizations whose purpose is to benefit children or the communities in which they live.

Highlights of Operations During the Year Ended December 31, 2022

During 2022 the Foundation launched two new programs. Responding to the unprecedented need for mental health and wellness support for the children of first responders, the Foundation activated a resiliency program to provide 24/7 access to free, confidential mental health counseling by specialized licensed professionals. When Hurricane Ian struck Florida last year, the Foundation created our natural disaster relief program to support the specific needs of first responder families impacted. The Foundation expanded our flagship scholarship program to include a "Scholars Council" for our recipients to receive peer-to peer support, career readiness, and leadership mentoring. The Foundation also increased emergency assistance to hundreds of families with our bereavement and family hardship program grants. And the Foundation expanded our community engagement initiatives, including the addition of youth development programs to further build bonds between first responders and children in the communities they serve.

Financial Assistance:

- The Foundation awarded scholarships exceeding \$1,035,000 to 343 students.
- The Foundation awarded \$175,000 in bereavement and line of duty death grants in 2022.
- The Foundation also awarded \$371,000 in emergency assistance and disaster relief grants.

(continued)

**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – ORGANIZATION, SUMMARY, AND HIGHLIGHTS OF OPERATIONS (continued)

For all scholarships and grants noted above, the Foundation's Scholarship Committee and the Foundation's Grant Committee (which are comprised of members of the Board of Directors) reviews applications, sets criteria, and determines award amounts. See Note 6.

Mental Health Initiative

Recognizing the unique emotional burdens that children of first responders carry, we added a new Resiliency Program that empowers children to cope with stress, manage their fears and build mental resilience. Since the introduction of the program during Mental Health Awareness Month in May, the foundation has provided over 600 hours of short-term counseling from licensed mental health professionals who specialize in working with children of first responders.

The goal of the program is to protect and strengthen the mental resiliency of the children of police, firefighters, sheriffs, EMT's, and 911 dispatchers. The program is available to first responder families in California, Florida, New Jersey, New York, Tennessee, and Texas. The program continues to develop and is expected to expand into more states.

First Responder Heroes Gala Dinner and Awards

During 2022 the Foundation hosted a gala to celebrate the sacrifices that first responders make every day, thank existing corporate donors, and raise awareness around the mission of the Foundation.

The "Hero Awards Gala" was held in New York City on June 2, 2022. Honorees included first responders who risked their lives in service to their communities, performing above and beyond the call of duty. "The Roll Call of Heroes" honored William Davis, law enforcement officer; Sal Turturici, 911 EMT survivor; Jody Nixon, emergency room nurse; Alanna Badgley, EMT paramedic; Corey Wilcox, firefighter; and Jonathan Ortiz, 911 dispatcher.

Community Outreach

In 2022 the Foundation expanded our community engagement program with more locations across the country for our Toy Express initiative, funded youth development events in underserved communities and renamed our childrens' camps with both police and fire agencies as "Junior First Responder Camps." At a time when both first responders and communities need it, these programs work at forging lasting relationships, giving back to children, inspiring a new generation, and strengthening the bonds between communities and public safety agencies.

(continued)

**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 1 – ORGANIZATION, SUMMARY, AND HIGHLIGHTS OF OPERATIONS (continued)

The Foundation's first "Thanksgiving Day Breakfast" was held in November 2001, following the aftermath of September 11, 2001 to help heal the spirits of first responder families. Subsequently, at this annual event, we honor first responders who have made the ultimate sacrifice and give thanks to their families who also sacrifice year-round to keep us safe. More than 21,000 children and relatives of first responders have attended the breakfast over the years, which includes a "VIP" viewing of the "Macy's Thanksgiving Day Parade" and is offered free of charge thanks to corporate and individual donors.

The United States House of Representatives designated October 28th. as "National First Responders Day". The Foundation's "Roll Call of Heroes" ceremony is held on a national stage in New York City's Times Square and honors a first responder in each line of work who has risked their life to rescue others. The honorees received the award on behalf of all first responders in their respective first responder category. We also received proclamations from 13 state governors; the Mayor of New York City; and the President of the United States of America.

"Toy Express Program":

Established in 2020, the "Toy Express Program" in 2022 received donations of toys valued at more than \$2,000,000 from leading toy manufacturers. The Foundation delivered toys to agencies and hospitals in 200 communities across the country. The benefits of this program include:

- Boosts mental health of police, firefighters, and EMT's.
- Strengthens relationships between first responders and the communities they serve.
- Brings joy to children who have lost a parent in the line of duty.
- Delivers support to parents struggling to provide toys to their children during the holiday season.

This year, in response to the tragic increase in lives sacrificed in the line of duty, the Foundation made a special effort to deliver toys and care packages to 361 families in the United States with children who lost a first responder parent or guardian.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation and Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (continued)

**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

("USGAAP"). Income is recorded when earned. Expenses are recorded when incurred. The financial statements have been prepared to focus on the Foundation as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions as required by accounting standards for not-for-profit organizations.

The financial statements present expenses in accordance with the overall mission of the Foundation displayed with their natural classifications.

The Foundation applies Accounting Standards Update Number 2016-14 ("ASU 2016-14"), *Presentation of Financial Statements for Not-for-Profit Entities* to its financial statements. ASU 2016-14 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions.

ASU 2016-14 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Foundation to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the two net asset categories follows:

- Net assets without donor restrictions include revenue and expenses of the Foundation associated with its principal mission and are not subject to a specific use by the Foundation. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction(s) expires in the reporting period in which the support is recognized.
- Net assets with donor restrictions include revenue for which the donor has imposed restriction(s) for a specific use(s) by the Foundation. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction(s) expires in the reporting period in which the support is recognized. See Note 5 below.

Fair Values of Financial Instruments

The Foundation's financial instruments consist primarily of cash and cash equivalents and are presented at their respective fair values.

(continued)

**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

In May 2014, the Financial Accounting Standards Bureau issued *Accounting Standards Update Number 2014-09, "Revenue from Contracts with Customers"*. This Standard, along with its related amendments, requires not-for-profit entities to recognize revenue to depict the transfer of promised goods or services to customers (donors) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of this standard in 2022 did not have a material effect on the Foundation's financial statements and required no adjustment.

Advertising Costs

The Foundation expenses advertising costs as incurred. Advertising costs are reported separately under "advertising and promotion" in the accompanying Statement of Functional Expenses, Schedule 5.

The Foundation incurred advertising and promotion expenses of \$93,072 during the year ended December 31, 2022. During the same period, the Foundation received in-kind donations of media and print advertising and promotion with an estimated fair value of \$15,739,950. See Note 5.

Shipping and Handling Costs

Shipping and handling costs are reported separately under "postage and shipping" in the accompanying Statement of Functional Expenses, Schedule 5.

Methods Used for Allocation of Functional Expenses Among Program and Support Functions

The Foundation's financial statements report certain categories of expenses that are attributable to the Foundation's three functional cost centers:

- Program expenses: Grants for support of projects of the Foundation (See Note 1).
- Management and general expenses: Involve the direction of the overall business of the Foundation, including professional fees, administration, and other areas.
- Fundraising expenses: Involve the direction of the overall fund-raising of the Foundation.

(continued)

**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These allocations are calculated based on studies conducted by the Foundation. The Foundation reviews the allocation methods and amounts annually and makes revisions as required.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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. Actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from income tax under Internal Revenue Code Section 501(c)(3), (the "Code"), although it is subject to income tax on income unrelated to its exempt purpose, unless That income is otherwise excluded by the Code. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509 (a) of the Code. For the year ended December 31, 2022, the Foundation had no net unrelated business income. Accordingly, no provision for Federal or New York state income tax has been provided in the accompanying financial statements.

USGAAP requires the evaluation of tax positions taken or expected to be taken while preparing the Foundation's tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current reporting period. A reconciliation is not provided within these financial statements, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions, or settlements. The Foundation is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted later based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof. The Foundation files the appropriate required information returns to the Internal Revenue Service and the State of New York.

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**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 3 – CASH AND CASH EQUIVALENTS AND CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash balances in several accounts at two banks domiciled in the United States of America. At certain times during the reporting periods, the Foundation's cash balances exceeded Federal Deposit Insurance Corporation limits.

As of December 31, 2022, the Foundation's cash balances exceeded these limits by approximately \$6,715,000. The management of the Foundation considers this an acceptable business risk. The Foundation has not experienced any losses on its cash balances which exceeded insurance limits.

Cash equivalents include bank accounts, marketable securities, and debt securities with maturities of less than 90 days. The Foundation did not maintain any balances classified as cash equivalents on December 31, 2022.

NOTE 4 – PLEDGES RECEIVABLE

In accordance with USGAAP, accounting for pledges is primarily governed by the Financial Accounting Standards Board Accounting Standards Codification Topic 958, "Not-For-Profit Entities."

Accounting for pledges involves the identification, recognition, measurement, and disclosure of unconditional promises made by donors to contribute cash or other assets to the donee.

At December 31, 2022, the Foundation had pledges receivable of \$627,736, of which \$600,000 was from a single donor. The Foundation received the \$600,000 on January 17, 2023. See Note 9.

NOTE 5 - DONATED IN-KIND GOODS AND SERVICES

During the year ended December 31, 2022, the Foundation received goods and services donated by numerous vendors for use by the Foundation in conducting its various programs and services. The fair value of the donated products is recorded pursuant to the criteria for recognition under accounting principles generally accepted in the United States of America.

Radio and televised public service announcement airtime, and print advertising has been donated to the Foundation to communicate the mission of the Foundation, create awareness of the Foundation's programs, and encourage the public to support the first responder

(continued)

**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 5 - DONATED IN-KIND GOODS AND SERVICES (continued)

community. The fair value of the public service announcements totaled \$15,739,950 for the year ended December 31, 2022 and is included in donated goods and services revenue in the accompanying statement of activities and in advertising and promotion expenses for programs in the accompanying statement of functional expenses. Public service announcements are valued based on the number of times the announcements are played and the period in which the advertisements are aired at the television or radio station's equivalent advertising rate charged to paying customers. See Note 2.

During 2022, the Foundation received donated products from several toy manufacturers for the Foundation's "Toy Express Program". See Note 1. The fair value of the donated products, which are included in the accompanying financial statements, pursuant to the criteria for recognition under accounting principles generally accepted in the United States of America, was approximately \$2,050,000. See Note 1.

NOTE 6 – NET ASSETS WITHOUT DONOR RESTRICTIONS AND NET ASSETS WITH DONOR RESTRICTIONS

As more fully discussed in Note 2, the Foundation classifies its resources for accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. Following is a summary of programs holding net assets with donor restrictions:

Since its inception, the Foundation has awarded scholarships to hundreds of children of first responders. First priority is given to applicants with first responder parents who have been killed or injured in the line of duty. Awards are based on financial need, academic merit, and achievements such as demonstrated leadership, excellence in the arts or sports, and volunteer activities benefiting the community. The number of scholarships awarded varies from year to year. Scholarships may be renewed annually for up to four years depending on the availability of funds, the applicant's financial need, and the recipient's academic record. Following are the scholarship programs of the Foundation:

Victoria Ovis Memorial Scholarship

The Foundation established a scholarship fund in 2009 in honor of Victoria Ovis, who dedicated her life to law enforcement. A \$5,000 scholarship is given to a student(s) each year in Victoria's memory. This annual scholarship is designed to reward personal character, academic excellence,

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**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 6 – NET ASSETS WITHOUT DONOR RESTRICTIONS AND NET ASSETS WITH DONOR RESTRICTIONS (continued)

and the overall achievement of individuals who are or were a dependent of a firefighter or law enforcement agent. During the year ended December 31, 2022, the Foundation awarded a \$5,000 Victoria Ovis scholarship to one recipient. This scholarship is funded on an annual basis with a cash gift from the donor.

Vincent Bennett Jr. Memorial Scholarship

In the fall of 2013, the Foundation established the Vincent Bennett Jr. Memorial Scholarship Fund. The fund's objective is to pay \$20,000 in scholarships to new college first-year students at the rate of \$5,000 per year for four years. For the year ended December 31, 2022, the Foundation made a \$5,000 payment to one Vincent Bennett Jr. Memorial Scholarship recipient.

Global First Responder Scholarship

In 2017, the Global Foundation for First Responders ("GFFFR") established the Global First Responder Scholarship. The GFFFR will donate \$5,000 per year to fund this scholarship. During the year ended December 31, 2022, the Foundation paid \$5,000 to the selected recipient of the fund.

Luis Alvarez Memorial Scholarship

A memorial scholarship named in honor of Luis G. Alvarez was announced on Thanksgiving Day, November 28, 2019, at the 19th. Annual First Responders Children's Foundation "Thanksgiving Day Parade Breakfast" in the presence of members of the Luis Alvarez family. Luis passed away from 9/11-related illnesses and was known for his bravery while pleading before the United States Congress to replenish the September 11th. Victim Compensation Fund. This scholarship award will be \$6,250 per year for up to four years for a total of \$25,000. Priority will be given to children of first responders who have died from or are suffering from 9/11-related illnesses. During the year ended December 31, 2022, the Foundation awarded \$18,750 of Luis Alvarez Memorial scholarships to three recipients.

Smiling Rocks Scholarship

The Smiling Rocks Scholarship was established in 2021 by the Smiling Rocks Company. The scholarship provides an award of \$6,250 for a single academic year. Awards are based on financial need, academic merit, and demonstrated leadership activities. During the year ended December 31, 2022, the Foundation awarded \$6,250 of Smiling Rock scholarships. This scholarship is funded on an annual basis with a cash gift from the donor.

(continued)

**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 6 – NET ASSETS WITHOUT DONOR RESTRICTIONS AND NET ASSETS WITH DONOR RESTRICTIONS (continued)

Justice Family Scholarship

A scholarship named in honor of the Justice family of West Virginia was established during 2020. The scholarship award is \$5,000 per year. Priority will be given to children of first responders from West Virginia who were killed or injured in the line of duty. During the year ended December 31, 2022, the Foundation awarded a \$5,000 Justice Family scholarship to one recipient.

During the year ended December 31, 2022, \$1,819,842 of net assets without donor restrictions were added to net assets with donor restrictions. As of December 31, 2022, net assets with donor restrictions were \$2,153,134. See Note 2 above.

NOTE 7 – FINANCIAL GRANTS

During the year ended December 31, 2022, the Foundation made financial grants totaling \$546,711. Most of these grants were to the families of first responders facing hardships. Funding was also provided to the families of first responders who were injured or killed in the line of duty. Each of the specific categories of financial grants has an application process. A committee appointed by the Foundation's management reviews the completed applications and makes the final decision as to the recipients and amounts of the grants. See Note 1.

NOTE 8 - LEASE COMMITMENT

On August 27, 2022, the Foundation extended the lease for the current office space location for a period of 5 years. The fixed monthly rent was reduced to \$5,304 from \$5,991 for the period of July 1, 2022 to May 31, 2027. Monthly rental payments will increase by 2.8% from the \$5,304 base for each of the following four years. The standby letter of credit the Foundation established in July 2022 in the amount of approximately \$22,000 as part of the rental agreement remains in place.

NOTE 9 – SIGNIFICANT CONCENTRATIONS

During the year ended December 31, 2022, two sources provided approximately 80% of the Foundation's total revenue, in the form of donated in-kind services and an \$8,000,000 grant from the Yield Giving Foundation.

**NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 10 - SUBSEQUENT EVENTS – PART 1

Subsequent events have been evaluated through September 14, 2023, which was the date the financial statements were available to be issued.

NOTE 11 – SUBSEQUENT EVENTS – PART 2

As the needs of the first responder community evolved over the past several years, so too have the services offered by the Foundation. In 2002 the Foundation:

- Honored individuals from departments around the country who made countless sacrifices and have been tireless leaders on the front lines with the "Roll Call of Heroes". See Note 1.
- Continued to expand the Foundation's Mental Health Resiliency program for children of first responders. See Note 1.
- Broadcast additional public service announcements highlighting the contributions and needs of the first responder community using donated media across television, radio, and print. See Note 5.
- Managed a disaster relief response for families through our grant program, mostly notably for those affected by hurricane Ian on the western coast of Florida.
- Received *GuideStar's* "Platinum Transparency Seal".
- Received *Charity Navigator's* 100 out of 100 rating.

Supplementary Information

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Expenditures | In-Kind | Total |
|--|---------------------|---------------------|---------------------|
| <u>Schedule 6</u> | | | |
| Direct program expenses: | | | |
| "Toy Express" program | \$ 116,453 | \$ 2,052,322 | \$ 2,168,775 |
| Program consultants | 446,424 | - | 446,424 |
| Thanksgiving program | 292,806 | 28,066 | 320,872 |
| Annual Gala | 192,343 | - | 192,343 |
| Miscellaneous program expenses | 108,098 | 10,000 | 118,098 |
| Los Angeles Event | 59,573 | - | 59,573 |
| Mental Health Program | 49,950 | - | 49,950 |
| National First Responders Day | 43,518 | - | 43,518 |
| Police Week | 17,350 | - | 17,350 |
| Total direct program expenses | <u>\$ 1,326,515</u> | <u>\$ 2,090,388</u> | <u>\$ 3,416,903</u> |
| <u>Schedule 7</u> | | | |
| Scholarships: | | | |
| General scholarships | \$ 716,000 | \$ - | \$ 716,000 |
| CSX Scholarships | 56,500 | - | 56,500 |
| PwC Scholarships | 53,125 | - | 53,125 |
| T-Mobile Scholarships | 44,625 | - | 44,625 |
| Motorola Scholarships | 40,000 | - | 40,000 |
| Universal Music Group Scholarships | 20,000 | - | 20,000 |
| Luis Alvarez Memorial Scholarships | 18,750 | - | 18,750 |
| Children of Heroes Scholarships | 18,750 | - | 18,750 |
| SERVPRO Scholarships | 13,000 | - | 13,000 |
| TIAA Scholarships | 12,500 | - | 12,500 |
| Cradlepoint / Verizon Scholarships | 10,625 | - | 10,625 |
| Smiling Rocks Scholarship | 6,250 | - | 6,250 |
| Carol Ozaga Stanberry Scholarship | 5,000 | - | 5,000 |
| Justice Family Scholarship | 5,000 | - | 5,000 |
| Bennett Memorial Scholarship | 5,000 | - | 5,000 |
| GFFFR Scholarship | 5,000 | - | 5,000 |
| Victoria Ovis Scholarship | 5,000 | - | 5,000 |
| Total scholarships | <u>\$ 1,035,125</u> | <u>\$ -</u> | <u>\$ 1,035,125</u> |
| <u>Schedule 8</u> | | | |
| Financial grants: | | | |
| Financial assistance grants | \$ 482,660 | \$ - | \$ 482,660 |
| Funeral support grants | 41,825 | - | 41,825 |
| Miscellaneous charitable grant | 22,226 | - | 22,226 |
| Total financial grants | <u>\$ 546,711</u> | <u>\$ -</u> | <u>\$ 546,711</u> |
| Total program expenses, scholarships, and financial grants | <u>\$ 2,908,351</u> | <u>\$ 2,090,388</u> | <u>\$ 4,998,739</u> |
| <u>Schedule 9</u> | | | |
| Wages, taxes, and employee benefits: | | | |
| Wages - other | \$ 1,055,636 | \$ - | \$ 1,055,636 |
| Wages - officer | 213,404 | - | 213,404 |
| Employee benefits | 110,953 | - | 110,953 |
| Payroll taxes | 85,543 | - | 85,543 |
| Total wages, taxes, and employee benefits | <u>\$ 1,465,535</u> | <u>\$ -</u> | <u>\$ 1,465,535</u> |

(continued on page 20)

The notes are an integral part of these financial statements.

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
D/B/A FIRST RESPONDERS CHILDREN'S FOUNDATION
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Expenditures</u> | <u>In-Kind</u> | <u>Total</u> |
|--|---------------------|----------------------|----------------------|
| (continued from page 19) | | | |
| <u>Schedule 10</u> | | | |
| Other expenses: | | | |
| Advertising and promotion | \$ 93,072 | \$ 15,739,950 | \$ 15,833,022 |
| Travel, meetings, and entertainment | 239,575 | - | 239,575 |
| Web-site maintenance and graphic media | 236,664 | - | 236,664 |
| Postage and shipping | 113,656 | - | 113,656 |
| Warehouse rent | 113,508 | - | 113,508 |
| Computer software fees | 101,307 | - | 101,307 |
| Printing and publications | 90,150 | - | 90,150 |
| Professional fees | 73,795 | - | 73,795 |
| Marketing and public relations | 70,953 | - | 70,953 |
| Office rent | 65,880 | - | 65,880 |
| Payroll processing | 36,624 | - | 36,624 |
| Office expenses | 27,165 | - | 27,165 |
| Bookkeeping | 22,802 | - | 22,802 |
| Equipment rental | 20,577 | - | 20,577 |
| Warehouse expenses | 20,261 | - | 20,261 |
| Telephone and internet | 16,093 | - | 16,093 |
| Depreciation | 12,269 | - | 12,269 |
| Storage | 10,196 | - | 10,196 |
| Computer maintenance and supplies | 9,995 | - | 9,995 |
| Utilities | 7,928 | - | 7,928 |
| Insurance | 7,684 | - | 7,684 |
| Dues and subscriptions | 5,487 | - | 5,487 |
| Bank, credit card, and other processing fees | 4,488 | - | 4,488 |
| Cleaning | 4,237 | - | 4,237 |
| Consulting expenses | 1,086 | - | 1,086 |
| Business gifts | 740 | - | 740 |
| Filing fees | 550 | - | 550 |
| Total other expenses | <u>\$ 1,406,742</u> | <u>\$ 15,739,950</u> | <u>\$ 17,146,692</u> |
| Total functional expenses | <u>\$ 5,780,628</u> | <u>\$ 17,830,338</u> | <u>\$ 23,610,966</u> |

The notes are an integral part of these financial statements.