

**National Law Enforcement and Firefighters  
Children's Foundation**

**Financial Statements**

**March 31, 2011**

**National Law Enforcement and Firefighters  
Children's Foundation  
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March 31, 2011**

**Independent Auditors' Report**

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## Independent Auditors' Report

To the Board of Directors  
National Law Enforcement and Firefighters Children's Foundation  
New York, New York

We have audited the accompanying statement of financial position of National Law Enforcement and Firefighters Children's Foundation as at March 31, 2011, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from National Law Enforcement and Firefighters Children's Foundation's March 31, 2010 financial statements and in our report dated June 22, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the operating effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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 as at March 31, 2011, and the changes in its net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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**National Law Enforcement and Firefighters  
Children's Foundation  
Statements of Financial Position  
March 31,**

	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
<b>Assets</b>		
Cash	\$ 296,467	\$ 341,453
Restricted Cash	32,106	31,713
Accounts Receivable	5,998	-
Prepaid Expenses	<u>16,800</u>	<u>9,971</u>
<b>Total Assets</b>	<b><u>\$ 351,371</u></b>	<b><u>\$ 383,137</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable	\$ -	\$ 13,760
Accrued Expenses	<u>15,184</u>	<u>18,801</u>
<b>Total Liabilities</b>	<u>15,184</u>	<u>32,561</u>
<b>Net Assets</b>		
Unrestricted Net Assets	304,081	318,863
Temporarily Restricted Net Assets	<u>32,106</u>	<u>31,713</u>
<b>Total Net Assets</b>	<u>336,187</u>	<u>350,576</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 351,371</u></b>	<b><u>\$ 383,137</u></b>

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

**National Law Enforcement and Firefighters  
Children's Foundation  
Statements of Activities and Changes in Net Assets  
For the Year Ended March 31, 2011 with Comparative Totals for the Year Ended March 31, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2011</u>	<u>Total 2010</u>
<b>Revenue and Support</b>				
Special Event Revenue	\$ 178,050	\$ -	\$ 178,050	\$ -
Less: Costs of Direct Benefits to Donors	<u>(105,350)</u>	<u>-</u>	<u>(105,350)</u>	<u>-</u>
Net Revenue from Special Events	72,700	-	72,700	-
Contributions and Revenues from Program Related Events	105,274	3,353	108,627	208,731
Donated Services and Materials	32,734	-	32,734	31,387
Interest Income	359	40	399	733
Net Assets Released from Restriction	<u>3,000</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>214,067</u>	<u>393</u>	<u>214,460</u>	<u>240,851</u>
<b>Functional Expenses</b>				
Program	185,835	-	185,835	232,059
Fundraising	15,764	-	15,764	15,117
General and Administrative	<u>27,250</u>	<u>-</u>	<u>27,250</u>	<u>21,269</u>
Total Functional Expenses	<u>228,849</u>	<u>-</u>	<u>228,849</u>	<u>268,445</u>
<b>Changes in Net Assets</b>	(14,782)	393	(14,389)	(27,594)
<b>Net Assets - Beginning</b>	<u>318,863</u>	<u>31,713</u>	<u>350,576</u>	<u>378,170</u>
<b>Net Assets - End</b>	<u>\$ 304,081</u>	<u>\$ 32,106</u>	<u>\$ 336,187</u>	<u>\$ 350,576</u>

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

**National Law Enforcement and Firefighters  
Children's Foundation  
Statements of Functional Expenses  
For The Year Ended March 31, 2011 with Comparative Totals for the Year Ended March 31, 2010**

	2011				2010
	Program	Fundraising	General and Administrative	Total	Total
<b>Programs</b>					
Events - Thanksgiving	\$ 40,190	\$ -	\$ -	\$ 40,190	\$ 67,753
Events - Islander Game	-	-	-	-	8,820
Financial Assistance and Charitable Contributions	58,750	-	-	58,750	83,869
Other Program Related Costs	6,683	-	-	6,683	-
<b>General and Administrative</b>					
Executive Director's Salary and Related Payroll Taxes	40,450	8,090	5,393	53,933	52,791
Insurance	6,357	795	794	7,946	7,262
Professional Fees	20,666	-	5,167	25,833	20,916
Internal Accounting	9,987	-	9,988	19,975	18,275
Fundraising Costs Associated with Special Event	-	5,792	-	5,792	-
Telephone, Internet and Website	2,147	573	143	2,863	3,276
Travel and Entertainment	605	403	-	1,008	3,704
Office and Miscellaneous	-	111	5,765	5,876	1,779
<b>Total Functional Expenses</b>	<b>\$ 185,835</b>	<b>\$ 15,764</b>	<b>\$ 27,250</b>	<b>\$ 228,849</b>	<b>\$ 268,445</b>

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

**National Law Enforcement and Firefighters  
Children's Foundation  
Statements of Cash Flows  
For The Years Ended March 31,**

	2011	2010
<b>Cash Flows From Operating Activities</b>		
Changes in Net Assets	\$ (14,389)	\$ (27,594)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used in Operating Activities:		
Changes in Assets and Liabilities		
Accounts Receivable	(5,998)	-
Prepaid Expenses	(6,829)	(7,523)
Accounts Payable	(13,760)	(73,307)
Accrued Expenses	(3,617)	(6,367)
Total Adjustments	<u>(30,204)</u>	<u>(87,197)</u>
<b>Cash Used in Operating Activities</b>	(44,593)	(114,791)
<b>Cash - Beginning</b>	<u>373,166</u>	<u>487,957</u>
<b>Cash - End</b>	<u>\$ 328,573</u>	<u>\$ 373,166</u>
 <b>Composition of Ending Cash</b>		
Cash - Unrestricted	\$ 296,467	\$ 341,453
Cash - Restricted	<u>32,106</u>	<u>31,713</u>
<b>Total Cash</b>	<u>\$ 328,573</u>	<u>\$ 373,166</u>

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

**National Law Enforcement and Firefighters Children's Foundation**  
**Notes to Financial Statements**  
**March 31, 2011**

**Note 1      Organization and Significant Accounting Policies**

- a)      **Organization and Nature of Activities:**  
The National Law Enforcement and Firefighters Children's Foundation (the "Foundation") is a not-for-profit organization located in New York City dedicated to helping children of law enforcement and firefighting personnel and working with law enforcement and firefighting organizations to provide all children with valuable social and life skills programs.

Along with providing for these children, the Foundation is also committed to funding educational programs created and operated by various law enforcement and firefighting organizations.

The Foundation is primarily supported through public contributions in support of its events like Thanksgiving Day Event and the Poker Event held this year. Public contributions are also made in support of the scholarship programs the Foundation runs.

- b)      **Basis of Preparation:**  
The following significant accounting policies are used in the preparation of the accompanying financial statements:

The Foundation's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

- c)      **Contributions:**  
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

- d)      **Donated Materials and Services:**  
Donated materials and services are recognized as in-kind revenues at their estimated fair value. A corresponding expense is similarly recorded.

**National Law Enforcement and Firefighters Children's Foundation**  
**Notes to Financial Statements**  
**March 31, 2011**

**Note 1 Organization and Significant Accounting Policies (Continued)**

- e) **Net Assets:**  
Certain public support and other net revenues received during the current fiscal year are used to fund programs and operations planned for the subsequent year to provide the continuity of programs. A portion of unrestricted assets is available for unfunded commitments, program supplementation, and operating contingencies directed by specific action of the board of directors and is reserved for the continuity of the Foundation's general activities and to meet emergency demands.
  
- f) **Special Events:**  
Special events represent major and or ongoing fundraising raising activities that do not meet the audience criterion as detailed in the accounting standards generally accepted in the United States of America, which are treated as contributions net of any costs of direct benefit to donors all other costs of the events are treated as fundraising activities.
  
- g) **Functional Expenses:**  
Expenses are charged to specific areas of program or supporting service to which they relate. Other expenses have been allocated by function between program and supporting service classifications based on the reasonable determination of management.
  
- h) **Income Taxes:**  
The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, as well as from state and local taxes. Therefore, the Foundation has made no provision for Federal, state or local income taxes in the accompanying financial statements. 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 Internal Revenue Code.
  
- i) **Comparative Data:**  
The amounts shown for the year ended March 31, 2010 in the accompanying financial statements are included to provide a basis for comparison with March 31, 2011 and present summarized totals only. Accordingly, the March 31, 2010 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2010, from which the summarized information was derived.

**National Law Enforcement and Firefighters Children's Foundation**  
**Notes to Financial Statements**  
**March 31, 2011**

**Note 2 Donated Services and Materials**

The Foundation received donated services and materials from a variety of unpaid volunteers and Companies assisting the Foundation in support of its operations, programs and special events. The fair value of the portion of these in-kind donations, 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 consisted of:

	<b>2011</b>	<b>2010</b>
Legal and Professional	\$ 11,159	\$ 11,512
Internal Accounting	19,975	18,275
Graphic Support - Thanksgiving Event	<u>1,600</u>	<u>1,600</u>
Total Non-Special Event Donated Services and Materials	32,734	31,387
Special Event: Event Prizes, Raffle Prizes, Silent Auction Items, and Event Related Services	<u>26,250</u>	<u>-</u>
 Total	 <u><u>\$ 58,984</u></u>	 <u><u>\$ 31,387</u></u>

The Foundation's Executive Director was paid directly by 4Kids Entertainment. The Foundation reimbursed 4Kids Entertainment for costs associated with the Executive Director in the amount of \$66,495 and \$56,790 for the years ended March 31, 2011 and 2010.

**Note 3 Economic Dependency**

During the years ended March 31, 2011 and 2010, the Foundation received contributions from one source, which constituted 10% and 35% of its total support and revenue, respectively. Cash support and revenue from this source aggregated to \$0 and \$65,193, for the years ended March 31, 2011 and 2010, respectively. In-kind support and revenue from this source aggregated to \$21,575 and \$19,875, in donated services, respectively for the years ended March 31, 2011 and 2010.

**Note 4 Commitments and Contingencies**

**Concentration of Risk** - During the course of the year the Foundation periodically had cash balances in excess of Federal Deposit Insurance Corporation (FDIC) limits. As at March 31, 2011 and 2010 the Organization had a cash balance in excess of these limits with Chase Bank in the amount of \$86,470 and \$118,760, respectively. The Foundation has not experienced any losses in such accounts.

**National Law Enforcement and Firefighters Children's Foundation**  
**Notes to Financial Statements**  
**March 31, 2011**

**Note 4     Commitments and Contingencies (Continued)**

**Subsequent Events** - Management has evaluated subsequent events through June 23, 2011, the date the financial statements were available to be issued.

**Note 5     Temporarily Restricted Net Assets**

In May of 2005 the Foundation received a donation in the amount of \$24,166 from a donor with the stated purpose of using the funds and the interest generated by these funds to award two annual scholarships in the amount of \$500 each, to the New York City Department of Corrections Law Enforcement Explorer program, until said funds are depleted. There is currently \$18,956 restricted relating to this donation at March 31, 2011.

The Foundation established a scholarship fund in honor of Victoria Ovis, who dedicated her life to law enforcement. A \$2,000 scholarship will be given to students each year in Victoria's memory. This annual scholarship, awarded for the first time in 2007, is designed to reward personal character, academic excellence and the overall achievement of individuals who are or were a dependent of a firefighter or law enforcement agent. There is currently \$13,150 restricted relating to the fund at March 31, 2011.

**Note 6     Supplemental Cash Flow Disclosures**

**Interest Expense and Income Taxes Paid**

There was no interest expense or income taxes paid for the years ended March 31, 2011 and 2010.