

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
MARCH 31, 2017**

**WITH SUMMARIZED FINANCIAL INFORMATION
AS OF MARCH 31, 2016**

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of National Law Enforcement and Firefighters Children's Foundation (a not-for-profit organization), which comprise the statement of financial position as of March 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 of March 31, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

As discussed in Note 7, we have previously audited National Law Enforcement and Firefighters Children's Foundation's financial statements as of and for the year ended March 31, 2016, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gordon and Hechtman CPAs, LLP

New York, NY

July 6, 2017

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
STATEMENT OF FINANCIAL POSITION AT MARCH 31, 2017
WITH SUMMARIZED INFORMATION AT MARCH 31, 2016

FINAL

	<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash –unrestricted		\$ 405,081	\$ 449,989
Cash – restricted		89,664	108,514
Prepaid expenses		<u>2,112</u>	<u>587</u>
Total assets		<u>\$ 496,857</u>	<u>\$ 559,090</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Liabilities		<u>\$ -</u>	<u>\$ -</u>
Net Assets			
Without donor restrictions		407,193	450,576
With donor restrictions		<u>89,664</u>	<u>108,514</u>
Total net assets		<u>496,857</u>	<u>559,090</u>
Total liabilities and net assets		<u>\$ 496,857</u>	<u>\$ 559,090</u>

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

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
 STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2017
 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED MARCH 31, 2016

FINAL

	Net Assets		2017 Total	2016 Total
	Without Donor Restrictions	With Donor Restrictions		
Revenue				
Contributions	\$ 212,611	\$ 2,573	\$ 215,184	\$ 296,303
Donated services	17,450	-	17,450	13,706
Interest income	11	77	88	99
Other income	-	-	-	1,807
Net assets with donor restrictions released from restriction	21,500	(21,500)	-	-
Total revenue	<u>251,572</u>	<u>(18,850)</u>	<u>232,722</u>	<u>311,915</u>
Functional Expenses				
Program	243,823	-	243,823	229,040
Management and general	44,491	-	44,491	43,830
Fundraising	6,641	-	6,641	18,087
Total functional expenses	<u>294,955</u>	<u>-</u>	<u>294,955</u>	<u>290,957</u>
Increase (decrease) in net assets	(43,383)	(18,850)	(62,233)	20,958
Net assets - beginning of year	450,576	108,514	559,090	553,736
Prior period adjustment	-	-	-	(15,604)
Net assets - end of year	<u>\$ 407,193</u>	<u>\$ 89,664</u>	<u>\$ 496,857</u>	<u>\$ 559,090</u>

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

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
 STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED MARCH 31, 2017
 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED MARCH 31, 2016

FINAL

	Program	Management and General	Fundraising	2017 Total	2016 Total
Thanksgiving program	\$ 86,620	\$ -	\$ -	\$ 86,620	\$ 75,972
Consulting	53,975	12,477	4,318	70,770	73,310
Scholarships:					
General scholarships	48,000	-	-	48,000	50,000
Bennett Memorial Scholarship	15,000	-	-	15,000	10,000
Ovis Scholarships	2,000	-	-	2,000	2,000
Grants	4,000	-	-	4,000	9,000
Advertising and promotion	23,220	2,876	-	26,096	36,761
Professional fees	-	10,053	-	10,053	9,812
Rent	4,129	2,151	2,323	8,603	8,195
Insurance	-	4,957	-	4,957	5,188
Travel and entertainment	166	3,600	-	3,766	858
Donation of tickets	3,336	-	-	3,336	-
Telephone and internet	-	3,282	-	3,282	2,422
Filing fees	-	2,395	-	2,395	2,145
Dues and subscriptions	87	1,312	-	1,399	1,281
Postage and shipping	980	382	-	1,362	1,808
Credit card fees and bank charges	1,238	99	-	1,337	1,285
Office expenses	354	582	-	936	615
Printing and publications	718	173	-	891	204
Miscellaneous expenses	-	152	-	152	101
Total functional expenses	<u>\$ 243,823</u>	<u>\$ 44,491</u>	<u>\$ 6,641</u>	<u>\$ 294,955</u>	<u>\$ 290,957</u>

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

FINAL

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017
 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED MARCH 31, 2016

	2017	2016
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (62,233)	\$ 20,958
Adjustments to reconcile increase (decrease) in net assets to net cash flows provided by operating activities:		
Change in assets and liabilities		
Prepaid expenses	(1,525)	419
Prior period adjustment	-	(15,604)
Total adjustments	(1,525)	(15,185)
Net cash flows provided by (used for) operating activities [Net increase (decrease) in cash]	(63,758)	5,773
Cash - beginning of year	558,503	552,730
Cash - end of year	\$ 494,745	\$ 558,503
Composition of ending cash		
Cash - unrestricted	\$ 405,081	\$ 449,989
Cash - restricted	89,664	108,514
Total cash	\$ 494,745	\$ 558,503

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

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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 the children of law enforcement officers and firefighters impacted by a line of duty death or permanent disability.

Along with providing direct assistance for these children, the Foundation is also committed to funding educational programs created and operated by other law enforcement and firefighting organizations, benefitting the children in their respective communities.

The Foundation is supported primarily through public contributions and revenue from annual events such as the Thanksgiving Parade Breakfast.

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. 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 Statement of Financial Accounting Standards FASB ASC 958-605, Accounting for Contributions Received and Made, and FASB ASC 958-205, Financial Statements for Not-for-Profit Organizations to its financial statements. FASB ASC 958-205 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.

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NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

FASB ASC 958-605 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 4 below.

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.

NOTE 2 - CASH

The Foundation maintains its cash balances at a bank domiciled in the United States of America. At certain times during the year, the Foundation's cash balances were in excess of Federal Deposit Insurance Corporation limits. As of March 31, 2017, the Foundation's cash balances were in excess of these limits in the amount of \$244,739. The Foundation has not experienced any losses on its cash.

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NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 3 - DONATED SERVICES AND MATERIALS

The Foundation receives donated services and materials from unpaid volunteers and organizations assisting the Foundation in support of its operations, programs and special events. Their 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 the following for the year ended March 31, 2017:

Rent	\$ 8,603
Program expenses	6,436
Professional services	<u>2,411</u>
Total donated services	<u>\$ 17,450</u>

NOTE 4 – NET ASSETS WITHOUT DONOR RESTRICTIONS AND NET ASSETS WITH DONOR RESTRICTIONS

In May, 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. During the year ended March 31, 2017, the Foundation awarded \$2,000 to sponsor selected “explorers” by means of a college scholarship, or to attend the Thanksgiving event. As of March 31, 2017, the balance of this donation was \$4,031.

The Foundation established a scholarship fund in 2009 in honor of Victoria Ovis, who dedicated her life to law enforcement. A \$2,000 scholarship is given to students each year in Victoria's memory. This annual scholarship 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. During the year ended March 31, 2017, \$2,000 in scholarships were awarded, and an additional \$2,500 was contributed into the scholarship fund. As of March 31, 2017, the balance in this fund was \$23,575.

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NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 4 – NET ASSETS WITHOUT DONOR RESTRICTIONS AND NET ASSETS WITH DONOR RESTRICTIONS (continued)

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 a new college freshman, at the rate of \$5,000 per year for four years. For the year ended March 31, 2017, the Foundation paid \$15,000 to the selected recipients of the fund. As of March 31, 2017, the balance in this fund was \$59,059.

During the year ended March 31, 2017, \$21,500 of net assets with donor restrictions were released from restriction and used for expenses of the specified projects. As of March 31, 2017, net assets with donor restrictions were \$89,664. See Note 1 above.

NOTE 5 - INCOME TAXES

The Foundation is a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and is not subject to federal or state income taxes. The Foundation files the appropriate required information return to the Internal Revenue Service.

NOTE 6 - REVENUE CONCENTRATION

For the year ended March 31, 2017, the revenue from one event, the Thanksgiving Parade Breakfast, represented 84% of the Foundation's annual total revenue.

NOTE 7 - SUMMARIZED PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended March 31, 2016, from which the summarized information was derived.

NATIONAL LAW ENFORCEMENT AND FIREFIGHTERS CHILDREN'S FOUNDATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE 8 – RECLASSIFICATIONS

Certain amounts in the summarized prior year information (see Note 7) have been reclassified to conform to the current year presentation. The reclassifications do not result in any change to the prior year total net assets.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 6, 2017, which was the date the financial statements were available to be issued.