



June 25, 2024

To the Board of Directors
Peace Officers Research Association
of California and Affiliated Organizations
Sacramento, California

We have audited the financial statements of the Peace Officers Research Association of California and Affiliated Organizations for the year ended December 31, 2023 and 2022, and have issued our report thereon dated Error! No document variable supplied.. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated January 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

You are responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Peace Officers Research Association of California and Affiliated Organizations are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended December 31, 2023. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on your knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the accounts receivable of the Institute which are deemed fully collectible.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit other than those that are clearly trivial, and communicate them to the appropriate level of management.

Please refer to the proposed adjustments provided with the draft financial statement for the adjustments proposed to management for the year ended December 31, 2023.

Although there were no material misstatements identified and the proposed adjustments were accepted by management, there were some trivial audit differences that were left uncorrected. These trivial audit differences are summarized in the representation letter provided to management.

Items Discussed with Management

During the course of our audit it was determined that deferred regular member dues were being understated due to the PAMS dues invoicing structure. PRA invoiced amounts are added to the balance forward regular dues amount lowering the calculated deferred dues amount. These limitations have been discussed with the IT Consultants and there are currently no plans to change the software due to the structure of the PRA dues.

During the testing of Regular Membership Dues it was determined that a clerical error was made when calculating dues amounts owed to the PAC fund from the General Fund. This caused the PAC to be owed \$320,000.00 from PORAC. The amount was added to the "Due From Affiliates" account in the PAC and the "Due to Affiliates" account in PORAC in anticipation of the amount being paid from PORAC to the PAC in 2024.

Peace Officers Research Association
of California and Affiliated Organizations
June 25, 2024
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Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

This information is intended solely for the use of the board of directors of the Peace Officers Research Association of California and Affiliated Organizations and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,



Winkler | Thurlow | Forner
Certified Public Accountants

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022
WITH
INDEPENDENT CERTIFIED PUBLIC
ACCOUNTANTS' AUDIT REPORT

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' AUDIT REPORT

To the Board of Directors
Peace Officers Research Association of California
and Affiliated Organizations
Sacramento, California

Opinion

We have audited the accompanying financial statements of the Peace Officers Research Association of California and Affiliated Organizations (PORAC), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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 Peace Officers Research Association of California and Affiliated Organizations as of December 31, 2023 and 2022, and the changes in their net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Peace Officers Research Association of California and Affiliated Organizations 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 the Peace Officers Research Association of California and Affiliated Organizations' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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, 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 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 Peace Officers Research Association of California and Affiliated Organizations' 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 Peace Officers Research Association of California and Affiliated Organizations' 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.



Sacramento, California
June 25, 2024

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS	2023	2022
Current Assets:		
Cash	\$ 4,241,605.85	\$ 4,406,203.23
Money Market Funds	10,981,168.03	9,695,324.86
Investments	9,030,204.96	7,752,478.82
Receivables	143,991.12	119,809.33
Other Current Assets	330,806.23	317,147.70
Total Current Assets	24,727,776.19	22,290,963.94
Property, Plant and Equipment:		
Land	855,352.00	1,512,652.00
Building	7,365,917.11	9,475,675.71
Office Equipment	2,564,828.51	2,555,081.29
Automobiles	292,730.68	213,984.78
Total Property, Plant and Equipment	11,078,828.30	13,757,393.78
Accumulated Depreciation	(2,872,705.41)	(3,251,047.77)
Property, Plant and Equipment, Net	8,206,122.89	10,506,346.01
Total Assets	\$ 32,933,899.08	\$ 32,797,309.95
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 346,687.71	\$ 630,259.38
Accrued Expenses	107,104.61	97,470.26
Unearned Revenue	1,470,497.17	1,466,376.03
Long-Term Debt, Current	0.00	93,033.31
Line of Credit	3,809,091.66	3,414,338.66
Total Current Liabilities	5,733,381.15	5,701,477.64
Long-Term Liabilities		
Long-Term Debt	0.00	3,312,991.38
Total Long-Term Liabilities	0.00	3,312,991.38
Total Liabilities	5,733,381.15	9,014,469.02
Net Assets		
Without Donor Restriction		
Board Designated	531,065.50	417,402.40
Undesignated	12,093,951.55	10,123,127.77
Total Unrestricted Net Assets	12,625,017.05	10,540,530.17
With Donor Restriction	14,575,500.88	13,242,310.76
Total Net Assets	27,200,517.93	23,782,840.93
Total Liabilities and Net Assets	\$ 32,933,899.08	\$ 32,797,309.95

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

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Net Assets without Restriction	Net Assets with Restriction	2023 Total
Revenues:			
Membership Dues and Contributions	\$ 4,260,074.93	\$ 2,692,038.10	\$ 6,952,113.03
Donation Revenue	0.00	845,146.01	845,146.01
Advertising	1,174,919.85	0.00	1,174,919.85
Conferences and Seminars	440,050.00	0.00	440,050.00
Special Events, Net	0.00	31,740.46	31,740.46
Other Income	43,780.39	93,750.00	137,530.39
Net Assets Released from Restrictions	3,002,992.87	(3,002,992.87)	0.00
Total Revenues	8,921,818.04	659,681.70	9,581,499.74
Expenses			
Program:			
Legislative	667,884.79	0.00	667,884.79
Political Contributions	1,198,876.26	0.00	1,198,876.26
Magazine Publishing	1,172,970.16	0.00	1,172,970.16
Conferences and Seminars	688,773.55	0.00	688,773.55
Memorial and Scholarship	877,950.99	0.00	877,950.99
Total Program Expenses	4,606,455.75	0.00	4,606,455.75
Management and General:			
Executive	1,086,838.61	0.00	1,086,838.61
Administration	1,918,530.44	0.00	1,918,530.44
Fixed Overhead	1,315,162.11	0.00	1,315,162.11
Total Management and General Expenses	4,320,531.16	0.00	4,320,531.16
Total Expenses	8,926,986.91	0.00	8,926,986.91
Change in Net Assets Before Other Changes	(5,168.87)	659,681.70	654,512.83
Other Income/(Expenses)			
Investment Income	1,110,394.62	673,508.42	1,783,903.04
Gain/(Loss) on Sale of Assets	1,249,865.52	0.00	1,249,865.52
Rental Income	4,368.00	0.00	4,368.00
Interest Expense	(274,972.39)	0.00	(274,972.39)
Total Other Income/(Expenses)	2,089,655.75	673,508.42	2,763,164.17
Change in Net Assets	2,084,486.88	1,333,190.12	3,417,677.00
Net Assets, Beginning of Year	10,540,530.17	13,242,310.76	23,782,840.93
Net Assets, End of Year	\$ 12,625,017.05	\$ 14,575,500.88	\$ 27,200,517.93

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

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Net Assets without Restriction	Net Assets with Restriction	2022 Total
Revenues:			
Membership Dues & Contributions	\$ 3,314,137.57	\$ 3,300,465.39	6,614,602.96
Donation Revenue	0.00	1,381,609.02	1,381,609.02
Advertising	1,264,559.50	0.00	1,264,559.50
Conferences and Seminars	427,633.00	0.00	427,633.00
Special Events, Net	0.00	7,941.22	7,941.22
Other Income	31,617.76	131,250.00	162,867.76
Net Assets Released from Restrictions	5,015,579.93	(5,015,579.93)	0.00
Total Revenues	10,053,527.76	(194,314.30)	9,859,213.46
Expenses			
Program:			
Legislative	601,835.86	0.00	601,835.86
Political Contributions	2,665,316.07	0.00	2,665,316.07
Magazine Publishing	1,226,207.20	0.00	1,226,207.20
Conferences and Seminars	632,266.71	0.00	632,266.71
Memorial and Scholarship	1,421,743.44	0.00	1,421,743.44
Total Program Expenses	6,547,369.28	0.00	6,547,369.28
Management and General:			
Executive	1,130,193.69	0.00	1,130,193.69
Administration	2,009,163.42	0.00	2,009,163.42
Fixed Overhead	1,448,180.66	0.00	1,448,180.66
Total Management and General Expenses	4,587,537.77	0.00	4,587,537.77
Total Expenses	11,134,907.05	0.00	11,134,907.05
Change in Net Assets Before Other Changes	(1,081,379.29)	(194,314.30)	(1,275,693.59)
Other Income/(Expenses)			
Investment Income	(1,446,301.10)	(229,730.16)	(1,676,031.26)
Rental Income	4,368.00	0.00	4,368.00
Interest Expense	(229,458.16)	0.00	(229,458.16)
Total Other Income/(Expenses)	(1,671,391.26)	(229,730.16)	(1,901,121.42)
Change in Net Assets	(2,752,770.55)	(424,044.46)	(3,176,815.01)
Net Assets, Beginning of Year	13,293,300.72	13,666,355.22	26,959,655.94
Net Assets, End of Year	\$ 10,540,530.17	\$ 13,242,310.76	\$ 23,782,840.93

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

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Activities					Management & General Activities				Total
	Legislative	Political	Magazine Publishing	Conferences & Seminars	Memorial & Scholarship	Executive	Administration	Fixed Overhead		
Operating:										
Advertising Commissions	0.00	0.00	418,900.30	0.00	0.00	0.00	0.00	0.00	418,900.30	
Advertising	0.00	0.00	0.00	0.00	0.00	0.00	4,529.99	0.00	4,529.99	
Books, Subscriptions & Reference Exp.	0.00	0.00	0.00	5,872.50	0.00	0.00	4,723.21	0.00	10,595.71	
Chapter Expense	0.00	0.00	0.00	0.00	0.00	156,239.17	0.00	0.00	156,239.17	
Computer & Internet	0.00	0.00	0.00	0.00	0.00	0.00	55,971.91	0.00	55,971.91	
Conference Expense	0.00	0.00	0.00	463,101.13	0.00	0.00	0.00	0.00	463,101.13	
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	644,556.67	644,556.67	
Employee Benefits	0.00	0.00	0.00	0.00	0.00	0.00	179,701.83	0.00	179,701.83	
Equipment Leasing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,724.17	12,724.17	
Fallen Hero Program Expenses	0.00	0.00	0.00	0.00	762,150.09	0.00	0.00	0.00	762,150.09	
Gifts/Donations	0.00	0.00	0.00	0.00	53,300.90	69,627.40	1,697.25	0.00	124,625.55	
Insurance	0.00	0.00	0.00	0.00	0.00	89,904.06	10,149.00	566.99	100,620.05	
Janitorial Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33,540.81	33,540.81	
Lobbying Expense	667,384.79	0.00	0.00	0.00	0.00	0.00	0.00	0.00	667,384.79	
Meetings	0.00	0.00	0.00	1,838.34	0.00	0.00	0.00	0.00	1,838.34	
Membership Dues	0.00	0.00	0.00	0.00	0.00	0.00	720.00	0.00	720.00	
Merchant Card Fees	0.00	0.00	0.00	0.00	0.00	61,998.20	0.00	0.00	61,998.20	
Miscellaneous	0.00	0.00	0.00	0.00	0.00	15,431.80	0.00	0.00	15,431.80	
National Issues Expense	0.00	0.00	0.00	0.00	0.00	38,443.95	0.00	0.00	38,443.95	
Office Expense	0.00	0.00	0.00	0.00	0.00	3,639.46	23,747.20	0.00	27,386.66	
Organizational Expenses	0.00	0.00	0.00	0.00	0.00	0.00	350.00	46.94	396.94	
Payroll Processing	0.00	0.00	0.00	0.00	0.00	0.00	1,272.00	0.00	1,272.00	
Payroll Taxes	0.00	0.00	0.00	0.00	0.00	0.00	59,236.11	0.00	59,236.11	
Political Contributions	0.00	0.00	0.00	1,198,876.26	0.00	0.00	0.00	0.00	1,198,876.26	
Postage	0.00	0.00	233,908.96	0.00	0.00	0.00	15,312.64	0.00	249,221.60	
Printing	0.00	0.00	520,160.90	0.00	0.00	0.00	329.70	0.00	520,490.60	
Professional Fees	0.00	0.00	0.00	0.00	0.00	28,458.15	915,361.69	344,072.60	1,259,434.29	
Promotional Merchandise	0.00	0.00	0.00	0.00	0.00	0.00	0.00	103,461.27	103,461.27	
Property Tax	0.00	0.00	0.00	0.00	2,500.00	0.00	0.00	0.00	2,500.00	
Refurbishment Expense	0.00	0.00	0.00	0.00	0.00	242,714.50	0.00	0.00	242,714.50	
Release Time	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67,328.96	67,328.96	
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	29,377.30	0.00	0.00	29,377.30	
Retention & Recruitment	0.00	0.00	0.00	0.00	0.00	72,000.00	0.00	0.00	701,996.11	
Salaries & Wages	0.00	0.00	0.00	0.00	60,000.00	0.00	0.00	0.00	60,000.00	
Scholarship Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	217,961.58	
Seminar Expense	0.00	0.00	0.00	217,961.58	0.00	0.00	0.00	0.00	14,886.54	
Taxes	0.00	0.00	0.00	0.00	0.00	294,436.42	0.00	0.00	294,436.42	
Travel	0.00	0.00	0.00	0.00	0.00	0.00	0.00	93,977.16	93,977.16	
Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total Operating Expenses	667,384.79	1,198,876.26	1,172,970.16	688,773.55	877,950.99	1,086,838.61	1,918,530.44	1,315,162.11	8,926,986.91	
Other Expenses:										
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	274,972.39	274,972.39	
Total Other Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	274,972.39	274,972.39	
Total Expenses	667,384.79	1,198,876.26	1,172,970.16	688,773.55	877,950.99	1,086,838.61	1,918,530.44	1,590,134.50	9,201,959.30	

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

PEACE OFFICERS RESEARCH ASSOCIATION OF CALIFORNIA AND AFFILIATED ORGANIZATIONS
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Activities				Management & General Activities			Total	
	Legislative	Political	Magazine Publishing	Seminars & Conferences	Memorial & Scholarship	Executive	Administration		Fixed Overhead
Operating:									
Advertising Commissions	0.00	0.00	457,538.97	0.00	0.00	0.00	0.00	457,538.97	
Advertising	0.00	920.00	0.00	0.00	0.00	4,800.00	0.00	5,720.00	
Books, Subscriptions & Reference Exp.	0.00	0.00	0.00	0.00	0.00	1,504.63	0.00	1,504.63	
Chapter Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	222,751.22	
Computer & Internet	0.00	0.00	0.00	0.00	0.00	48,749.00	0.00	48,749.00	
Conference Expense	0.00	0.00	0.00	463,033.47	0.00	0.00	0.00	463,033.47	
Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	728,722.50	728,722.50	
Employee Benefits	0.00	0.00	0.00	0.00	0.00	148,222.83	0.00	148,222.83	
Equipment Leasing	0.00	0.00	0.00	0.00	0.00	0.00	9,403.96	9,403.96	
Fallen Hero Program Expenses	0.00	0.00	0.00	0.00	1,299,551.73	0.00	0.00	1,299,551.73	
Gifts/Donations	0.00	0.00	0.00	0.00	69,691.71	0.00	0.00	138,445.20	
Insurance	0.00	0.00	0.00	0.00	0.00	106,180.20	1,333.02	117,106.22	
Janitorial Fees	0.00	0.00	0.00	0.00	0.00	9,593.00	33,604.69	33,604.69	
Lobbying Expense	601,835.86	0.00	0.00	0.00	0.00	0.00	0.00	601,835.86	
Meetings	0.00	0.00	0.00	1,340.33	0.00	0.00	0.00	1,340.33	
Membership Dues	0.00	0.00	0.00	0.00	0.00	77,596.02	0.00	117,022.00	
Merchant Card Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	77,596.02	
Miscellaneous	0.00	0.00	0.00	0.00	0.00	25,698.73	0.00	9,252.14	
National Issues Expense	0.00	0.00	0.00	0.00	0.00	7,932.30	0.00	25,698.73	
Office Expense	0.00	0.00	0.00	0.00	0.00	300.00	0.00	34,686.21	
Organizational Expenses	0.00	0.00	0.00	0.00	0.00	1,132.50	0.00	350.00	
Payroll Processing	0.00	0.00	0.00	0.00	0.00	62,018.00	0.00	1,132.50	
Payroll Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00	62,018.00	
Political Contributions	0.00	2,664,396.07	0.00	0.00	0.00	0.00	0.00	2,664,396.07	
Postage	0.00	0.00	260,718.94	0.00	0.00	0.00	0.00	273,727.28	
Printing	0.00	0.00	507,949.29	0.00	0.00	0.00	1,285.43	509,234.72	
Professional Fees	0.00	0.00	0.00	0.00	0.00	20,643.02	331,499.76	1,237,204.87	
Promotional Merchandise	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20,643.02	
Property Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	158,287.31	
Reception	0.00	0.00	0.00	0.00	0.00	5,066.12	0.00	158,287.31	
Refrubishment Expense	0.00	0.00	0.00	0.00	2,500.00	0.00	0.00	2,500.00	
Release Time	0.00	0.00	0.00	0.00	0.00	203,956.80	0.00	203,956.80	
Repairs & Maintenance	0.00	0.00	0.00	0.00	0.00	0.00	82,131.72	82,131.72	
Retention & Recruitment	0.00	0.00	0.00	0.00	0.00	37,679.55	0.00	37,679.55	
Salaries & Wages	0.00	0.00	0.00	0.00	0.00	72,000.00	0.00	726,750.41	
Scholarship Expense	0.00	0.00	0.00	0.00	50,000.00	0.00	0.00	50,000.00	
Seminar Expense	0.00	0.00	0.00	167,892.91	0.00	0.00	0.00	167,892.91	
Taxes	0.00	0.00	0.00	0.00	0.00	0.00	1,704.31	1,704.31	
Travel	0.00	0.00	0.00	0.00	0.00	287,002.36	0.00	287,002.36	
Utilities	0.00	0.00	0.00	0.00	0.00	0.00	101,443.39	101,443.39	
Total Operating Expenses	601,835.86	2,665,316.07	1,226,207.20	632,266.71	1,421,743.44	1,130,193.69	2,009,163.42	1,448,180.66	11,134,907.05
Other Expenses:									
Interest Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	229,458.16	229,458.16
Total Other Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	229,458.16	229,458.16
Total Expenses	601,835.86	2,665,316.07	1,226,207.20	632,266.71	1,421,743.44	1,130,193.69	2,009,163.42	1,677,638.82	11,364,365.21

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

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 3,417,677.00	\$ (3,176,815.01)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	644,556.67	728,722.50
Net Realized and Unrealized (Gain) Loss on Investments	(1,058,718.62)	2,021,525.42
(Gain)/Loss on Sale of Assets	(1,249,865.52)	0.00
Change in Operating Assets and Liabilities:		
Receivables	(24,181.79)	(17,916.20)
Other Current Assets	(13,658.53)	127,715.57
Accounts Payable	(283,571.67)	382,063.41
Accrued Expenses	9,634.35	793.14
Unearned Revenue	4,121.14	(17,320.18)
Net Cash Provided by (Used in) Operating Activities	1,445,993.03	48,768.65
Cash Flows from Investing Activities:		
Purchase of Investments	(1,104,646.25)	(728,380.01)
Proceeds From Sale of Investments	885,638.73	8,815,742.33
Proceeds From Sale of Assets	3,006,101.71	0.00
Purchase of Property and Equipment	(100,569.74)	(95,848.74)
Net Cash Provided by (Used in) Investing Activities	2,686,524.45	7,991,513.58
Cash Flows from Financing Activities:		
Principal Payments on Long Term Debt	(3,406,024.69)	(93,975.31)
Proceeds From Line of Credit	394,753.00	0.00
Payments to Line of Credit	0.00	(3,200,000.00)
Net Cash Provided by (Used in) Financing Activities	(3,011,271.69)	(3,293,975.31)
Net Increase (Decrease) in Cash	1,121,245.79	4,746,306.92
Cash & Cash Equivalent, Beginning of Year	14,101,528.09	9,355,221.17
Cash & Cash Equivalent, End of Year	\$ 15,222,773.88	\$ 14,101,528.09
Cash Payments for Interest and Taxes:		
Interest	274,972.39	229,458.16
Taxes	14,886.54	1,704.31

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

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 1 - Nature of Organization

Peace Officers Research Association of California and Affiliated Organizations (PORAC) is a nonprofit voluntary membership organization. The membership is comprised of public safety officers from member associations within California and Nevada. PORAC was formed in 1952 and its objectives are to unite all persons within its jurisdiction for their economic, professional and social advancement and to assist all public safety officers in seeking adequate compensation for the performance of their professional duties and to improve employment conditions. This is accomplished through collective legal activities, collective efforts in all areas of labor presentation, collective attempts to insure themselves and their families against health, disability, accident, and any other problems that may occur.

Note 2 - Summary of Significant Accounting Policies

Consolidation

The consolidated financial statements include the accounts of Peace Officers Research Association of California and its member chapters as well as the following organizations and committees:

- Peace Officers Relief and Education Foundation (POREF), a public benefit corporation devoted to educational and charitable purposes;
- Peace Officers Research Association of California Political Action Committee (PAC), a corporation formed to accept contributions and make expenditures solely for political purposes; and
- America's Partnership for Public Safety (FED PAC), a corporation formed to accept contributions and make expenditures solely for political purposes;

Within POREF are the Peace Officers Research Association of California Scholarship Fund, Memorial Fund, and Relief Fund. The Scholarship Fund is used to award scholarships to applicants. The Memorial Fund is used to support the creation of the California Peace Officers' Monument and memorial ceremonies that take place annually at the State Capitol in Sacramento, California. The Relief Fund was established to administer charitable programs that may be necessary to assist law enforcement personnel in times of financial need, including providing donations to other charitable organizations that are recognized 501(c)(3) organizations.

Within the PAC are the Political Action Committee (PAC), Political Issues Committee (PIC), Statewide Independent Expenditures Committee (IEC) and Voter Guide (VG).

These organizations and committees are consolidated because of common control through majority voting interest in the boards of directors and commonality of their program purposes. Transactions and balances between Peace Officers Research Association of California and its affiliates have been eliminated in the consolidated financial statements. These consolidated entities are referred to as PORAC.

PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Presentation

PORAC presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958, Subtopic 205, *Not-for-Profit Entities - Presentation of Financial Statements* (FASB ASC 958-205). On August 18, 2016, the FASB issued ASU 2016-14 Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. Under the amended FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets with donor restriction result from contributions and other inflows of assets, the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of management pursuant to those stipulations. Net assets without restriction are part of the net assets that are not restricted by donor-imposed stipulations. Net assets with donor restriction include unspent political contributions in the PAC and FED PAC, and charitable and educational contributions in POREF.

Board designated net assets are a subcategory of unrestricted net assets representing funds designated by the board of directors for future replacement of automobiles, the Labor Relations Program and other expenditures.

Cash and Cash Equivalents

For cash flow reporting purposes, cash and cash equivalents include highly liquid investments with maturities of three months or less when purchased. PORAC maintains its cash balances in institutions that are insured up to \$250,000.00 by the Federal Deposit Insurance Corporation (FDIC). At times, the bank account balances may exceed federally insured limits. Total uninsured cash balances at December 31, 2023 and 2022 were \$13,913,626.85 and \$13,106,345.99, respectively. As of December 31, 2023 and 2022, \$10,981,168.03 and \$9,695,324.86 of these uninsured funds were invested in money market funds in an effort to maintain the highest possible return while maintaining the lowest risk investment possible in an effort to maintain the liquidity of these funds.

Member Associations are grouped geographically into Chapters. All Chapters are required to report their cash activity and balances to PORAC. Such cash balances totaled \$457,524.36 and \$465,142.16 at December 31, 2023 and 2022, respectively, and are included in cash.

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Investments

Investments are held in accounts with UBS Financial Services, Inc. Investments in securities are reported at fair value based on quoted market prices for debt and marketable equity securities, futures funds and published unit values for mutual funds. Realized and unrealized gains and losses are reflected in the statements of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Investment income is reported net of investment expenses on the consolidated statement of activities.

Property, Plant and Equipment

Property, plant and equipment include long-lived assets with an original purchase cost of \$1,000.00 or more. Depreciation is computed using the straight-line method over useful lives ranging from two to forty years. Depreciation expense recorded for the years ended December 31, 2023 and 2022 was \$644,556.67 and \$728,722.50, respectively.

Income Taxes

PORAC is exempt from Federal and California income taxes under Internal Revenue Code (IRC) section 501(c)(5) and California Revenue and Taxation Code (RTC) section 23701a as labor organizations. PAC, IEC, and VG are exempt from Federal and California income taxes under IRC section 527 and RTC section 23701r as political organizations. POREF is exempt from Federal and California income taxes under IRC section 501(c)(3) and RTC section 23701d as a charitable and educational organization and is not a private foundation. Accordingly, there is no provision for income taxes on the operations of PORAC, PAC, IEC, VG, and POREF other than on income subject to unrelated business income tax (advertising income). PORAC also pays the California corporation and partnership fees for Cops Inc., California Organization of Police and Sheriffs Inc., California Organization of Police and Sheriffs Associations Inc., CalCops LP and CalCops LLC, organizations with which PORAC is the sole shareholder or a partner.

PORAC has adopted provisions of FASB ASC 740-10, *Income Taxes*. Accordingly, tax related assets and liabilities are recognized to the extent it is more likely than not that the reporting entity's tax treatment would be sustained in the event of an examination by the taxing authorities. After they are filed PORAC's income tax returns remain subject to examination by taxing authorities in general three years for federal returns, and four years for state returns.

Advertising Costs

Advertising costs are expensed when incurred.

PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Accounts Receivable and Other Current Assets

Accounts receivable consisted of the following as of December 31:

	2023	2022
Trade Receivables - Advertising	127,903.30	64,952.31
Expense Reimbursements	14,334.49	54,857.02
Due from Employees	1,711.93	0.00
Payroll Tax Refund	41.40	0.00
Total	143,991.12	119,809.33

Based on prior year experiences, no allowance for doubtful accounts was determined and management expects the full amount of receivables to be collected.

Other current assets, comprised of prepaid expenses totaled \$330,806.23 and \$317,147.70 as of December 31, 2023 and 2022, respectively.

Fair Value Measurements

PORAC has adopted the provisions of FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements.

FASB ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. PORAC determines the fair values of its assets and liabilities based on the fair value hierarchy established in FASB ASC 820-10.

The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that PORAC has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an on-going basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect PORAC's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include PORAC's own data.

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Investments in mutual funds are reported at fair value based on quoted market prices of identical assets traded in active markets. Money market accounts are by nature stated at fair market value and have been included in the money market funds line item on the statement of financial position but is considered a cash equivalent per adherence to the previously described accounting policy under *cash and cash equivalents*.

Revenue Recognition

Member Associations remit per capita dues quarterly. A portion of such dues as determined by the board of directors is for the benefit of the PAC, and the remainder is available for general use. Unearned revenue includes cash received as of December 31 each year representing member dues for the first quarter of the next year. To support the Chapters' programs, PORAC rebates to the Chapters 5% of dues paid timely by the Chapters' Associations. Dues rebates are reported as expenses under the Management and General expenses category.

Advertising revenue is recognized when the advertisement is published. Seminar and conference revenues are recognized upon completion of the seminar or conference. Any revenue receivable as of year end is included in "Accounts Receivable" on the statement of financial position, and any unearned revenue is included in "Deferred Revenue" on the statement of financial position.

Contributions to Memorial Fund, Scholarship Fund and Relief Fund are used to maintain peace officer memorials, provide educational grants to students of law enforcement families, and to provide financial assistance to law enforcement personnel, or donations to recognized 501(c)(3) charitable organizations, respectively. Contributions to either fund are tax deductible by the donor. All monies received on behalf of these funds are considered donations and as such are recorded as income in the period received.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

Interest Expense

Interest expense is recognized in the month the interest was incurred.

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2 - Summary of Significant Accounting Policies (continued)

Liquidity Management

PORAC's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash in Bank & Money Market	15,222,773.88
Investments	9,030,204.96
Receivables	143,991.12
Payables & Accrued Expenses	(453,792.32)
Less: Net Assets With Donor Restriction	<u>(14,575,500.88)</u>
Total	<u>9,367,676.76</u>

As part of PORAC's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. PORAC has a goal to maintain financial assets, which consist of cash and receivables, on hand to meet six (6) months of normal operating expenses, which are on average, approximately \$4.5 million. In addition, PORAC strives to invest cash in excess of daily requirements in short-term investments including money market funds and mutual funds to help manage unanticipated liquidity needs.

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis on the statements of functional expenses. Management has elected to use the functional allocations as follows: Legislative, Voter Guide Publishing, Political, Magazine Publishing, Conferences and Seminars and Memorial and Scholarship as Program Activities, and Executive, Administration and Fixed Overhead as Management and General Activities, or Supporting Activities. Indirect costs are allocated by management using an appropriate allocation factor. These factors vary by expense, but each general ledger account is mapped to only one functional expense category. As such management directly allocates the expenses to the appropriate functional expense category after applying the allocation factor.

Note 4 - Retirement Plan

PORAC sponsors a noncontributory (employer contributions only) defined contribution retirement plan which covers substantially all employees who have worked for the organization for one full calendar year. The plan is a Simplified Employee Pension, and benefits are immediately vested. PORAC contributes approximately 10% of eligible participants' annual compensation, which totaled \$49,905.08 and \$57,055.62 for the years ended December 31, 2023 and 2022, respectively.

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 5 - Investments

Investment income consisted of the following at December 31:

Description	2023	2022
Interest & Dividends	808,958.21	426,389.43
Unrealized Gains (Losses)	1,076,476.77	(2,013,954.41)
Realized Gains (Losses)	(17,758.15)	(7,571.01)
Investment Income	1,867,676.83	(1,595,135.99)
Investment Expenses	(83,773.79)	(80,895.27)
Net Investment Income	1,783,903.04	(1,676,031.26)

Investments consisted of the following at December 31, 2023 and 2022:

	2023	2022
Money Market & Cash Accounts	10,981,168.03	9,695,324.86
Mutual Funds:		
Equities	6,871,247.30	5,803,737.01
Fixed Income	2,158,957.66	1,948,741.81
Total	20,011,372.99	17,447,803.68

Note 6 - Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, PORAC's assets at fair value as of December 31, 2023 and 2022:

Assets at Fair Value as of December 31, 2023

	Level 1	Level 2	Level 3	Total
Money Market	10,981,168.03	-	-	10,981,168.03
Mutual Funds	9,030,204.96	-	-	9,030,204.96
Total Assets at Fair Value	20,011,372.99	-	-	20,011,372.99

Assets at Fair Value as of December 31, 2022

	Level 1	Level 2	Level 3	Total
Money Market	9,695,324.86	-	-	9,695,324.86
Mutual Funds	7,752,478.82	-	-	7,752,478.82
Total Assets at Fair Value	17,447,803.68	-	-	17,447,803.68

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 7 - Contingencies

PORAC is a party to legal proceedings generally incidental to its business. Although the final outcome of any of the legal proceedings cannot be predicted with any degree of certainty, PORAC presently believes that any ultimate liability resulting from any such legal proceedings would not have a material adverse effect on PORAC's financial position.

Note 8 - Unrestricted Board Designated and Net Assets with Restriction

Unrestricted board designated net assets are available for the following purposes at December 31, 2023 and 2022:

	2023	2022
Housing Furniture Replacement	13,061.51	13,061.51
Computer Upgrade	495,749.89	348,340.89
Auto Replacement	22,254.10	56,000.00
Total Board Designated Net Assets	531,065.50	417,402.40

Net assets with restriction are available for the following purposes at December 31, 2023 and 2022:

	2023	2022
PAC – for political contributions	13,175,776.32	12,068,234.60
FED PAC – for political contributions	12,102.41	14,218.51
Memorial Fund – for charitable activities	742,372.21	588,876.36
Relief Fund – for charitable activities	92,167.51	118,842.94
Scholarship Fund – for educational activities	553,082.43	452,138.35
Total Net Assets with Restriction	14,575,500.88	13,242,310.76

Note 9 - Mortgage Payable

On December 17, 2021, PORAC acquired a mortgage of \$3,500,000.00 against the commercial office building located at 2940 Advantage Way. The note bears interest at a rate of 3.4% and consists of 59 consecutive payments of \$17,426.88.00 beginning on January 17, 2022 and one payment of \$3,027,164.30 on December 17, 2026. On January 20, 2023 PORAC sold its prior commercial office building located at 4010 Truxel Road and used the proceeds along with a \$395,000.00 advance from the line of credit to extinguish the remaining mortgage principal of \$3,406,024.69. As of January 25, 2023 the balance owed on the mortgage had been paid in full. See Note Ten [10] for more information regarding the line of credit.

**PEACE OFFICERS RESEARCH ASSOCIATION OF
CALIFORNIA AND AFFILIATED ORGANIZATIONS**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 10 - Line of Credit

In February of 2020, the Organization obtained a \$7,000,000.00 revolving line of credit from UBS Financial Services Inc. to help finance the purchase of a new office building. This line is collateralized by all of the Organization's investment accounts held with the institution under PORAC's federal employer identification number. Investments pledged as collateral totaled \$20,011,372.99 as of December 31, 2023. The line of credit is subject to margin requirements and the bank may demand full or partial payment of the credit line obligation without cause at any time. The line of credit bears a variable rate of interest equal to LIBOR (London Interbank Offered Rate) plus a spread of 1.750%, with interest charged daily. At December 31, 2023, the line's effective rate of interest was 7.20%. As of December 31, 2023, the Organization had taken \$3,809,091.66 of advances. Accrued interest is expensed monthly. In December of 2021, PORAC obtained a mortgage on the office building located at 2940 Advantage way, of which \$3,200,000.00 of the proceeds was paid against the line of credit with a plan to pay off the remaining \$3,809,091.66 before December 31, 2024.

Note 11 - Income Taxes

The provision for current federal and state income taxes consisted of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Federal Income Tax Expense	8,126.54	(145.69)
State Income Tax Expense	6,754.00	1,850.00
Provision for Income Taxes	14,880.54	1,704.31

Note 12 - Subsequent Events

The management of the Organization has reviewed the results of operations and evaluated subsequent events for the year ended December 31, 2023 through June 25, 2024, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.