

Financial Statements Together with
Report of Independent Certified Public
Accountants

**N.Y. Police and Fire Widows' & Children's
Benefit Fund, Inc.**

December 31, 2019 and 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
**N.Y. Police and Fire Widows' &
Children's Benefit Fund, Inc.**

We have audited the accompanying financial statements of the N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc. (the "Fund"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows for the years 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 misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 misstatement.

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 misstatement 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 evaluating 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 the N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
August 10, 2020

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 6,663,892	\$ 6,555,326
Investments, at fair value (Note 3)	49,181,553	45,065,551
Contributions receivable	256,522	123,694
Prepaid expenses and other assets	157,957	254,598
Interest and dividends receivable	<u>22,652</u>	<u>153,931</u>
 Total assets	 <u>\$ 56,282,576</u>	 <u>\$ 52,153,100</u>
 LIABILITIES AND NET ASSETS		
 LIABILITIES		
Accrued expenses and other current liabilities	<u>\$ 31,264</u>	<u>\$ 34,136</u>
 NET ASSETS		
Without donor restrictions	54,336,258	50,128,910
With donor restrictions	<u>1,915,054</u>	<u>1,990,054</u>
 Total net assets	 <u>56,251,312</u>	 <u>52,118,964</u>
 Total liabilities and net assets	 <u>\$ 56,282,576</u>	 <u>\$ 52,153,100</u>

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

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions - general	\$ 688,268	\$ -	\$ 688,268
Contributions - in-kind (Note 4)	413,604	-	413,604
Annual fundraising events revenue, net of direct Costs of \$674,367	4,572,838	-	4,572,838
Interest and dividend income	1,668,689	-	1,668,689
Realized (loss) on investments	(284,469)	-	(284,469)
Unrealized gain on investments	3,918,754	-	3,918,754
Net assets released from restrictions	75,000	(75,000)	-
Total revenues and other support	11,052,684	(75,000)	10,977,684
EXPENSES (Note 5)			
Program service - benefit payments	5,632,333	-	5,632,333
Management and general	453,877	-	453,877
Management and general in-kind (Note 4)	383,604	-	383,604
Dinner in-kind (Note 4)	30,000	-	30,000
Fundraising expense	345,522	-	345,522
Total expenses	6,845,336	-	6,845,336
Change in net assets	4,207,348	(75,000)	4,132,348
Net assets - beginning of year	50,128,910	1,990,054	52,118,964
Net assets - end of year	<u>\$ 54,336,258</u>	<u>\$ 1,915,054</u>	<u>\$ 56,251,312</u>

The accompanying notes are an integral part of this financial statement.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions - general	\$ 918,093	\$ -	\$ 918,093
Contributions - in-kind (Note 4)	312,141	-	312,141
Annual fundraising events revenue, net of direct Costs of \$571,050	2,669,495	-	2,669,495
Interest and dividend income	2,112,955	-	2,112,955
Realized gain on investments	470,962	-	470,962
Unrealized (loss) on investments	(4,056,329)	-	(4,056,329)
Net assets released from restrictions	75,000	(75,000)	-
Total revenues and other support	2,502,317	(75,000)	2,427,317
EXPENSES (Note 5)			
Program service - benefit payments	4,269,167	-	4,269,167
Management and general	392,853	-	392,853
Management and general in-kind (Note 4)	282,141	-	282,141
Dinner in-kind (Note 4)	30,000	-	30,000
Fundraising expense	380,313	-	380,313
Total expenses	5,354,474	-	5,354,474
Change in net assets	(2,852,157)	(75,000)	(2,927,157)
Net assets - beginning of year	52,981,067	2,065,054	55,046,121
Net assets - end of year	<u>\$ 50,128,910</u>	<u>\$ 1,990,054</u>	<u>\$ 52,118,964</u>

The accompanying notes are an integral part of this financial statement.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,132,348	\$ (2,927,157)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized loss (gain) on investments	284,469	(470,962)
Unrealized (gain) loss on investments	(3,918,754)	4,056,329
Donated stock	(124,738)	(86,388)
Changes in assets and liabilities		
(Increase) decrease in contributions receivable	(132,828)	251,656
Decrease (increase) in interest and dividends receivable	131,279	(100,576)
Decrease (increase) in prepaid expenses and other assets	96,641	(53,465)
Decrease in accrued expenses and other current liabilities	(2,872)	(80,475)
	<u>465,545</u>	<u>588,962</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	4,599,710	1,050,560
Purchase of investments	<u>(4,956,689)</u>	<u>(510,945)</u>
	<u>(356,979)</u>	<u>539,615</u>
Net cash (used in) provided by investing activities		
	108,566	1,128,577
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of year	<u>6,555,326</u>	<u>5,426,749</u>
Cash and cash equivalents at end of year	<u>\$ 6,663,892</u>	<u>\$ 6,555,326</u>

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

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 and 2018

NOTE 1 - ORGANIZATION

Organization

The N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc. (the "Fund") was established in 1985. The purpose of the Fund is to provide financial assistance to the families of New York City police officers and firefighters who have been killed in the line of duty. After the events of September 11, 2001, the Fund also began to provide financial assistance to the families of Port Authority of New York & New Jersey police officers and New York City emergency medical service personnel killed in the line of duty.

The financial assistance given to the families generally consists of an immediate payment upon death, which is intended to help with any immediate expenses. In addition, the Fund makes annual distributions to each of the surviving families. The Board of Directors of the Fund determines the amount payable based upon the objectives and performance of the Fund.

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Fund is also exempt from New York State corporation and franchise taxes under NYS Tax Commission Regulation Section 1-3.4(b)(6).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund's policy is to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting. Consequently, certain revenue and related assets are recognized when pledged or earned and certain expenses are recognized when the obligation is incurred.

Net Asset Classification

The Fund reports information regarding their financial position and changes in net assets according to the existence or absence of donor-imposed restrictions, as follows:

Net Assets without Donor Restriction

Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for the Fund to utilize in any of its programs or supporting services.

Net Assets with Donor Restriction

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. The Fund's net assets with donor restrictions are all subject to donor-imposed restrictions that require the Fund to use or expend the gifts as specified, based on purpose or passage of time.

Net assets with donor restrictions may also include amounts with donor stipulations that the corpus of the gifts be maintained in perpetuity, but allows for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes. The Fund did not have any such amounts as of December 31, 2019 or 2018.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Accounting for Contributions Received

The Fund records contributions of cash and other assets when an unconditional promise to give is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either with donor restrictions or without donor restrictions, based upon donor-imposed restrictions, if any. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Additionally, the Fund reports donor-imposed restricted contributions whose restrictions are met in the same year as received as contributions without donor restrictions, under the principle of simultaneous release from restrictions. As of December 31, 2019 and 2018, the Fund holds \$1,915,054 and \$1,990,054, respectively, of net assets with donor restrictions which must be used to provide certain immediate payments to families upon death.

The Fund reports pledges expected to be collected within one year at their net realizable value. Pledges to be paid to the Fund over a period of years are recorded at the discounted present value of their estimated future cash flows using a credit adjusted rate of return.

Annual Fundraising Event Revenue

Revenue and expenses relative to the Fund's annual dinner, picnic, kickoff, golf and marathon event are recognized upon occurrence of each respective event.

Contributed Services

The Fund receives certain contributed services that meet criteria established by US GAAP for recognition as contributions. Such services are recorded at fair value.

Cash and Cash Equivalents

The Fund considers all highly liquid financial instruments, primarily money market funds, with original maturities of 90 days or less from the date of purchase, to be cash equivalents.

Investments

Marketable securities are recorded at fair value, based upon quoted market prices. Contributed securities to be held are recorded at their quoted market value at the date of contribution. The statement of activities recognizes unrealized gains and losses on investments as increases or decreases, respectively, in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. Purchase and sale transactions are recorded on trade date basis.

Estimated fair value of the Fund's alternative investment, in the absence of readily ascertainable market values, has been determined by the investment managers and reviewed by management for reasonableness. The Fund's alternative investment, a hedge fund, is generally reported at fair value based on the stated net asset value ("NAV") as reported by the Fund manager. NAV is used as a practical expedient to estimate the fair value of the Fund's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Fair Value Measurements

The Fund follows guidance that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of December 31, 2019 and 2018. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of December 31, 2019 and 2018. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3 - Securities that have little to no pricing observability as of December 31, 2019 and 2018. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Fund's perceived risk of that instrument.

All transfers between levels are recognized by the Fund at the end of each reporting period. There were no transfers into and out of each level of the fair value hierarchy for assets measured at fair value for the years ended December 31, 2019 and 2018.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

The Fund follows guidance on measuring the fair value of alternative investments, which offers investors a practical expedient for measuring the fair value of investments in certain entities that calculate NAV. Under this practical expedient, entities are permitted to use NAV without adjustment for certain investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Additionally, investments measured using the NAV practical expedient are exempt from categorization within the fair value hierarchy and related disclosures. Instead, entities are required to separately disclose the required information for assets measured using the NAV practical expedient. Entities are also required to show the carrying amount of investments measured using the NAV practical expedient as a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Fund to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation limit, and investments. Management does not believe that a significant risk of loss is likely due to the failure of a financial institution the Fund utilizes.

Management also believes that its market risk is mitigated by an adequate diversification of its investments.

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes

The Fund recognizes the tax effects from an uncertain tax position in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. Management determined that there are no uncertain tax positions within its financial statements.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Adopted Accounting Pronouncement

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU impacts all organizations that receive or make contributions of cash or other assets and includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional, which will impact the timing of revenue recognition. The determining factor for whether an organization will account for a grant/contract/agreement as a contribution or an exchange transaction is whether the asset provider is receiving commensurate value in return for those assets. If commensurate/proportionate value is received, the contribution will be accounted for as an exchange transaction and revenue recognition or other applicable standards will be followed. If commensurate value is not received by the asset provider, the contribution is accounted for as a contribution and will follow contribution standards. If some value but not commensurate value is received, then the contribution will be accounted for as both an exchange transaction and a contribution. For resource recipients, the new standard was effective for annual financial statements beginning after December 15, 2018 and for resource providers, the new standard was effective for annual financial statements beginning after December 15, 2019. The adoption of ASU 2018-08 during 2019 did not have a material impact on the Fund's financial statements.

NOTE 3 - INVESTMENTS

The following sets forth the cost and fair value of investments held as of December 31, 2019 and 2018:

Investments	2019		2018	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 46,469,364	\$ 44,140,852	\$ 42,578,041	\$ 43,943,419
Hedge fund	2,712,189	2,252,335	2,487,510	2,252,335
	<u>\$ 49,181,553</u>	<u>\$ 46,393,187</u>	<u>\$ 45,065,551</u>	<u>\$ 46,195,754</u>

The following tables set forth by level, within the fair value hierarchy, the Fund's investments at fair value as of December 31, 2019 and 2018:

	2019			2018		
	Total	Level 1	NAV	Total	Level 1	NAV
Mutual funds	\$ 46,469,364	\$ 46,469,364	\$ -	\$ 42,578,041	\$ 42,578,041	\$ -
Hedge fund	2,712,189	-	2,712,189	2,487,510	-	2,487,510
Total	<u>\$ 49,181,553</u>	<u>\$ 46,469,364</u>	<u>\$ 2,712,189</u>	<u>\$ 45,065,551</u>	<u>\$ 42,578,041</u>	<u>\$ 2,487,510</u>

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

Fair Value of Investments in Entities that Use NAV

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2019 and 2018.

	<u>2019 Fair Value</u>	<u>2018 Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge fund ^(a)	\$ 2,712,189	\$ 2,487,510	Daily	1 day

^(a) The hedge fund's objective is to seek long-term capital appreciation. The hedge fund, being a fund of futures funds, will use a range of trading and investment strategies with the aim of producing long-term returns. The markets traded will include bonds, money markets, foreign exchange markets and commodity markets. The hedge fund is an open-end fund.

NOTE 4 - IN-KIND SERVICES

Weil, Gotshal & Manges LLP, a related party, provided legal and office services to the Fund valued at approximately \$130,000 in 2019 and \$71,000 in 2018.

Geller & Company LLC, a related party, provided accounting and other professional fees to the Fund valued at approximately \$202,000 in 2019 and \$183,000 in 2018.

In-kind services are reflected as contributions and expenses in the accompanying statements of activities. For the years ended December 31, 2019 and 2018, total in-kind contributions consisted of the following:

	<u>2019</u>	<u>2018</u>
Legal	\$ 115,394	\$ 56,459
Accounting	129,030	108,602
Other Professional Fees	107,080	84,580
Moving	17,100	17,500
Office services	15,000	15,000
Total management and general in-kind	<u>383,604</u>	<u>282,141</u>
Event planning	<u>30,000</u>	<u>30,000</u>
Total dinner in-kind	<u>30,000</u>	<u>30,000</u>
Total in-kind contributions	<u>\$ 413,604</u>	<u>\$ 312,141</u>

The classification of In-kind services for 2018 has been updated to conform to the 2019 classification.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE 5 - FUNCTIONAL EXPENSES

For the year ended December 31, 2019, functional expenses were comprised of the following:

	Program Service Benefit Payments	Management and General	Management and General In-Kind	Dinner In- Kind	Fundraising	Total
Benefit payments	\$5,632,333	\$ -	\$ -	\$ -	\$ -	\$ 5,632,333
Audit and tax fees	-	64,400	-	-	-	64,400
Insurance	-	64,419	-	-	-	64,419
Office expenses	-	180,290	-	-	-	180,290
Travel and entertainment	-	4,630	-	-	-	4,630
Salaries and payroll taxes	-	83,321	-	-	333,284	416,605
State registration fees	-	2,875	-	-	-	2,875
Bank services	-	48,103	-	-	-	48,103
Marketing	-	-	-	-	12,238	12,238
Miscellaneous	-	5,839	-	-	-	5,839
Dinner in-kind	-	-	-	30,000	-	30,000
Management and general in-kind	-	-	383,604	-	-	383,604
	<u>\$5,632,333</u>	<u>\$ 453,877</u>	<u>\$ 383,604</u>	<u>\$ 30,000</u>	<u>\$ 345,522</u>	<u>\$ 6,845,336</u>

For the year ended December 31, 2018, functional expenses were comprised of the following:

	Program Service Benefit Payments	Management and General	Management and General In-Kind	Dinner In- Kind	Fundraising	Total
Benefit payments	\$4,269,167	\$ -	\$ -	\$ -	\$ -	\$ 4,269,167
Audit and tax fees	-	62,598	-	-	-	62,598
Other professional fees	-	-	-	-	88,653	88,653
Insurance	-	59,650	-	-	-	59,650
Office expenses	-	128,512	-	-	-	128,512
Travel and entertainment	-	13,370	-	-	-	13,370
Salaries and payroll taxes	-	69,701	-	-	278,802	348,503
State registration fees	-	3,400	-	-	-	3,400
Bank services	-	51,072	-	-	-	51,072
Marketing	-	-	-	-	12,858	12,858
Miscellaneous	-	4,550	-	-	-	4,550
Dinner in-kind	-	-	-	30,000	-	30,000
Management and general in-kind	-	-	282,141	-	-	282,141
	<u>\$4,269,167</u>	<u>\$ 392,853</u>	<u>\$ 282,141</u>	<u>\$ 30,000</u>	<u>\$ 380,313</u>	<u>\$ 5,354,474</u>

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Fund sponsors a 403(b) plan. Employees may elect to have pretax employee contributions made to their accounts not to exceed federal allowable limits. The Fund plans to make Safe Harbor nonelective contributions to the 403(b) plan equal to 5% of a participant's eligible compensation. Total pension expense under this 403(b) plan for 2019 and 2018 totaled approximately \$19,000 and \$15,000, respectively. Participants are immediately vested in their employee-contributed account balance and in the employer's contribution portion and all earnings thereon.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE 7 - RELATED PARTY TRANSACTIONS

See Note 4 for related party in-kind contributions.

NOTE 8 - COMMITMENTS

The Fund entered into a non-cancelable operating lease for office space which terminates on October 31, 2023.

The following is a schedule, by years, of future minimum payments required under the amended operating lease as of December 31, 2019:

Required Minimum Payments

2020	\$	158,182
2021		158,182
2022		158,182
2023		<u>131,819</u>
	\$	<u><u>606,365</u></u>

NOTE 9 - LIQUIDITY

The Fund regularly monitors liquidity required to meet its operating needs and to provide benefit payments, while also striving to maximize the investment of its portfolio. The Fund has various sources of liquidity at its disposal, including cash and cash equivalents and short-term marketable equity securities.

In addition to financial assets available to meet general expenditures over the next 12 months, The Fund operates with a balanced budget and anticipates collecting sufficient operating revenue and investment portfolio returns to cover all of its operating needs.

As of December 31, 2019 and 2018, the following financial assets could readily be made available within one year of the balance sheet date to meet operating expenditures:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 6,663,892	\$ 6,555,326
Investments, at fair value	49,181,553	45,065,551
Contributions receivable	256,522	123,694
Interest and dividends receivable	<u>22,652</u>	<u>153,931</u>
 Total financial assets available within one year	 <u>56,124,619</u>	 <u>51,898,502</u>
Less:		
Donor Restricted Funds	<u>1,915,054</u>	<u>1,990,054</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 54,209,565</u>	 <u>\$ 49,908,448</u>

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2019 and 2018

NOTE 10 - SUBSEQUENT EVENTS

Management of the Fund has evaluated events or transactions that have occurred since December 31, 2019 through August 10, 2020, the date the financial statements were available for issuance. Management has determined that there are no other material events that would require recognition or disclosure in the Fund's financial statements other than the following:

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Fund is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Fund's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on the Fund's donors, fundraising events, employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Fund's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.