

Financial Statements Together with
Report of Independent Certified Public
Accountants

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

December 31, 2020 and 2019

Contents

	Page
Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of Financial Position as of December 31, 2020 and 2019	5
Statement of Activities for the year ended December 31, 2020	6
Statement of Activities for the year ended December 31, 2019	7
Statements of Cash Flows for the years ended December 31, 2020 and 2019	8
Notes to Financial Statements	9

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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, 2020 and 2019, 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 Fund'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 Fund'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, 2020 and 2019, 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 27, 2021

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

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 20,044,186	\$ 6,663,892
Investments, at fair value (Note 3)	36,598,069	49,181,553
Contributions receivable	953,081	256,522
Prepaid expenses and other assets	218,653	157,957
Interest and dividends receivable	18,900	22,652
	<u>57,832,889</u>	<u>56,282,576</u>
Total assets	<u>\$ 57,832,889</u>	<u>\$ 56,282,576</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses and other current liabilities	\$ 59,899	\$ 31,264
NET ASSETS		
Without donor restrictions	55,273,936	54,336,258
With donor restrictions	2,499,054	1,915,054
	<u>57,772,990</u>	<u>56,251,312</u>
Total net assets	<u>57,772,990</u>	<u>56,251,312</u>
Total liabilities and net assets	<u>\$ 57,832,889</u>	<u>\$ 56,282,576</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, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions - general	\$ 1,921,000	\$ 834,000	\$ 2,755,000
Contributions - in-kind (Note 4)	577,539	-	577,539
Annual fundraising events revenue, net of direct costs of \$87,968	2,232,872	-	2,232,872
Interest and dividend income	1,036,397	-	1,036,397
Realized loss on investments	(2,718,398)	-	(2,718,398)
Unrealized gain on investments	3,710,317	-	3,710,317
Net assets released from restrictions	250,000	(250,000)	-
	<u>7,009,727</u>	<u>584,000</u>	<u>7,593,727</u>
Total revenues and other support			
EXPENSES (Note 5)			
Program service - benefit payments	4,694,500	-	4,694,500
Management and general	443,710	-	443,710
Management and general in-kind (Note 4)	577,539	-	577,539
Fundraising expense	356,300	-	356,300
	<u>6,072,049</u>	<u>-</u>	<u>6,072,049</u>
Total expenses			
Change in net assets	937,678	584,000	1,521,678
Net assets - beginning of year	<u>54,336,258</u>	<u>1,915,054</u>	<u>56,251,312</u>
Net assets - end of year	<u>\$ 55,273,936</u>	<u>\$ 2,499,054</u>	<u>\$ 57,772,990</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, 2019

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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)	-
	<u>11,052,684</u>	<u>(75,000)</u>	<u>10,977,684</u>
Total revenues and other support			
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
	<u>6,845,336</u>	<u>-</u>	<u>6,845,336</u>
Total expenses			
Change in net assets	4,207,348	(75,000)	4,132,348
Net assets - beginning of year	<u>50,128,910</u>	<u>1,990,054</u>	<u>52,118,964</u>
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.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,521,678	\$ 4,132,348
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Realized loss on investments	2,718,398	284,469
Unrealized gain on investments	(3,710,317)	(3,918,754)
Donated stock	(280,758)	(124,738)
Changes in assets and liabilities		
Increase in contributions receivable	(696,559)	(132,828)
Decrease in interest and dividends receivable	3,752	131,279
(Increase) decrease in prepaid expenses and other assets	(60,696)	96,641
Increase (decrease) in accrued expenses and other current liabilities	28,635	(2,872)
	<u>(475,866)</u>	<u>465,545</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	14,201,174	4,599,710
Purchase of investments	<u>(345,014)</u>	<u>(4,956,689)</u>
	<u>13,856,160</u>	<u>(356,979)</u>
Net cash provided by (used in) investing activities		
	13,380,294	108,566
Cash and cash equivalents at beginning of year	<u>6,663,892</u>	<u>6,555,326</u>
Cash and cash equivalents at end of year	<u>\$ 20,044,186</u>	<u>\$ 6,663,892</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, 2020 and 2019

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 its 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, 2020 or 2019.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

Accounting for Contributions Received

The Fund recognizes revenue from contributions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-605. In accordance with ASC 958-605, the Fund evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Fund applies guidance under FASB ASC 605 for exchange transactions. If the transfer of assets is determined to be a contribution, the Fund evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Fund is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

The Fund records contribution revenue when an unconditional promise to give is received from a donor. Contribution revenues are recorded at fair value in the period received as revenue with donor restrictions or without donor restrictions depending upon the existence or absence of donor-imposed stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from 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. Unconditional promises to give that are expected to be received after one year are discounted to present value using an appropriate discount rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional contributions are recognized as revenue when the conditions on which they depend are substantially met. Donated materials, equipment, and services are reflected as in-kind contributions (revenues and expenses, or assets, if capitalizable) at their estimated fair value at the date of receipt.

Contributions receivable contain some level of uncertainty surrounding timing and amount at collection. Therefore, management evaluates the need for an allowance for doubtful accounts based on the consideration of the type of receivable, responsible party, the known financial condition of the respective party, historical collection patterns and comparative aging. These allowances are maintained at a level management considers adequate to provide for subsequent adjustments and potential uncollectible accounts. These estimates are reviewed periodically and, if the financial condition of a party changes significantly, management will evaluate the recoverability of any receivables from that organization and write off any amounts that are no longer considered to be recoverable. Any payments subsequently collected on such written-off receivables are recorded as income in the period received.

Annual Fundraising Event Revenue

Revenue and expenses relative to the Fund's annual dinner, picnic, kickoff, golf and marathon events 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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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 statements of activities recognize 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 financial statements.

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, 2020 and 2019. 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, 2020 and 2019. 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, 2020 and 2019. 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"

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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, 2020 and 2019.

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, 2020 and 2019

NOTE 3 - INVESTMENTS

The following sets forth the cost and fair value of investments held as of December 31, 2020 and 2019:

Investments	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 33,663,423	\$ 27,844,900	\$ 46,469,364	\$ 44,140,852
Hedge fund	2,934,646	2,252,335	2,712,189	2,252,335
Total	<u>\$ 36,598,069</u>	<u>\$ 30,097,235</u>	<u>\$ 49,181,553</u>	<u>\$ 46,393,187</u>

The following tables set forth by level, within the fair value hierarchy, the Fund's investments at fair value as of December 31, 2020 and 2019:

Investments	2020			2019		
	Total	Level 1	NAV	Total	Level 1	NAV
Mutual funds	\$ 33,663,423	\$ 33,663,423	\$ -	\$ 46,469,364	\$ 46,469,364	\$ -
Hedge fund	2,934,646	-	2,934,646	2,712,189	-	2,712,189
Total	<u>\$ 36,598,069</u>	<u>\$ 33,663,423</u>	<u>\$ 2,934,646</u>	<u>\$ 49,181,553</u>	<u>\$ 46,469,364</u>	<u>\$ 2,712,189</u>

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, 2020 and 2019.

	2020 Fair Value	2019 Fair Value	Redemption Frequency	Redemption Notice Period
Hedge fund ^(a)	<u>\$ 2,934,646</u>	<u>\$ 2,712,189</u>	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 \$409,000 in 2020 and \$130,000 in 2019.

Geller & Company LLC, a related party, provided accounting and other professional services to the Fund valued at approximately \$166,000 in 2020 and \$202,000 in 2019.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

In-kind services are reflected as contributions and expenses in the accompanying statements of activities. For the years ended December 31, 2020 and 2019, total in-kind contributions consisted of the following:

	<u>2020</u>	<u>2019</u>
Legal	\$ 393,918	\$ 115,394
Accounting	96,372	129,030
Other professional services	69,749	107,080
Moving	2,500	17,100
Office services	<u>15,000</u>	<u>15,000</u>
 Total management and general in-kind	 577,539	 383,604
 Event planning - dinner in-kind	 <u>-</u>	 <u>30,000</u>
 Total in-kind contributions	 <u>\$ 577,539</u>	 <u>\$ 413,604</u>

NOTE 5 - FUNCTIONAL EXPENSES

For the year ended December 31, 2020, 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	\$ 4,694,500	\$ -	\$ -	\$ -	\$ -	\$ 4,694,500
Audit and tax fees	-	65,985	-	-	-	65,985
Insurance	-	69,441	-	-	-	69,441
Office expenses	-	193,162	-	-	-	193,162
Travel and entertainment	-	600	-	-	-	600
Salaries and payroll taxes	-	86,492	-	-	345,966	432,458
State registration fees	-	3,236	-	-	-	3,236
Bank services	-	23,394	-	-	-	23,394
Marketing	-	-	-	-	10,334	10,334
Miscellaneous	-	1,400	-	-	-	1,400
Dinner in-kind	-	-	-	-	-	-
Management and general in-kind	-	-	<u>577,539</u>	-	-	<u>577,539</u>
	<u>\$ 4,694,500</u>	<u>\$ 443,710</u>	<u>\$ 577,539</u>	<u>\$ -</u>	<u>\$ 356,300</u>	<u>\$ 6,072,049</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

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>

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 2020 and 2019 totaled approximately \$19,000 each year. Participants are immediately vested in their employee-contributed account balance and in the employer's contribution portion and all earnings thereon.

NOTE 7 - NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Funds held for specific purpose:		
Immediate payment to families upon death	\$ 1,665,054	\$ 1,915,054
Annual distributions	834,000	-
	<u>\$ 2,499,054</u>	<u>\$ 1,915,054</u>

Net assets with donor restrictions were released from restrictions by fulfillment of donor-imposed purpose restrictions for the years ended December 31, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Funds held for specific purpose:		
Immediate payments to families upon death	\$ 250,000	\$ 75,000

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 8 - RELATED PARTY TRANSACTIONS

See Note 4 for related party in-kind contributions.

NOTE 9 - 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, 2020:

Required Minimum Payments

2021	\$	158,182
2022		158,182
2023		<u>131,819</u>
	\$	<u>448,183</u>

NOTE 10 - 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, 2020 and 2019, the following financial assets could readily be made available within one year of the statement of financial position date to meet operating expenditures:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 20,044,186	\$ 6,663,892
Investments, at fair value	36,598,069	49,181,553
Contributions receivable	953,081	256,522
Interest and dividends receivable	<u>18,900</u>	<u>22,652</u>
 Total financial assets available within one year	 57,614,236	 56,124,619
 Less:		
Donor-restricted funds	<u>2,499,054</u>	<u>1,915,054</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 55,115,182</u>	 <u>\$ 54,209,565</u>

As of December 31, 2020 the Fund's cash and cash equivalents balance included excess cash due to timing of investment liquidations and the transition of investment advisors. Subsequent to December 31, 2020 the Fund reinvested this excess cash.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2020 and 2019

NOTE 11 - RISKS AND UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, has had negative economic and other consequences for many organizations. Effects on the Fund during 2020 included cancelation of nearly all in-person fundraising events and increased benefit payments as a result of Covid-related line of duty deaths. 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 operations, 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.

NOTE 12 - SUBSEQUENT EVENTS

Management of the Fund has evaluated events or transactions that have occurred since December 31, 2020 through August 27, 2021, the date the financial statements were available for issuance. Management has determined that there are no material events that would require recognition or disclosure in the Fund's financial statements.