

**FDNY FOUNDATION, INC.**

**Financial Statements  
and  
Supplemental Schedule**

**For the Years Ended June 30, 2021 and 2020**

**FDNY FOUNDATION, INC.**  
**Financial Statements and Supplemental Schedule**  
**For the Years Ended June 30, 2021 and 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
FDNY Foundation, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of FDNY Foundation, Inc. (the "Foundation") which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 FDNY Foundation, Inc. as of June 30, 2021 and 2020, 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.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February XX, 2022, on our consideration of FDNY Foundation Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the FDNY Foundation Inc's internal control over financial reporting and compliance.

*Buchbinder Tunick & Company LLP*

BUCHBINDER TUNICK & COMPANY LLP

New York, NY  
March 11, 2022

**FDNY FOUNDATION, INC.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	2021	2020
<b>ASSETS</b>		
Assets:		
Cash and cash equivalents	\$ 4,235,000	\$ 4,077,148
Pledges receivable, net	4,931,494	5,317,208
Grants receivable	216,989	686,450
Royalties and other receivables	36,233	112,643
Investments	11,136,959	8,960,330
Inventory	709,652	638,263
Prepaid expenses and other assets	47,865	49,390
Property and equipment, net	4,545,192	4,134,102
Total assets	\$ 25,859,384	\$ 23,975,534
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 127,523	\$ 287,500
Grants payable	1,500,000	900,000
Deferred revenue	599,220	125,496
PPP loan	105,826	113,121
Total liabilities	2,332,569	1,426,117
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Undesignated	5,954,540	5,354,842
Board-designated endowment	11,136,959	8,960,330
	17,091,499	14,315,172
With donor restrictions	6,435,316	8,234,245
Total net assets	23,526,815	22,549,417
Total liabilities and net assets	\$ 25,859,384	\$ 23,975,534

See notes to financial statements.

**FDNY FOUNDATION, INC.**  
**Statements of Activities**  
For the years ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions and private grants (including in-kind contributions of \$3,786,674 and \$1,902,448 for 2021 and 2020, respectively)	\$ 4,961,647	\$ 1,064,858	\$ 6,026,505	\$ 3,372,272	\$ 3,344,286	\$ 6,716,558
Government grants	285,666	-	285,666	203,141	-	203,141
Special events (net of direct benefit to donors of \$18,915 and \$-0- for 2021 and 2020, respectively)	2,335,875	-	2,335,875	2,174,447	-	2,174,447
Licensing royalties and commissions	74,067	-	74,067	134,492	-	134,492
Merchandise sales - Fire Zone retail (net of cost of goods sold of \$363,012 and \$226,102 for 2021 and 2020, respectively)	298,875	-	298,875	705,565	-	705,565
Publications	142,950	-	142,950	105,966	-	105,966
Interest and dividends, net	127,000	-	127,000	172,641	-	172,641
Net realized and unrealized gains on investments	2,053,943	-	2,053,943	126,152	-	126,152
Document control unit processing	48,380	-	48,380	99,895	-	99,895
Rental income	-	-	-	16,200	-	16,200
Other	515	-	515	101,949	-	101,949
	<u>10,328,918</u>	<u>1,064,858</u>	<u>11,393,776</u>	<u>7,212,720</u>	<u>3,344,286</u>	<u>10,557,006</u>
Net assets released from restrictions	<u>2,863,787</u>	<u>(2,863,787)</u>	<u>-</u>	<u>2,885,652</u>	<u>(2,885,652)</u>	<u>-</u>
Total public support and revenue	<u>13,192,705</u>	<u>(1,798,929)</u>	<u>11,393,776</u>	<u>10,098,372</u>	<u>458,634</u>	<u>10,557,006</u>
Expenses:						
Program services:						
Fire zone educational and retail	1,663,775	-	1,663,775	1,724,022	-	1,724,022
Wellness programs	445,814	-	445,814	488,692	-	488,692
Fire and life safety programs	7,885,382	-	7,885,382	4,726,661	-	4,726,661
Total program services	<u>9,994,971</u>	<u>-</u>	<u>9,994,971</u>	<u>6,939,375</u>	<u>-</u>	<u>6,939,375</u>
Supporting services:						
Management and general	271,124	-	271,124	276,016	-	276,016
Fundraising	150,283	-	150,283	168,910	-	168,910
Total supporting services	<u>421,407</u>	<u>-</u>	<u>421,407</u>	<u>444,926</u>	<u>-</u>	<u>444,926</u>
Total expenses	<u>10,416,378</u>	<u>-</u>	<u>10,416,378</u>	<u>7,384,301</u>	<u>-</u>	<u>7,384,301</u>
Change in net assets	2,776,327	(1,798,929)	977,398	2,714,071	458,634	3,172,705
Net assets:						
Beginning of year	<u>14,315,172</u>	<u>8,234,245</u>	<u>22,549,417</u>	<u>11,601,101</u>	<u>7,775,611</u>	<u>19,376,712</u>
End of year	<u>\$ 17,091,499</u>	<u>\$ 6,435,316</u>	<u>\$ 23,526,815</u>	<u>\$ 14,315,172</u>	<u>\$ 8,234,245</u>	<u>\$ 22,549,417</u>

See notes to financial statements.

**FDNY FOUNDATION, INC.**  
**Statements of Functional Expenses**  
**For the year ended June 30, 2021**  
**(with summarized total for June 30, 2020)**

	Program Services				Supporting Services			Totals	
	Fire Zone Educational and Retail	Wellness Programs	Fire and Life Safety Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2021	2020
Salaries	\$ 137,787	\$ -	\$ 230,994	\$ 368,781	\$ 62,024	\$ 111,265	\$ 173,289	\$ 542,070	\$ 576,175
Payroll taxes and benefits	18,231	-	11,420	29,651	35,144	-	35,144	64,795	80,459
Professional fees	101,073	2,831	99,411	203,315	64,726	750	65,476	268,791	315,900
Counseling services	-	-	2,500	2,500	-	-	-	2,500	72,593
Meeting space rental and related expenses	1,238	-	7,401	8,639	526	14,698	15,224	23,863	89,933
Printing and publications	(122)	-	32,916	32,794	265	9,066	9,331	42,125	26,804
Dues and subscriptions	7,947	-	11,095	19,042	9,169	3,534	12,703	31,745	22,763
Supplies and materials	30,317	2,645	67,570	100,532	856	2,740	3,596	104,128	78,033
Advertising and promotion	83,763	-	1,000,587	1,084,350	-	-	-	1,084,350	1,126,697
Smoke alarms and batteries	-	-	-	-	-	-	-	-	298,700
Rent	626,118	377,465	543,854	1,547,437	33,533	-	33,533	1,580,970	1,359,592
Postage, shipping and delivery	93,951	33	7,960	101,944	3,676	60	3,736	105,680	84,446
Grants to Fire Department	-	-	1,967,167	1,967,167	-	-	-	1,967,167	810,078
Donated equipment and supplies	-	-	2,205,019	2,205,019	-	-	-	2,205,019	449,134
Equipment rental and expense	2,435	-	832,391	834,826	-	-	-	834,826	142,232
Telephone	12,386	20,626	7,148	40,160	5,734	-	5,734	45,894	24,550
Repairs and maintenance	81,173	1,239	1,296	83,708	250	-	250	83,958	87,395
Communication and internet	10,705	5,808	-	16,513	250	-	250	16,763	6,432
Bank charges and other fees	24,107	48	8,808	32,963	12,398	7,757	20,155	53,118	73,539
Utilities	-	34,704	1,500	36,204	500	-	500	36,704	31,822
Travel	655	-	22,286	22,941	-	413	413	23,354	18,859
Temporary help	65,502	-	277,743	343,245	6,519	-	6,519	349,764	720,611
Support for fallen uniform members	-	-	58,541	58,541	-	-	-	58,541	267,792
Support for uniform members	800	-	390,380	391,180	-	-	-	391,180	452,095
Other	22,819	415	97,395	120,629	35,554	-	35,554	156,183	107,214
<b>Total expenses before depreciation</b>	<b>1,320,885</b>	<b>445,814</b>	<b>7,885,382</b>	<b>9,652,081</b>	<b>271,124</b>	<b>150,283</b>	<b>421,407</b>	<b>10,073,488</b>	<b>7,323,848</b>
Depreciation	342,890	-	-	342,890	-	-	-	342,890	60,453
<b>Total expenses</b>	<b>\$ 1,663,775</b>	<b>\$ 445,814</b>	<b>\$ 7,885,382</b>	<b>\$ 9,994,971</b>	<b>\$ 271,124</b>	<b>\$ 150,283</b>	<b>\$ 421,407</b>	<b>\$ 10,416,378</b>	<b>\$ 7,384,301</b>

See notes to financial statements.

**FDNY FOUNDATION, INC.**  
**Statements of Functional Expenses**  
**For the year ended June 30, 2020**

	Program Services			Supporting Services			Totals	
	Fire Zone Educational and Retail	Wellness Programs	Fire and Life Safety Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2020
Salaries	\$ 185,088	\$ -	\$ 222,318	\$ 407,406	\$ 57,504	\$ 111,265	\$ 168,769	\$ 576,175
Payroll taxes and benefits	6,981	-	8,868	15,849	64,610	-	64,610	80,459
Professional fees	87,090	84,500	85,994	257,584	55,191	3,125	58,316	315,900
Counseling services	-	-	72,593	72,593	-	-	-	72,593
Meeting space rental and related expenses	1,319	-	58,998	60,317	4,290	25,326	29,616	89,933
Printing and publications	491	-	17,916	18,407	1,414	6,983	8,397	26,804
Dues and subscriptions	5,954	-	6,797	12,751	7,184	2,828	10,012	22,763
Supplies and materials	24,491	-	50,810	75,301	2,097	635	2,732	78,033
Advertising and promotion	42,392	-	1,079,809	1,122,201	300	4,196	4,496	1,126,697
Smoke alarms and batteries	-	-	298,700	298,700	-	-	-	298,700
Rent	956,006	340,053	30,000	1,326,059	33,533	-	33,533	1,359,592
Postage, shipping and delivery	78,783	-	3,933	82,716	288	1,442	1,730	84,446
Grants to Fire Department	-	-	810,078	810,078	-	-	-	810,078
Donated equipment and supplies	-	-	449,134	449,134	-	-	-	449,134
Equipment rental and expense	-	6,055	136,177	142,232	-	-	-	142,232
Telephone	-	20,165	370	20,535	4,015	-	4,015	24,550
Repairs and maintenance	87,145	-	-	87,145	250	-	250	87,395
Communication and internet	-	6,182	-	6,182	250	-	250	6,432
Bank charges and other fees	44,320	-	14,311	58,631	2,367	12,541	14,908	73,539
Utilities	-	31,322	-	31,322	500	-	500	31,822
Travel	124	-	18,166	18,290	-	569	569	18,859
Temporary help	141,096	-	563,966	705,062	15,549	-	15,549	720,611
Support for fallen uniform members	-	-	267,792	267,792	-	-	-	267,792
Support for uniform members	-	-	452,095	452,095	-	-	-	452,095
Uncollectible pledges	-	-	-	-	-	-	-	-
Other	2,289	415	77,836	80,540	26,674	-	26,674	107,214
<b>Total expenses before depreciation</b>	<b>1,663,569</b>	<b>488,692</b>	<b>4,726,661</b>	<b>6,878,922</b>	<b>276,016</b>	<b>168,910</b>	<b>444,926</b>	<b>7,323,848</b>
Depreciation	60,453	-	-	60,453	-	-	-	60,453
<b>Total expenses</b>	<b>\$ 1,724,022</b>	<b>\$ 488,692</b>	<b>\$ 4,726,661</b>	<b>\$ 6,939,375</b>	<b>\$ 276,016</b>	<b>\$ 168,910</b>	<b>\$ 444,926</b>	<b>\$ 7,384,301</b>

See notes to financial statements.



**FDNY FOUNDATION, INC.**  
**Statements of Cash Flows**  
**For the years ended June 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 977,398	\$ 3,172,705
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated retail facilities	617,850	860,925
Depreciation	342,890	60,453
Net realized and unrealized (gains) on investments	(2,053,943)	(126,152)
Forgiveness of PPP loan	(113,121)	-
(Increase) decrease in operating assets:		
Pledges receivable	(232,136)	(574,836)
Grants receivable	469,461	(462,493)
Royalties and other receivables	76,410	(26,445)
Inventory	(71,389)	(208,356)
Prepaid expenses and other assets	1,525	5,794
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(159,977)	98,711
Grants payable	600,000	(779,475)
Deferred revenue	473,724	(11,893)
Net cash provided by operating activities	928,692	2,008,938
Cash flows from investing activities:		
(Purchases) of investment securities	(1,294,054)	(1,508,605)
Proceeds from sales of investment securities	1,171,377	1,253,577
(Purchases) of property assets	(753,989)	(3,253,819)
Net cash (used in) investing activities	(876,666)	(3,508,847)
Cash flows from financing activities:		
Proceeds from PPP loan	105,826	113,121
Net cash provided by financing activities	105,826	113,121
Net increase (decrease) in cash and cash equivalents	157,852	(1,386,788)
Cash and cash equivalents:		
Beginning of year	4,077,148	5,463,936
End of year	\$ 4,235,000	\$ 4,077,148
Supplemental disclosure of cash flow information:		
Donated facilities and services	\$ 3,786,674	\$ 1,902,448

See notes to financial statements.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**Note 1 - Nature of Operations**

The FDNY Foundation, Inc. (the "Foundation") is a not-for-profit organization established in New York in 1981, previously known as the FDNY Fire Safety Education Fund, to provide varied fire-safety education programs and activities in furtherance of the fire-safety education programs of the New York City Fire Department (the "FDNY"). The Foundation provides programs (i) to promote the professional development, training, and educational interests of the members of the FDNY and others in all areas of fire administration, firefighting, and fire prevention and investigation; and (ii) to provide support to emergency medical services and their residual beneficial effects to the residents of New York City and New York State. The factors required for consolidation of the Foundation's financial statements with those of the FDNY are not present.

The funds raised assist the FDNY in its mission to prevent and respond to fires, medical emergencies, disasters and terrorist acts, thereby protecting the lives and property of residents and visitors in New York City. The Foundation funds programs to help meet the FDNY's training, equipment, and educational needs.

The FDNY, in collaboration with the Foundation, applies for and receives multiple federal, state and private grants. The grants' intended purpose is to provide counseling and wellness services for FDNY members and their families, public education, and training to members.

The Foundation also operates the FDNY Fire Zone, which provides varied fire-safety and fire-awareness education programs to children and others. The FDNY Fire Zone also operates a retail store which offers various FDNY merchandise for sale to the general public.

Except for certain types of income subject to unrelated business income tax (primarily from merchandise sales), the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Accounting**

The Foundation's financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Basis of Presentation**

The Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

**Net assets with donor restrictions:** net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For financial reporting purposes, the Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except for that portion of cash held as part of the investment portfolio.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Investment Valuation and Income Recognition**

The Foundation's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for discussion of fair value measurements.

Investment income is reflected in the statements of activities as increases and decreases in net assets without donor restrictions unless their use is temporarily restricted by explicit donor stipulations. Investment income includes interest and dividends earned on investments. Realized and unrealized gains and losses on investments reported at fair value are reported as a separate line item in the accompanying statements of activities.

**Contributions and Pledges Receivable**

Contributions are recorded as revenue upon the receipt of cash or unconditional pledges. Contributions are considered available for use without donor restrictions, unless specifically restricted by the donor. Conditional contributions are recorded when the specified conditions have been met. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

The Foundation reports contributions in the net assets with donor restrictions classification if they are received with donor stipulations or time considerations as to their use. When a donor's restriction is met, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

**Special Event**

The Foundation holds its annual FDNY Humanitarian Dinner to honor those who have supported the Department. Special event revenue is primarily derived from admissions, donations, and journal ad sales related to the humanitarian dinner. Special event revenue is recognized when pledged and/or received.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Revenue from Contracts with Customers**

The Foundation determines revenue through the following steps:

- Identification of the contract(s) with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of transaction price to the separate performance obligations;
- Recognition of revenue when, or as, performance obligations are satisfied.

Revenue is measured as the amount of consideration the Foundation expects to receive in exchange for providing goods or services. The primary sources of revenue from contracts with customers for the Foundation are licensing and royalty income, merchandise sales, and publication income.

*Licensing and Royalty Income*

The Foundation has an agreement with a third-party licensing agent of the City of New York, whereby the third-party licensing agent is responsible for the performance of the marketing and licensing services of the FDNY logo. In return, the Foundation receives 70% of the annual royalty income, net of expenditures.

*Merchandise Sales*

Through the FDNY Fire Zone, the Foundation operates a retail store which offers various FDNY merchandise for sale to the general public. Revenue is recognized when the risks and rewards of ownership and title to the product have transferred to the buyer. This generally occurs at the time of in- store sales or upon delivery to the customer.

*Publication Income*

Publication income is recognized over the annual subscription in the year received.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment are recorded at their original costs or, if contributed, at their appraised value at the dates of contributions. Depreciation of property and equipment is provided using the straight-line method over estimated useful lives of five to seven years; leasehold improvements are amortized over the term of the lease.

**Inventories**

Inventories consist of "FDNY" retail merchandise available for sale and are reported at the lower of cost or market value, using the first-in, first-out method. There were no write offs of obsolete inventory during 2021 and 2020.

**Accrued Vacation**

Based on their tenure, employees are entitled to be paid for unused vacation time if they leave the Foundation. The accrued vacation obligation was approximately \$49,000 and \$30,300 for fiscal years 2021 and 2020, respectively, and was reported as part of accrued expenses in the accompanying statements of financial position.

**Deferred Revenue**

Contract amounts received in advance are reported as deferred revenue until the related expense is incurred or service is performed, at which time revenue is recorded.

**Endowment Funds**

The Foundation reports all applicable disclosures to its board-designated funds treated as endowments (see Note 9). There are no donor-restricted endowment funds.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Rental Income**

The Foundation leases space to an unrelated party in accordance with a signed lease agreement. Rental income is recognized in accordance with the lease agreement.

**Government Grants**

Government grants revenue is recognized in the period the qualifying allowable expenditures are incurred. During fiscal year 2021, the PPP loan in the amount of \$113,121 was forgiven and is included in the grants revenue.

**Donated Goods and Services**

Donated goods and services that meet the requirements for recognition under generally accepted accounting principles are reported as both revenue and expense (or, in some cases, as assets) in the accompanying statements of activities, at amounts determined by management to be reasonable for obtaining such goods and services.

**Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, payroll taxes and benefits	Time and effort
Professional fees	Purpose of services provided
Meeting space rental and related expenses	Asset usage
Printing, publications, dues and subscriptions	Asset usage
Supplies and materials	Asset usage
Advertising and promotion	Purpose of services provided
Rent and utilities	Asset usage
Postage, shipping and delivery	Asset usage
Telephone, communication and internet	Asset usage
Repairs and maintenance	Purpose of services provided
Bank charges and other fees	Purpose of services provided
Travel	Purpose of services provided
Temporary help	Purpose of services provided
Other	Asset usage

**Advertising Costs**

Advertising costs are expensed as incurred.

**Income Taxes**

The Foundation files an annual Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service ("IRS"). At June 30, 2021, the Foundation's Form 990s for the years 2017 through 2020 remain eligible for examination by the IRS.

The Foundation adopted the provisions of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 740-10-05, relating to the accounting and reporting for uncertainty on income taxes. For the Foundation, these provisions could be applicable to the incurrence of unrelated business income tax ("UBIT") attributable to some of the Fire Zone retail store merchandise. Because of the Foundation's general tax-exempt status, ASC Topic 740-10-05 did not have, and is not anticipated to have, a material impact on the Foundation's financial statements.



**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Reclassification**

For purposes of comparison, certain reclassifications have been made to the accompanying 2020 financial statements to conform to the 2021 presentation. These reclassifications have no effect on the net assets previously reported.

**Note 3 - Availability and Liquidity**

The following represents the Foundation's liquid financial assets at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 4,235,000	\$ 4,077,148
Pledges, grants, royalties and other receivables, net	5,184,716	6,116,301
Investments	<u>11,136,959</u>	<u>8,960,330</u>
Total financial assets	<u>20,556,675</u>	<u>19,153,779</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	6,435,316	8,234,245
Less net assets with purpose restrictions to be met in less than one year	(1,502,829)	(1,276,703)
Board-designated endowment	<u>11,136,959</u>	<u>8,960,330</u>
	<u>16,069,446</u>	<u>15,917,872</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,487,229</u>	<u>\$ 3,235,907</u>

The Foundation's intent is generally to maintain financial assets to meet no less than 60 days of operating expenses (approximately \$900,000). As part of its liquidity plan, excess cash and cash equivalents are held or invested at the direction of the Finance Committee of the Board of Directors.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 4 - Risks and Uncertainties**

The Foundation maintains its cash balances at major money center financial institutions. Balances fluctuate during the year and may exceed the FDIC insurance limits. The Foundation has not experienced any losses in such accounts and management does not anticipate nonperformance by its financial institutions.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Foundation's statements of financial position.

**Note 5 - Fair Value Measurements**

Financial Accounting Standards Board ("FASB") *Accounting Standards Codification* ("ASC") 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. It defines fair value as an exit price, which is the price that would be received for an asset or paid to transfer a liability in the Foundation's principal or most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date.

The fair value hierarchy generally requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the entity's own assumptions based on market data and the entity's judgments about the assumptions that market participants would use in pricing the asset or liability, and are to be developed based on the best information available in the circumstances.

The Foundation determines the fair market value of its investments based on the established fair value definition and hierarchy levels. The three levels within the hierarchy that may be used to measure fair value are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs, including Level 1 prices that have been adjusted; quoted prices for similar assets or liabilities; quoted prices in markets that are less active than traded exchanges; and other inputs that are observable or can be substantially corroborated by observable market data.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 5 - Fair Value Measurements (Continued)**

Level 3: Unobservable inputs that are supported by little or no market activity and that are a significant component of the fair value of the assets or liabilities.

The lowest level of input that is a significant component of the fair value measurements determines the placement of the entire fair value measurement in the hierarchy. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the classification of fair value assets and liabilities within the fair value hierarchy levels.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Corporate bonds:

Corporate bonds are valued using a non-call spread scale that is created for each issuer for maturities going out to forty years. The spreads represent credit risk and are obtained from the new issue market, secondary trading and dealer quotations, using pricing models maximizing the use of observable inputs for similar securities.

Equity securities:

Equity securities are valued using quoted market prices in active markets.

Mutual funds and exchange-traded funds:

Mutual funds and exchange-traded funds (the "Funds") are valued at the closing price every business day. The Funds held by the Foundation are registered with the Securities and Exchange Commission. These Funds are required to publish their daily net asset value (NAV) and to transact at that price. The Funds held by the Foundation are deemed to be actively traded.

Money market fund:

The money market fund is stated at cost which approximates fair value.

The preceding valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 5 - Fair Value Measurements (Continued)**

The following table sets forth, by level, the Foundation's assets that were accounted for at fair value on a recurring basis as of June 30, 2021 and 2020:

Investments in securities: -

	2021				2020			
	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments at fair value:								
Corporate bonds:								
Preferred	\$ 81,805	\$ -	\$ 81,805	\$ -	\$ 97,936	\$ -	\$ 97,936	\$ -
Other	192,630	-	192,630	-	175,326	-	175,326	-
	<u>274,435</u>	<u>-</u>	<u>274,435</u>	<u>-</u>	<u>273,262</u>	<u>-</u>	<u>273,262</u>	<u>-</u>
Equity securities:								
Materials	108,440	108,440	-	-	85,619	85,619	-	-
Consumer goods	293,353	293,353	-	-	226,427	226,427	-	-
Financial	450,430	450,430	-	-	301,905	301,905	-	-
Foreign	400,056	400,056	-	-	287,310	287,310	-	-
Health care	342,613	342,613	-	-	272,895	272,895	-	-
Industrials	275,463	275,463	-	-	190,649	190,649	-	-
Services	178,158	178,158	-	-	138,649	138,649	-	-
Technology	1,067,090	1,067,090	-	-	729,273	729,273	-	-
Other	164,476	164,476	-	-	108,561	108,561	-	-
	<u>3,280,079</u>	<u>3,280,079</u>	<u>-</u>	<u>-</u>	<u>2,341,288</u>	<u>2,341,288</u>	<u>-</u>	<u>-</u>
Mutual and exchange-traded funds:								
Emerging markets	306,479	306,479	-	-	221,879	221,879	-	-
Foreign	479,561	479,561	-	-	349,704	349,704	-	-
Blend	1,230,856	1,230,856	-	-	969,545	969,545	-	-
Growth	211,209	211,209	-	-	161,415	161,415	-	-
Bonds	4,089,459	4,089,459	-	-	3,464,763	3,464,763	-	-
Other	436,475	436,475	-	-	352,308	352,308	-	-
	<u>6,754,039</u>	<u>6,754,039</u>	<u>-</u>	<u>-</u>	<u>5,519,614</u>	<u>5,519,614</u>	<u>-</u>	<u>-</u>
Money market fund	828,406	-	828,406	-	826,166	-	826,166	-
Total investments	<u>\$ 11,136,959</u>	<u>\$ 10,034,118</u>	<u>\$ 1,102,841</u>	<u>\$ -</u>	<u>\$ 8,960,330</u>	<u>\$ 7,860,902</u>	<u>\$ 1,099,428</u>	<u>\$ -</u>

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 6 - Receivables**

**Pledges Receivable**

At June 30, 2021 and 2020, pledges receivable are due as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 1,502,829	\$ 1,276,703
One to five years	<u>3,759,414</u>	<u>4,313,391</u>
	5,262,243	5,590,094
Reduction of pledges due in excess of one year to present value at 1.98% and 1.25% for fiscal years 2021 and 2020, respectively	<u>(330,749)</u>	<u>(272,886)</u>
Total pledges receivable, net	<u>\$ 4,931,494</u>	<u>\$ 5,317,208</u>

For fiscal years 2021 and 2020, pledges receivable included \$4,263,392 and \$4,881,242, respectively, that represented the value of the donated facilities reserved for use by the Foundation. Based on management's past experience, no reserve for non-collectability was established for fiscal years 2021 and 2020.

**Receivables from Grants, Royalties and Other Sources**

At June 30, 2021 and 2020, receivables from grants and royalties consisted of amounts arising from exchange transactions with the Foundation. All amounts are due within one year. Based on management's past experience, no reserve for non-collectability was deemed necessary for fiscal years 2021 and 2020.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 7 - Property and Equipment**

Property assets, stated at cost, consist of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures and equipment	\$ 765,058	\$ 733,004
Leasehold improvements	4,656,183	40,304
Construction in progress	<u>-</u>	<u>3,893,953</u>
	5,421,241	4,667,261
Less: accumulated depreciation	<u>876,049</u>	<u>533,159</u>
Net property assets	<u>\$ 4,545,192</u>	<u>\$ 4,134,102</u>

Depreciation expense for fiscal years 2021 and 2020 was \$342,890 and \$60,453, respectively.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 8 - Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Specific purpose:		
Fire Zone safety learning center	\$ 84,660	\$ 284,120
Family assistance	593,344	408,580
Fire department equipment and apparatus	977,979	1,168,706
Emergency Medical Services	11,098	19,853
FDNY Counseling Services Unit	25,000	122,238
COVID-19 - Emergency Fund	414,242	1,283,904
Other	<u>66,818</u>	<u>96,819</u>
Total specific purpose	<u>2,173,141</u>	<u>3,384,220</u>
Passage of time:		
Fire Zone safety learning center:		
Less than one year	587,850	587,850
One to five years	2,939,250	2,939,250
Thereafter	<u>735,075</u>	<u>1,322,925</u>
Total passage of time	<u>4,262,175</u>	<u>4,850,025</u>
Total net assets with donor restrictions	<u>\$ 6,435,316</u>	<u>\$ 8,234,245</u>

Net assets released from restrictions during each fiscal year consisted of the following:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Fire Zone safety learning center	\$ 406,961	\$ 1,022,740
Family assistance	145,808	285,094
Fire department equipment and apparatus	239,327	342,637
Emergency Medical Services	8,755	25,631
FDNY Counseling Services Unit	179,481	55,352
COVID-19 - Emergency Fund	1,265,605	566,095
Other	<u>30,000</u>	<u>253</u>
Total net assets released from purpose restrictions	<u>2,275,937</u>	<u>2,297,802</u>
Satisfaction of passage of time restrictions:		
Fire Zone safety learning center	<u>587,850</u>	<u>587,850</u>
Total net assets released from restrictions	<u>\$ 2,863,787</u>	<u>\$ 2,885,652</u>

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 9 - Board-designated Endowment Funds**

The Foundation's endowment funds consist solely of those funds without donor restrictions designated by the Board of Directors to provide a predictable stream of funds for the Foundation's programs.

The Foundation will continue to adhere to NYPMIFA's requirements relating to the Foundation's board-designated endowment funds.

Changes in endowment assets during each fiscal year consisted of the following:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 8,960,330	\$ 8,579,149
Investment return:		
Investment income	127,000	172,641
Transfer from without donor restrictions fund	-	82,388
Other	(4,314)	-
Net appreciation on investments	<u>2,053,943</u>	<u>126,152</u>
Total investment return	<u>2,176,629</u>	<u>381,181</u>
Endowment net assets, end of year	<u>\$ 11,136,959</u>	<u>\$ 8,960,330</u>

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets and assuming a moderate level of investment risk.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation within prudent risk constraints.



**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 10 - Donated Facilities, Assets, and Services**

**Rockefeller Center**

In January 2000, a corporate sponsor donated leased space to the City of New York to be managed under a license agreement by the FDNY Foundation, for the development of a fire safety learning center. The term of the lease and license agreement was 10 years. The space is also used for the Fire Zone. The general purpose of the learning center is to develop a broader understanding of the FDNY's operations, in order to expand public awareness and generate goodwill. The learning center offers fire safety education exhibits and programs operated and managed by the Foundation in support of the FDNY. The agreement was renewed in January 2010 for an additional ten years. In September 2018, the Foundation entered into a direct lease with the same corporate sponsor at a new location for the Fire Zone. The new Fire Zone opened to the public in September 2020. The lease has an expiration date of December 31, 2028.

The space donated for the original 51<sup>st</sup> Street learning center was recorded at its estimated fair value. In fiscal year 2020, \$329,888 was released from restrictions and is reported in the accompanying statements of activities.

The space donated for the new 48<sup>th</sup> Street learning center was recorded at its estimated fair value. In fiscal years 2021 and 2020, \$587,850, was released from restrictions and is reported in the accompanying statements of activities.

**Warehouse**

The Foundation entered into a license agreement to use space in a FDNY facility. In fiscal years 2021 and 2020, \$38,268 was recorded as both revenue and expense, respectively, in the accompanying financial statements. The agreement is in effect through December 31, 2021.

**Storage Facility**

The Foundation entered into a license agreement effective September 10, 2020 to store PPE equipment that is provided to uniform members. In fiscal year 2021, \$513,854 was recorded as both revenue and expense in the accompanying financial statements. The agreement was in effect through June 30, 2021 and is being extended every three months until such time as storage is no longer required.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 10 - Donated Facilities, Assets, and Services (Continued)**

**Atlantis Marina and Yacht Club**

In July 2011, Atlantis Marina and Yacht Club donated space in its marina to maintain and operate a long trailer as Marine 8's headquarters, and a boat slip for fireboats and other vessels which provide emergency response services in Raritan Bay, Lower Bay, Arthur Kill and the Atlantic Ocean. The agreement was renewed in July 2016 for an additional five years.

The space donated at the marina was recorded at its estimated fair value. In fiscal years 2021 and 2020, \$30,000 was released from restrictions and is reported in the accompanying statements of activities.

**Public Service Announcements**

During fiscal years 2021 and 2020, the Foundation received the benefit of public service announcements ("PSAs") on local television stations. The PSAs were recorded as both revenue and expense in the accompanying statements of activities, based on a fair value of approximately \$1,000,000 in both years.

**Educational**

During fiscal years 2021 and 2020, the Foundation received various fire prevention material to assist in fire safety awareness. The material have a fair value of \$8,399 and \$298,700, respectively, and have been reported as revenue and expense in the accompanying statements of activities.

**COVID-19 Emergency Fund**

During fiscal years 2021 and 2020, the Foundation received various supplies and materials to assist its COVID-19 Emergency Fund, which supports FDNY and uniformed members on the frontline of the pandemic. The supplies and materials have a fair value of \$1,931,454 and \$371,497, respectively, and have been reported as revenue and expense in the accompanying statements of activities.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 11 - Employee Benefit Plan**

The Foundation has an employee benefit plan, as prescribed under U.S. Internal Revenue Code Section 401(k), that covers all eligible employees. All employees who have attained the age of 21 are eligible to participate. Contributions to the 401(k) plan are based on a maximum of 50% on the first 6% of an eligible employee's elective deferral. After completion of six years of service, eligible employees are considered to be 100% vested in employer matching contributions. During fiscal years 2021 and 2020, the Foundation made matching contributions to the 401(k) plan of \$9,808 and \$11,407, respectively.

**Note 12 - Commitments and Contingencies**

**Lease Commitments**

The Foundation occupies multiple office premises under non-cancelable operating leases expiring through June 30, 2022. Three of the leases contain rent escalation clauses.

Future minimum rental obligations as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	<u>\$ 373,880</u>
Total	<u>\$ 373,880</u>

Rent expense for fiscal years 2021 and 2020 was \$1,580,970 and \$1,359,592, respectively, which included \$1,199,505 and \$1,015,539 of donated retail and office space in the fiscal years 2021 and 2020, respectively.

**Government-supported Projects**

Government-supported projects are subject to audit by the applicable government granting agencies. At June 30, 2021, there were no material obligations outstanding as a result of such audits, and management believes that any subsequent audits will not result in any material obligations.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 13 - Related Party Transactions**

The FDNY has authorized the lease rights of the commissary store in the FDNY headquarters lobby to the Foundation. The Foundation entered into a lease arrangement on October 16, 2017 with an unrelated contractor to operate the commissary store through October 15, 2020. All amounts received through the lease of the facility are to be used by the Foundation to fund current operations.

During fiscal years 2021 and 2020, the Foundation made grants to the FDNY of \$1,967,166 and \$810,078, respectively, for various projects. Approved grants totaling \$1,500,000 will be paid during fiscal year 2022.

**Note 14 - Tax Status**

The Foundation has been determined by the IRS to be exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code (the "IRC") and has been classified as a publicly supported organization as described in Section 509(a)(1) of the IRC. Accordingly, contributions to the Foundation entitle donors to the maximum charitable contribution deduction allowed under the IRC.

**Note 15 - Line of Credit**

In October 2018, the Foundation obtained a \$2,000,000 line of credit with a financial institution to be used for working capital for the build-out of the new Fire Zone. The line of credit is secured by the investments held by the FDNY Foundation. The line of credit was closed in September 2020.

**Note 16 - Paycheck Protection Program Loan**

In May 2020, the Foundation entered into a Paycheck Protection Program Term Note (the "PPP Note") with Bank of America, NA in the amount of \$113,121. The PPP Note was issued to the Foundation pursuant to the Coronavirus, Aid, Relief, and Economic Security Act's (the "CARES Act") (P.L. 116-136) Paycheck Protection Program (the "Program"). Under the Program, all or a portion of the PPP Note may be forgiven in accordance with the Program requirements. On January 16, 2021, the amount of the PPP Note was forgiven in full.

**FDNY FOUNDATION, INC.**  
**Notes to Financial Statements (Continued)**  
**June 30, 2021 and 2020**

**Note 16 - Paycheck Protection Program Loan (Continued)**

In January 2021, the Foundation entered into a second Paycheck Protection Program Term Note (the "second PPP Note") with Bank of America, NA in the amount of \$105,826. The second PPP Note was issued to the Foundation pursuant to the CARES Act. (P.L. 116-136) Paycheck Protection Program (the "Program"). Under the Program, all or a portion of the second PPP Note may be forgiven in accordance with the Program requirements. The second PPP Note carries a maturity date of January 2026, at a 1% interest rate. The amount of the forgiveness shall be calculated (and may be reduced) in accordance with the requirements of the Program, including the provisions of the CARES Act. No more than 40% of the amount forgiven can be attributable to non-payroll costs, as defined in the Program.

At June 30, 2021 and 2020, loans payable were \$105,826 and \$113,121, respectively.

**Note 17 - Subsequent Events**

The Foundation has evaluated subsequent events and transactions through March 11, 2022, the date that the financial statements were available to be issued.

In October 2021, the entire principal and accrued interest of the second PPP Note was forgiven. In the subsequent year this amount will be recorded as income in the public support and revenue section of the statements of activities.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
FDNY Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FDNY Foundation Inc. (the "Foundation"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 11, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Buchbinder Tunick & Company LLP*

BUCHBINDER TUNICK & COMPANY LLP

New York, NY  
March 11, 2022