

FDNY FOUNDATION, INC.

**Financial Statements
and
Supplemental Schedules**

For the Years Ended June 30, 2022 and 2021

 **BUCHBINDER**

FDNY FOUNDATION, INC.
Financial Statements and Supplemental Schedules
For the Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
FDNY Foundation, Inc.

Opinion

We have audited the accompanying financial statements of FDNY Foundation, Inc. (the "Foundation") (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FDNY Foundation, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FDNY Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about FDNY Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FDNY Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FDNY Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

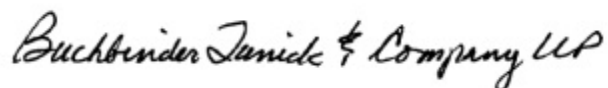
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters - Supplemental Schedule

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2023, 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 the effectiveness of FDNY Foundation, Inc.'s 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 FDNY Foundation, Inc.'s internal control over financial reporting and compliance.



BUCHBINDER TUNICK & COMPANY LLP

New York, NY
May 5, 2023

FDNY FOUNDATION, INC.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Assets:		
Cash and cash equivalents	\$ 4,539,006	\$ 4,235,000
Pledges receivable, net	3,889,065	4,931,494
Grants receivable	1,608,645	216,989
Royalties and other receivables	141,071	36,233
Investments	9,947,312	11,136,959
Inventory	1,031,889	709,652
Prepaid expenses and other assets	56,252	47,865
Property and equipment, net	3,927,879	4,545,192
Total assets	\$ 25,141,119	\$ 25,859,384
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 92,485	\$ 127,523
Grants payable	1,650,000	1,500,000
Deferred revenue	-	599,220
PPP loan	-	105,826
Total liabilities	1,742,485	2,332,569
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Undesignated	8,053,578	5,954,540
Board-designated endowment	9,947,312	11,136,959
	18,000,890	17,091,499
With donor restrictions	5,397,744	6,435,316
Total net assets	23,398,634	23,526,815
Total liabilities and net assets	\$ 25,141,119	\$ 25,859,384

See notes to financial statements.

FDNY FOUNDATION, INC.
Statements of Activities
For the years ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions and private grants	\$ 2,381,009	\$ 1,115,890	\$ 3,496,899	\$ 1,174,973	\$ 1,064,858	\$ 2,239,831
In-kind contributions	2,300,027	150,000	2,450,027	3,786,674	-	3,786,674
Government grants	1,098,721	-	1,098,721	285,666	-	285,666
Special events (net of direct expenses of \$391,388 and \$18,915 for 2022 and 2021, respectively)	3,210,844	-	3,210,844	2,335,875	-	2,335,875
Licensing royalties and commissions	138,273	-	138,273	74,067	-	74,067
Merchandise sales - Fire Zone retail (net of cost of goods sold of \$239,483 and \$363,012 for 2022 and 2021, respectively)	1,005,353	-	1,005,353	298,875	-	298,875
Publications	89,333	-	89,333	142,950	-	142,950
Interest and dividends, net	226,578	-	226,578	127,000	-	127,000
Net realized and unrealized (losses) gains on investments	(1,684,604)	-	(1,684,604)	2,053,943	-	2,053,943
Document control unit processing	74,307	-	74,307	48,380	-	48,380
Rental income	6,000	-	6,000	-	-	-
Other	294,694	-	294,694	515	-	515
	<u>9,140,535</u>	<u>1,265,890</u>	<u>10,406,425</u>	<u>10,328,918</u>	<u>1,064,858</u>	<u>11,393,776</u>
Net assets released from restrictions	<u>2,303,462</u>	<u>(2,303,462)</u>	<u>-</u>	<u>2,863,787</u>	<u>(2,863,787)</u>	<u>-</u>
Total public support and revenue	<u>11,443,997</u>	<u>(1,037,572)</u>	<u>10,406,425</u>	<u>13,192,705</u>	<u>(1,798,929)</u>	<u>11,393,776</u>
Expenses:						
Program services:						
Fire zone educational and retail	2,041,204	-	2,041,204	1,663,775	-	1,663,775
Wellness programs	540,828	-	540,828	445,814	-	445,814
Fire and life safety programs	7,378,979	-	7,378,979	7,885,382	-	7,885,382
Total program services	<u>9,961,011</u>	<u>-</u>	<u>9,961,011</u>	<u>9,994,971</u>	<u>-</u>	<u>9,994,971</u>
Supporting services:						
Management and general	232,503	-	232,503	271,124	-	271,124
Fundraising	341,092	-	341,092	150,283	-	150,283
Total supporting services	<u>573,595</u>	<u>-</u>	<u>573,595</u>	<u>421,407</u>	<u>-</u>	<u>421,407</u>
Total expenses	<u>10,534,606</u>	<u>-</u>	<u>10,534,606</u>	<u>10,416,378</u>	<u>-</u>	<u>10,416,378</u>
Change in net assets	909,391	(1,037,572)	(128,181)	2,776,327	(1,798,929)	977,398
Net assets:						
Beginning 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>
End of year	<u>\$ 18,000,890</u>	<u>\$ 5,397,744</u>	<u>\$ 23,398,634</u>	<u>\$ 17,091,499</u>	<u>\$ 6,435,316</u>	<u>\$ 23,526,815</u>

See notes to financial statements.

FDNY FOUNDATION, INC.
Statements of Functional Expenses
For the year ended June 30, 2022

	Program Services			Total Program Services	Supporting Services			Totals
	Fire Zone Educational and Retail	Wellness Programs	Fire and Life Safety Programs		Management and General	Fundraising	Total Supporting Services	2022
Salaries	\$ 192,869	\$ -	\$ 257,086	\$ 449,955	\$ 64,217	\$ 128,545	\$ 192,762	\$ 642,717
Payroll taxes and benefits	22,862	-	30,482	53,344	7,621	15,241	22,862	76,206
Professional fees	890	-	120,677	121,567	60,476	-	60,476	182,043
Counseling services	-	315	130,000	130,315	-	-	-	130,315
Meeting space rental and related expenses	1,055	-	62,900	63,955	7,790	106,400	114,190	178,145
Printing and publications	370	-	19,011	19,381	300	25,821	26,121	45,502
Dues and subscriptions	13,812	-	10,403	24,215	7,908	849	8,757	32,972
Supplies and materials	65,525	5,675	154,776	225,976	2,061	8,924	10,985	236,961
Advertising and promotion	121,272	-	1,609,787	1,731,059	2,225	1,052	3,277	1,734,336
Rent	587,500	430,609	714,426	1,732,535	4,000	-	4,000	1,736,535
Postage, shipping and delivery	123,401	-	423	123,824	265	175	440	124,264
Grants to Fire Department	-	6,682	2,199,422	2,206,104	-	-	-	2,206,104
Donated equipment and supplies	500	-	580,601	581,101	-	-	-	581,101
Equipment	474	-	524,434	524,908	235	500	735	525,643
Telephone	19,006	20,920	7,394	47,320	5,997	-	5,997	53,317
Repairs and maintenance	111,006	1,703	3,919	116,628	250	19,750	20,000	136,628
Communication and internet	8,955	6,481	816	16,252	250	-	250	16,502
Bank charges and other fees	28,950	266	10,617	39,833	13,274	20,408	33,682	73,515
Utilities	1,820	37,061	1,950	40,831	500	-	500	41,331
Travel	642	-	22,337	22,979	100	12,212	12,312	35,291
Temporary help	105,822	-	428,479	534,301	5,004	-	5,004	539,305
Support for fallen uniform members	-	-	216,107	216,107	-	-	-	216,107
Support for uniform members	-	-	93,930	93,930	-	-	-	93,930
Other	7,564	31,116	179,002	217,682	50,030	1,215	51,245	268,927
Total expenses before depreciation	1,414,295	540,828	7,378,979	9,334,102	232,503	341,092	573,595	9,907,697
Depreciation	626,909	-	-	626,909	-	-	-	626,909
Total expenses	\$ 2,041,204	\$ 540,828	\$ 7,378,979	\$ 9,961,011	\$ 232,503	\$ 341,092	\$ 573,595	\$ 10,534,606

See notes to financial statements.

FDNY FOUNDATION, INC.
Statements of Functional Expenses
For the year ended June 30, 2021

	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
Salaries	\$ 137,787	\$ -	\$ 230,994	\$ 368,781	\$ 62,024	\$ 111,265	\$ 173,289	\$ 542,070
Payroll taxes and benefits	18,231	-	11,420	29,651	35,144	-	35,144	64,795
Professional fees	101,073	2,831	99,411	203,315	64,726	750	65,476	268,791
Counseling services	-	-	2,500	2,500	-	-	-	2,500
Meeting space rental and related expenses	1,238	-	7,401	8,639	526	14,698	15,224	23,863
Printing and publications	(122)	-	32,916	32,794	265	9,066	9,331	42,125
Dues and subscriptions	7,947	-	11,095	19,042	9,169	3,534	12,703	31,745
Supplies and materials	30,317	2,645	67,570	100,532	856	2,740	3,596	104,128
Advertising and promotion	83,763	-	1,000,587	1,084,350	-	-	-	1,084,350
Rent	626,118	377,465	543,854	1,547,437	33,533	-	33,533	1,580,970
Postage, shipping and delivery	93,951	33	7,960	101,944	3,676	60	3,736	105,680
Grants to Fire Department	-	-	1,967,167	1,967,167	-	-	-	1,967,167
Donated educational items	-	-	2,205,019	2,205,019	-	-	-	2,205,019
Equipment	2,435	-	832,391	834,826	-	-	-	834,826
Telephone	12,386	20,626	7,148	40,160	5,734	-	5,734	45,894
Repairs and maintenance	81,173	1,239	1,296	83,708	250	-	250	83,958
Communication and internet	10,705	5,808	-	16,513	250	-	250	16,763
Bank charges and other fees	24,107	48	8,808	32,963	12,398	7,757	20,155	53,118
Utilities	-	34,704	1,500	36,204	500	-	500	36,704
Travel	655	-	22,286	22,941	-	413	413	23,354
Temporary help	65,502	-	277,743	343,245	6,519	-	6,519	349,764
Support for fallen uniform members	-	-	58,541	58,541	-	-	-	58,541
Support for uniform members	800	-	390,380	391,180	-	-	-	391,180
Other	22,819	415	97,395	120,629	35,554	-	35,554	156,183
Total expenses before depreciation	1,320,885	445,814	7,885,382	9,652,081	271,124	150,283	421,407	10,073,488
Depreciation	342,890	-	-	342,890	-	-	-	342,890
Total expenses	\$ 1,663,775	\$ 445,814	\$ 7,885,382	\$ 9,994,971	\$ 271,124	\$ 150,283	\$ 421,407	\$ 10,416,378

See notes to financial statements.

FDNY FOUNDATION, INC.
Statements of Cash Flows
For the years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ (128,181)	\$ 977,398
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Donated retail facilities	617,850	617,850
Depreciation	626,909	342,890
Net realized and unrealized losses (gains) on investments	1,684,604	(2,053,943)
PPP loan forgiveness	(105,826)	(113,121)
(Increase) decrease in operating assets:		
Pledges receivable	424,579	(232,136)
Grants receivable	(1,391,656)	469,461
Royalties and other receivables	(104,838)	76,410
Inventory	(322,237)	(71,389)
Prepaid expenses and other assets	(8,387)	1,525
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(35,038)	(159,977)
Grants payable	150,000	600,000
Deferred revenue	(599,220)	473,724
	<u>808,559</u>	<u>928,692</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
(Purchases) of investment securities	(1,622,789)	(1,294,054)
Proceeds from sales of investment securities	1,127,832	1,171,377
(Purchases) of property and equipment	(9,596)	(753,989)
	<u>(504,553)</u>	<u>(876,666)</u>
Net cash (used in) investing activities		
Cash flows from financing activities:		
Proceeds from PPP loan	-	105,826
	<u>-</u>	<u>105,826</u>
Net cash provided by financing activities		
Net increase in cash and cash equivalents	304,006	157,852
Cash and cash equivalents:		
Beginning of year	<u>4,235,000</u>	<u>4,077,148</u>
End of year	<u>\$ 4,539,006</u>	<u>\$ 4,235,000</u>

See notes to financial statements.

FDNY FOUNDATION, INC.
Notes to Financial Statements
June 30, 2022 and 2021

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 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, 2022 and 2021

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.

Board-designated endowment is an endowment fund created by the not-for-profit entity's governing board by designating a portion of its net assets without donor restrictions as unrestricted net assets to be invested to provide income for a long but not necessarily specified period.

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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021

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.

Inventory

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 2022 and 2021.

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 \$47,000 and \$49,000 for fiscal years 2022 and 2021, 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, 2022 and 2021

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 2022, the PPP loan in the amount of \$105,826 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, 2022 and 2021

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, 2022, the Foundation's Form 990s for the years 2018 through 2021 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, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

New leasing standard, ASC 842, effective January 1, 2022. Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The impact of the new standard is not known at this time to the Foundation's financial statements.

Subsequent Events

The Foundation has evaluated subsequent events and transactions through May 5, 2023, the date that the financial statements were available to be issued.

Note 3 - Availability and Liquidity

The following represents the Foundation's liquid financial assets at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 4,539,006	\$ 4,235,000
Pledges, grants, royalties and other receivables, net	5,409,494	5,184,716
Investments	<u>9,947,312</u>	<u>11,136,959</u>
Total financial assets	<u>19,895,812</u>	<u>20,556,675</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	5,397,744	6,435,316
Less net assets with purpose restrictions to be met in less than one year	(1,054,350)	(1,502,829)
Board-designated endowment	<u>9,947,312</u>	<u>11,136,959</u>
	<u>14,290,706</u>	<u>16,069,446</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,605,106</u>	<u>\$ 4,487,229</u>

The Foundation's intent is generally to maintain financial assets to meet no less than 60 days of operating expenses (approximately \$1,100,000). 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, 2022 and 2021

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 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, 2022 and 2021

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, 2022 and 2021.

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, 2022 and 2021

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, 2022 and 2021:

Investments in securities:

	2022				2021			
	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	\$ 84,433	\$ -	\$ 84,433	\$ -	\$ 81,805	\$ -	\$ 81,805	\$ -
Other	164,081	-	164,081	-	192,630	-	192,630	-
	<u>248,514</u>	<u>-</u>	<u>248,514</u>	<u>-</u>	<u>274,435</u>	<u>-</u>	<u>274,435</u>	<u>-</u>
Equity securities:								
Materials	95,993	95,993	-	-	108,440	108,440	-	-
Consumer goods	233,237	233,237	-	-	293,353	293,353	-	-
Financial	357,531	357,531	-	-	450,430	450,430	-	-
Foreign	319,231	319,231	-	-	400,056	400,056	-	-
Health care	298,690	298,690	-	-	342,613	342,613	-	-
Industrials	215,703	215,703	-	-	275,463	275,463	-	-
Services	153,915	153,915	-	-	178,158	178,158	-	-
Technology	747,933	747,933	-	-	1,067,090	1,067,090	-	-
Other	155,939	155,939	-	-	164,476	164,476	-	-
	<u>2,578,173</u>	<u>2,578,173</u>	<u>-</u>	<u>-</u>	<u>3,280,079</u>	<u>3,280,079</u>	<u>-</u>	<u>-</u>
Mutual and exchange-traded funds:								
Emerging markets	215,987	215,987	-	-	306,479	306,479	-	-
Foreign	392,097	392,097	-	-	479,561	479,561	-	-
Blend	1,097,910	1,097,910	-	-	1,230,856	1,230,856	-	-
Growth	144,564	144,564	-	-	211,209	211,209	-	-
Bonds	3,965,553	3,965,553	-	-	4,089,459	4,089,459	-	-
Other	457,184	457,184	-	-	436,475	436,475	-	-
	<u>6,273,295</u>	<u>6,273,295</u>	<u>-</u>	<u>-</u>	<u>6,754,039</u>	<u>6,754,039</u>	<u>-</u>	<u>-</u>
Money market fund	847,330	-	847,330	-	828,406	-	828,406	-
Total investments	<u>\$ 9,947,312</u>	<u>\$ 8,851,468</u>	<u>\$ 1,095,844</u>	<u>\$ -</u>	<u>\$ 11,136,959</u>	<u>\$ 10,034,118</u>	<u>\$ 1,102,841</u>	<u>\$ -</u>

FDNY FOUNDATION, INC.
Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 6 - Receivables

Pledges Receivable

At June 30, 2022 and 2021, pledges receivable are due as follows:

	2022	2021
Less than one year	\$ 1,054,350	\$ 1,502,829
One to five years	3,245,643	3,759,414
	4,299,993	5,262,243
Reduction of pledges due in excess of one year to present value at 3.30% and 1.98% for fiscal years 2022 and 2021, respectively	(410,928)	(330,749)
Total pledges receivable, net	\$ 3,889,065	\$ 4,931,494

For fiscal years 2022 and 2021, pledges receivable included \$3,387,757 and \$3,934,392, 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 2022 and 2021.

Receivables from Grants, Royalties and Other Sources

At June 30, 2022 and 2021, 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 2022 and 2021.

FDNY FOUNDATION, INC.
Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 7 - Property and Equipment

Property assets, stated at cost, consist of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Furniture, fixtures and equipment	\$ 774,655	\$ 765,058
Leasehold improvements	<u>4,656,183</u>	<u>4,656,183</u>
	5,430,838	5,421,241
Less: accumulated depreciation	<u>1,502,959</u>	<u>876,049</u>
Property and equipment, net	<u>\$ 3,927,879</u>	<u>\$ 4,545,192</u>

Depreciation expense for fiscal years 2022 and 2021 was \$626,909 and \$342,890, respectively.

FDNY FOUNDATION, INC.
Notes to Financial Statements (Continued)
June 30, 2022 and 2021

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Specific purpose:		
Fire Zone safety learning center	\$ 5,150	\$ 84,660
Family assistance	555,243	593,344
Fire department equipment and apparatus	786,224	977,979
Emergency Medical Services	53,216	11,098
FDNY Counseling Services Unit	-	25,000
COVID-19 Emergency Fund	167,804	414,242
Other	<u>156,044</u>	<u>66,818</u>
Total specific purpose	<u>1,723,681</u>	<u>2,173,141</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>146,963</u>	<u>735,075</u>
Total passage of time	<u>3,674,063</u>	<u>4,262,175</u>
Total net assets with donor restrictions	<u>\$ 5,397,744</u>	<u>\$ 6,435,316</u>

Net assets released from restrictions during fiscal years June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Fire Zone safety learning center	\$ 139,860	\$ 406,961
Family assistance	498,953	145,808
Fire department equipment and apparatus	610,670	239,327
Emergency Medical Services	58,913	8,755
FDNY Counseling Services Unit	56,398	179,481
COVID-19 Emergency Fund	258,333	1,265,605
Other	<u>92,485</u>	<u>30,000</u>
Total net assets released from purpose restrictions	<u>1,715,612</u>	<u>2,275,937</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>\$ 2,303,462</u>	<u>\$ 2,863,787</u>

FDNY FOUNDATION, INC.
Notes to Financial Statements (Continued)
June 30, 2022 and 2021

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 New York Prudent Management of Institutional Funds Act's ("NYPMIFA") requirements relating to the Foundation's board-designated endowment funds.

Changes in endowment assets during fiscal years June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ <u>11,136,959</u>	\$ <u>8,960,330</u>
Investment return:		
Interest and dividends, net	226,578	127,000
Transfer from without donor restrictions fund	250,000	-
Other	18,379	(4,314)
Net realized and unrealized (loses) gains on investments	<u>(1,684,604)</u>	<u>2,053,943</u>
Total investment return	<u>(1,189,647)</u>	<u>2,176,629</u>
Endowment net assets, end of year	\$ <u>9,947,312</u>	\$ <u>11,136,959</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, 2022 and 2021

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

For the years ended June 30, 2022, contributed nonfinancial assets recognized within the statements of activities included:

	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Use of facilities	\$ 834,426	Fire and Life Safety Programs	No associated donor restrictions in month-to-month leases /time restriction on long-term leases	In valuing the various locations of donated rent, FDNY Foundation, Inc. estimated the fair value of the signed lease provided by the donor which is determined on the basis of recent comparable rental prices in the area.
Covid-19 supplies	132,032	Fire and Life Safety Programs	No associated donor restrictions	FDNY Foundation, Inc. estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Fitness equipment	234,070	Fire and Life Safety Programs	No associated donor restrictions	FDNY Foundation, Inc. estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Services	1,000,000	Public service announcements for Fire and Life Safety Programs	No associated donor restrictions	FDNY Foundation, Inc. estimated services from advertisers are valued at the estimated fair value based on current rates for similar advertising services.
Food	<u>249,499</u>	Fire and Life Safety Programs	No associated donor restrictions	FDNY Foundation, Inc. estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Total	<u>\$ 2,450,027</u>			

For the years ended June 30, 2021, contributed nonfinancial assets recognized within the statements of activities included:

	<u>Revenue Recognized</u>	<u>Utilization in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques and Inputs</u>
Use of facilities	\$ 581,655	Fire and Life Safety Programs	No associated donor restrictions	In valuing the various locations of donated rent, FDNY Foundation, Inc. estimated the fair value of the signed lease provided by the donor which is determined on the basis of recent comparable rental prices in the area.
Covid-19 supplies	1,931,454	Fire and Life Safety Programs	No associated donor restrictions	FDNY Foundation, Inc. estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Supplies	8,399	Fire and Life Safety Programs	No associated donor restrictions	FDNY Foundation, Inc. estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Fitness equipment	213,266	Fire and Life Safety Programs. It is FDNY Foundation, Inc.'s policy to sell all contributed collection items immediately upon receipt unless the items are restricted for use in a specific program by the donor.	No associated donor restrictions	FDNY Foundation, Inc. estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Collection items	51,900	All items were sold or used for special event dinner.	No associated donor restrictions	FDNY Foundation, Inc. estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.
Services	<u>1,000,000</u>	Public service announcements for Fire and Life Safety Programs	No associated donor restrictions	FDNY Foundation, Inc. estimated services from advertisers are valued at the estimated fair value based on current rates for similar advertising services.
Total	<u>\$ 3,786,674</u>			

FDNY FOUNDATION, INC.
Notes to Financial Statements (Continued)
June 30, 2022 and 2021

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

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 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. 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 June 30, 2028.

The space donated for the 48th Street learning center was recorded at its estimated fair value. In fiscal years 2022 and 2021, \$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 2022 and 2021, \$38,268 was recorded as both revenue and expense, respectively, in the accompanying financial statements. The agreement is in effect through June 30, 2022.

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 2022 and 2021, \$616,625 and \$513,854, respectively, were recorded as both revenue and expense in the accompanying financial statements. The agreement was in effect through June 30, 2022 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, 2022 and 2021

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 five years and renewed again in July 2021 for an additional five years.

The space donated at the marina was recorded at its estimated fair value. In fiscal years 2022 and 2021, \$30,000 was released from restrictions and is reported in the accompanying statements of activities.

Public Service Announcements

During fiscal years 2022 and 2021, the Foundation received the benefit of public service announcements ("PSAs") on local television stations. The PSAs are based on a fair value of approximately \$1,000,000 for both years, and were recorded as both revenue and expense in the accompanying statements of activities.

Educational

During fiscal years 2022 and 2021, the Foundation received various fire prevention materials to assist in fire safety awareness. The materials have a fair value of \$-0- and \$8,399, respectively, and have been reported as revenue and expense in the accompanying statements of activities.

COVID-19 Emergency Fund

During fiscal years 2022 and 2021, 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 \$132,032 and \$1,931,454 for fiscal years 2022 and 2021, 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, 2022 and 2021

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 2022 and 2021, the Foundation made matching contributions to the 401(k) plan of \$5,372 and \$9,808, 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, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 265,741
2024	274,166
2025	282,859
2026	290,746
2027	<u>297,759</u>
Total	<u>\$ 1,411,271</u>

Rent expense for fiscal years 2022 and 2021 was \$1,736,535 and \$1,580,970, respectively, which included \$1,301,926 and \$1,199,505 of donated retail and office space in the fiscal years 2022 and 2021, respectively.

Government-Supported Projects

Government-supported projects are subject to audit by the applicable government granting agencies. At June 30, 2022, 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, 2022 and 2021

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. The unrelated contractor is paying rent on a month-to-month basis since the lease ended. All amounts received through the lease of the facility are to be used by the Foundation to fund current operations.

During fiscal years 2022 and 2021, the Foundation made grants to the FDNY of \$2,205,921 and \$1,967,166, respectively, for various projects. Approved grants totaling \$1,650,000 will be paid during fiscal year 2023.

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 - Paycheck Protection Program Loan

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 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 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. In October 2021, the amount of the second PPP Note was forgiven in full.

At June 30, 2022 and 2021, loans payable were \$-0- and \$105,826, respectively.

FDNY FOUNDATION, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

FEDERAL AWARDS	Federal CFDA No.	Grantor No.	Expenditures
Department of Homeland Security:			
Assistance to Firefighters Grant	97.044	EMW-2018-FP-00191	\$ 602,634 *
	97.044	EMW-2019-FP-01042	341,015 *
Total Assistance to Firefighters Grant			<u>943,649</u>
Total U.S Department of Homeland Security			<u>943,649</u>
 Total expenditures of federal awards:			 <u>\$ 943,649</u>

* Major Program

FDNY FOUNDATION, INC.
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the FDNY Foundation, Inc. (the "Foundation") (a not-for-profit organization), under a program funded by the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the FDNY Foundation, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of the FDNY Foundation, Inc.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the Foundation and agencies and departments of the federal government.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Foundation elects not to use the 10% *de minimis* indirect cost rate allowed by the Department of Homeland Security for grant reporting.



**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. (a non-profit organization), which comprise the statement of financial position as of June 30, 2022, 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 May 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered FDNY Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for determining 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 FDNY Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of FDNY Foundation, Inc.'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.

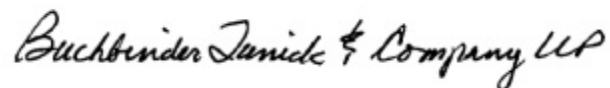
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether FDNY Foundation, Inc.'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BUCHBINDER TUNICK & COMPANY LLP

New York, NY
May 5, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
FDNY Foundation, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited FDNY Foundation, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of FDNY Foundation, Inc.'s major federal programs for the year ended June 30, 2022. FDNY Foundation, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs and summary of results.

In our opinion, FDNY Foundation, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of FDNY Foundation, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of FDNY Foundation, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to FDNY Foundation, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on FDNY Foundation, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about FDNY Foundation, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding FDNY Foundation, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of FDNY Foundation, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FDNY Foundation, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs and summary of results as items 2022-001 and 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on FDNY Foundation, Inc.'s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs and summary of results. FDNY Foundation, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs and summary of results as items 2022-001 and 2022-002 to be significant deficiencies.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed above, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on FDNY Foundation, Inc.'s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs and summary of results. FDNY Foundation, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Buchbinder Tunick & Company LLP

BUCHBINDER TUNICK & COMPANY LLP

New York, NY
May 5, 2023

FDNY FOUNDATION, INC.
Schedule of Findings and Questioned Costs and Summary of Results
For the year ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified? yes no
 Significant deficiency(s) identified? yes none
 Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no
 Significant deficiency(ies) identified? yes none

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)? yes no

Identification of Major Programs:

CFDA Number(s) Name of Federal Program or Cluster

97.044 Assistance to Firefighters Grant

Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**

Auditee qualified as low-risk auditee? yes no

FDNY FOUNDATION, INC.
Schedule of Findings and Questioned Costs and Summary of Results (Continued)
For the year ended June 30, 2022

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

2022-001

Condition: Written procedures do not specifically address federal funds or the use thereof.

Criteria: Compliance requirements for Activities Allowed or Unallowed and Allowable Costs state that the organization must have written policies and control procedures for costs coded to federal awards.

Cause: FDNY Foundation employs a small staff of experienced people. Because staff tend to remain employed for longer terms, FDNY Foundation does not find it effective to create extensive written procedures and instead relies on the SKE of the staff.

Effect: Noncompliance with Uniform Guidance requirements may make the Foundation ineligible for reimbursement of current year expenditures and for future federal funding.

Recommendation: Update the written procedures or create a formal finance manual and specifically address the use of federal funds. Implement a schedule to periodically review and update written procedures.

Views of Responsible Officials and Planned Corrective Actions: The Foundation agrees with the recommendation. An internal review is currently in process to evaluate and update policies as needed to address the use of federal funds.

FDNY FOUNDATION, INC.
Schedule of Findings and Questioned Costs and Summary of Results (Continued)
For the year ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs (continued)

2022-002

Condition: Federal Audit Clearinghouse filing for the current year (2022) was not completed timely.

Criteria: 2 CFR § 200.512 requires the auditee to submit a reporting package to the Federal Audit Clearinghouse (FAC) within the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the audit period.

Cause: FDNY Foundation, Inc. usually receives no more than one federal grant per year. Due to the COVID-19 pandemic, the Foundation received extensions on two grants that caused the grant periods to overlap. The Foundation properly tracked expenditures by grant year, but because of the unusual situation, did not realize that the sum of the two grants exceeded the single audit threshold in the current year.

Effect: Noncompliance with Uniform Guidance requirements may make the Foundation ineligible for reimbursement of current year expenditures and for future federal funding.

Recommendation: Perform an annual review of all federal funds to verify whether the cumulative total of expenditures of federal funds meets or exceeds the \$750,000 single audit threshold.

Views of Responsible Officials and Planned Corrective Actions: The Foundation agrees with and has implemented the recommendation. The Foundation already has a reporting calendar to ensure timely filings and will add dates to review total federal expenditures to the calendar.



May 5, 2023

Board of Directors

Fire Commissioner
Laura R. Kavanagh

Chairman
Stephen L. Ruzow

Vice Chairman
Matthew J. DiLiberto

Peter Arnell
William M. Brown
Chris J. Carrera
Salvatore J. Cassano*
Jon Fox
Grace Hightower
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Howard Koeppl
Jonathan B. Kohan
Daniel A. Nigro*
Tony Pasquariello
Amanda Rubin
John C. Santora
William Schwartz
Jerry I. Speyer
Jurgen Timperman
Robert T. Zito

Treasurer
Michael J. Regan

Secretary
Robert S. Tucker

Chairman Emeritus
Thomas Von Essen*

Executive Director
Jean O'Shea

United States Department of Homeland Security
Attn: Amy Kroll
Preparedness Officer, Assistance to Firefighters Grant Program

The FDNY Foundation, Inc. respectfully submits the following corrective action plans regarding findings from the June 30, 2022 schedule of findings and questioned costs and summary of results. The findings in this corrective action plan are numbered consistently with the numbers assigned in the schedule. These plans are prepared in conjunction with the 2022 single audit, which was conducted by our independent auditors, Buchbinder Tunick & Company LLP, One Pennsylvania Plaza, Suite 3200, New York, NY 10119.

Findings and Corrective Action Plan – Federal Award Program Audit

Fiscal Year: 2022

Finding Number: 2022-001

Finding: Written procedures do not specifically address federal funds or the use thereof.

Questioned Costs: None

Status: In progress

Recommendation: Update the written procedures or create a formal finance manual and specifically address the use of federal funds. Implement a schedule to periodically review and update written procedures.

Corrective Action: We agree with the recommendation. An internal review is currently in process to review and update our policies as needed to address the use of federal funds.

Completion Date: Estimated June 2023

Contact: Jean O'Shea, Executive Director
9 Metrotech Center Room 5E-9
Brooklyn, New York 11201

*Former Fire Commissioners



FDNY Foundation

9 Metrotech Center, RM 5E-6
Brooklyn, NY 11201

Tel. 718 999 0779
Fax. 718 999 0705

Board of Directors

Fiscal Year: 2022

Fire Commissioner
Laura R. Kavanagh

Finding Number: 2022-002

Finding: Federal Audit Clearinghouse filing for the current year (2022) was not completed timely.

Chairman

Stephen L. Ruzow

Questioned Costs: None

Vice Chairman

Matthew J. DiLiberto

Status: In progress

Recommendation: Perform an annual review of all federal funds to verify whether the cumulative total of expenditures of federal funds meets or exceeds the \$750,000 single audit threshold.

Peter Arnell
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Tony Pasquariello
Amanda Rubin
John C. Santora
William Schwartz
Jerry I. Speyer
Jurgen Timperman
Robert T. Zito

Corrective Action: We agree with and have implemented the recommendation. We currently have a reporting calendar to ensure timely filings and will add dates to review total federal expenditures to the calendar.

Completion Date: Estimated May 2023

Contact: Jean O'Shea, Executive Director
9 Metrotech Center Room 5E-9
Brooklyn, New York 11201

Should you have any questions regarding these plans, please do not hesitate to contact me.

Thank you,

Treasurer

Michael J. Regan

Jean O'Shea
Executive Director

Secretary

Robert S. Tucker

Chairman Emeritus

Thomas Von Essen*

Executive Director

Jean O'Shea

www.fdnfoundation.org

*Former Fire

1(c)(3) organization established to fund fire safety in New York City and to help meet the Department's training, on needs.