

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Financial Statements

September 30, 2024

Robbins and Moroney, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United States Law Enforcement Foundation, Inc.

Opinion

We have audited the accompanying financial statements of United States Law Enforcement Foundation, Inc. (a non-profit corporation), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, cash flows and functional expenses for the year 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 United States Law Enforcement Foundation, Inc. as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United States Law Enforcement 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 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United States Law Enforcement 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 United States Law Enforcement 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.

ROBBINS AND MORONEY, P.A.
Certified Public Accountants

Robbins and Moroney, P.A.

Fort Lauderdale, Florida
January 13, 2025

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Statement of Financial Position
September 30, 2024

Assets

Current Assets

Cash and Cash Equivalents	\$	135,024
Inventory		16,728
Prepaid Expenses		38,333

Total Current Assets 190,085

Non-Current Assets

Property and Equipment		5,269,479
Right of Use Lease Asset - Operating		27,344

Total Non-Current Assets 5,296,823

Total Assets \$ 5,486,908

Liabilities and Net Assets

Current Liabilities

Accounts Payable and Accrued Expenses	\$	322,437
Unearned Membership Dues		15,923
Notes Payable		1,491,844
Lease Liability - Operating		13,611

Total Current Liabilities 1,843,815

Long Term Liabilities

Notes Payable		1,750,044
Lease Liability - Operating		13,733

Total Long Term Liabilities 1,763,777

Total Liabilities 3,607,592

Net Assets

Without Donor Restrictions		1,878,066
With Donor Restrictions		1,250

Total Net Assets 1,879,316

Total Liabilities and Net Assets \$ 5,486,908

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

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Statement of Activities
For the Year Ended September 30, 2024

Net Assets Without Donor Restrictions

Public Support and Revenues

Contributions	\$ 4,199,961
Membership Dues	96,068
Museum Revenues	338,867
Less: Cost of Sales	(45,047)
Investment Income	317
Rental Income	58,528
Net Assets Released from Restrictions	1,015
Miscellaneous	10,559
Total Public Support and Revenues	4,660,268

Expenses

Program Services	1,946,265
General and Administrative	689,885
Fundraising	2,771,710
Total Expenses	5,407,860

Change in Net Assets Without Donor Restrictions (747,592)

Net Assets With Donor Restrictions

Contributions	1,250
Net Assets Released from Restrictions	(1,015)

Change in Net Assets With Donor Restrictions 235

Change in Net Assets (747,357)

Net Assets, Beginning of Year 2,626,673

Net Assets, End of Year \$ 1,879,316

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

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Statement of Cash Flows
For the Year Ended September 30, 2024

Cash Flows from Operating Activities

Change in Net Assets	\$	(747,357)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation		206,506
Amortization		13,024
Reduction in Right of Use Lease Asset - Operating		10,129
Changes in Assets and Liabilities:		
Decrease in Inventory		2,025
Increase in Prepaid Expenses		(11,940)
Increase in Accounts Payable and Accrued Expenses		142,514
Increase in Unearned Membership Dues		4,573
Decrease in Deferred Revenue		(15,000)
Decrease in Due to Affiliate		(22,931)
Decrease in Lease Liability - Operating		(10,129)
Net Cash Flows from Operating Activities		<u>(428,586)</u>

Cash Flows from Investing Activities

Acquisition of Property and Equipment		<u>(1,179,704)</u>
Net Cash Flows from Investing Activities		<u>(1,179,704)</u>

Cash Flows from Financing Activities

Proceeds from Notes Payable		1,698,496
Payments on Notes Payable		<u>(48,180)</u>
Net Cash Flows from Financing Activities		<u>1,650,316</u>

Net Change in Cash and Cash Equivalents 42,026

Cash and Cash Equivalents, Beginning of Year 92,998

Cash and Cash Equivalents, End of Year \$ 135,024

Supplemental Disclosure of Cash Flow Information

Interest Paid for the Year \$ 239,442

**Cash Paid for Amounts Included in the Measurement
of Lease Liability**

Operating Cash Out-Flows from Operating Lease \$ 10,349

Other Non-Cash Investing and Financing Activities:

Right of Use Lease Asset and Liability Recognized Upon Acquisition \$ 37,473

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

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2024

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Professional Fundraising Fees	\$	\$	\$ 1,378,658	\$ 1,378,658
Payroll and Related Expenses	735,417	319,818	139,390	1,194,625
Le Flame			603,057	603,057
Printing	94,701	8,111	247,550	350,362
Postage and Mailing	91,980	8,629	223,855	324,464
Interest	148,469	98,980		247,449
Depreciation	175,716	19,288	11,502	206,506
Miscellaneous	26,863	99,126	59,015	185,004
Awards and Gifts	135,061			135,061
Marketing	83,546		35,806	119,352
Insurance	91,408	9,475	5,650	106,533
Office	45,239	52,704	4,791	102,734
Utilities	86,255	9,468	5,646	101,369
Repairs and Maintenance	80,172	8,383	4,999	93,554
Police Special Events	76,837			76,837
Mail List Rental	17,644	1,412	51,522	70,578
Scholarships	45,228			45,228
Telephone	9,577	22,346		31,923
Legal and Accounting		28,026		28,026
Dues and Subscriptions	2,152	2,959	269	5,380
Advertising		1,160		1,160
Total	\$ 1,946,265	\$ 689,885	\$ 2,771,710	\$ 5,407,860

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

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Notes to Financial Statements

September 30, 2024

1. ORGANIZATION AND OPERATIONS

The United States Law Enforcement Foundation, Inc. (the "Foundation") is a not-for-profit organization incorporated in Florida in May 1967. The Foundation, formerly known as the National Association of Chiefs of Police, Inc., was organized for educational and charitable activities for law enforcement officers in command ranks and supervisory agents of federal law enforcement agencies. Its current programs include:

Education: The Foundation provides ongoing publications to members and law enforcement agencies nationwide. These publications report crime problems and solutions and provide educational information regarding training, safety and crime prevention.

The Foundation provides valuable safety information and crime related tips to over 2.3 million people per year. The Foundation also provides insightful information to law enforcement departments through its annual Chief Survey which has been ongoing for twenty-five years.

The American Police Hall of Fame and Museum: The Foundation operates the American Police Hall of Fame and Museum, (the "Museum"), located in Titusville, Florida. The Museum commemorates officers killed in the line-of-duty by inscribing their names in the memorial section of the Museum and maintains interactive exhibits designed to educate the general public and school and camp groups. The Museum maintains the largest collection of police artifacts in the United States.

Awards Program: The Foundation provides numerous awards for law enforcement officers such as silver-star for bravery and purple-heart for line-of-duty injury. This program provides smaller police agencies with the opportunity to recognize officers and community citizens. The awards program has been successfully utilized for more than forty years.

Disabled Police Officers Program: The Foundation provides assistance and support to law enforcement officers who have been disabled or injured in the line of duty. Charitable and educational support also includes the sons and daughters of these heroes.

Shooting Center: The Foundation operates a full-service indoor gun range, the Shooting Center. The Shooting Center is open to law enforcement, corrections, security and military personnel and the general public and is used for teaching firearms safety, self-defense, protection, training, competitions, recreation and practice. The Shooting Center hosts training and qualifying for local police departments. Many private security firms and training organizations use the range for firearms and self-defense training and for armed security officer qualifying. Firearms, ammunition, and personal protection products are also available for purchase at the Pro Shop where people can purchase these products with confidence and assurance that the process is performed professionally and in compliance with federal, state, and local regulations.

Canine Placement Program: For police departments that are under-funded or lack a police canine program, the Foundation assists selected departments with fundraising in their local area and provides a matching gift for money raised on a dollar-for-dollar basis up to \$5,000.

1. **ORGANIZATION AND OPERATIONS (continued)**

Effective December 13, 2023, the American Federation of Police and Concerned Citizens, Inc. ("AFPCC") (a not-for-profit organization incorporated in the District of Columbia in July 1978) merged into and with the Foundation. AFPCC and the Foundation were under common control due to common board of directors. The Foundation is the surviving corporation and will continue to be a Florida not-for-profit organization. The Foundation has registered the fictitious names "American Federation of Police & Concerned Citizens" and "National Association of Chiefs of Police" and intends to conduct business under these names.

The financial statements of the Foundation includes the assets and liabilities of AFPCC as of December 13, 2023 and the results of operations of AFPCC from December 14, 2023 through September 30, 2024.

2. **OPERATING CASH FLOW**

As shown in the accompanying financial statements, the Foundation has current liabilities exceeding current assets by \$1,653,730 at September 30, 2024. In addition, the Foundation has a deficit change in net assets of \$747,357 for the year ended September 30, 2024. These factors have created an uncertainty about the Foundation's ability to continue as a going concern.

The Foundation's board plans for an increase in net assets for 2025, primarily due to the plans put in place by the board, through managements implementation of changes and strong, renewed financial support. Management is continuing to implement the broad plan of financial stability adopted by the Board in October 2023 whereby any surplus would be applied to debt reduction in a way to ensure the safe and successful transition of the Foundation as it implemented a new strategy led by contributions.

The Foundation has implemented a fundraising campaign targeting corporations, foundations, governmental agencies and individuals to achieve its intended goals. Subsequent to September 30, 2024, the Foundation has received a letter of intent from a corporation to donate between \$1,120,000 to \$1,680,000 and \$3,600,000 to \$5,400,000 during the years ended September 30, 2025 and 2026, respectively, contingent upon attaining certain milestones.

The ability of the Foundation to continue as a going concern is contingent upon successfully accomplishing the steps mentioned previously. The financial statements do not include any adjustments that might be necessary if the Foundation is unable to continue as a going concern.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting: The Foundation's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Date of Management's Review: In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 13, 2025, the date that the financial statements were available to be issued.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Foundation considers interest-bearing cash accounts with an original maturity of three months or less to be cash equivalents.

Inventory: Pro Shop inventories are stated at the lower of cost or market on a first-in, first-out basis.

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Notes to Financial Statements

September 30, 2024

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment: Purchased property and equipment is stated at cost, and donated property and equipment is recorded at fair market value on the date of the gift. Depreciation is computed on the straight-line basis over the expected useful lives of the assets. Maintenance expenses are charged to expense as incurred.

Contract Revenues: The Foundation recognizes contract revenue as follows:

- Membership dues – are recognized as revenue over the term of the membership period. Membership dues received in advance of the period to which they relate are deferred.
- Museum Revenue – at the time the admission occurs, services are provided or merchandise is sold.
- Rental Income – in the period the rental occurs.

Advertising: The Foundation follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$1,160 for the year ended September 30, 2024.

Functional Allocation of Expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs have been allocated among the programs and supporting services benefited.

Income Taxes: As a non-profit corporation, qualified under Section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from corporate income taxation on income related to its exempt function. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Foundation has not incurred any interest or penalties on its income tax returns.

The Foundation's tax returns are subject to possible examination by the taxing authorities. For Federal income tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments: Cash equivalents, prepaid expenses, accounts payable and accrued expenses, and unearned membership dues are reflected in the financial statements at cost, which approximates fair value because of their short-term nature.

Net Assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Leases: The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The Foundation applied a risk-free rate of interest in determining the lease liability and any impairment of the right of use asset. The risk-free rate used in determining the lease liability is based on the Treasury par yield curve rate as of the date of the lease commencement. Operating lease expense is recognized on a straight-line basis over the lease term. The Foundation does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

4. **LIQUIDITY AND RESERVES**

The Foundation has a policy to manage its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The following table reflects the Foundation's financial assets as of September 30, 2024.

Cash and Cash Equivalents	\$ 135,024
Total Financial Assets at September 30, 2024	<u>135,024</u>
Less: Amounts Not Available to be Used Within One Year:	
Net Assets With Donor Restrictions	1,250
Less: Net Assets With Purpose Restrictions to be Met in Less Than One Year	<u>(1,250)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 135,024</u>

The Foundation has a \$3,500,000 line of credit facility with a bank. At September 30, 2024, \$548,765 is available to be drawn to meet operating cash flow needs.

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.
Notes to Financial Statements
September 30, 2024

5. PROPERTY AND EQUIPMENT

At September 30, 2024, property and equipment consisted of:

Land	\$ 1,118,242
Building and Improvements	6,486,849
Museum Collections and Exhibits	826,343
Office Furniture, Vehicle and Equipment	190,948
Le Flame Project	<u>773,720</u>
	9,396,102
Less: Accumulated Depreciation	<u>(4,126,623)</u>
	<u>\$ 5,269,479</u>

6. NOTES PAYABLE

At September 30, 2024 note payable consisted of:

Line of credit with a maximum credit line of \$1,500,000 issued by a bank with interest payable at prime plus .25% (8.00% at September 30, 2024). Terms of the note requires monthly interest payments only and is due on demand. The note is secured by real estate with a net book value of \$4,123,359.

\$ 1,483,461

Note payable to a bank with fixed interest rate of 7.25% requiring monthly principal and interest payments based on a twenty year amortization schedule with a \$262,180 balloon payment due in January 2030. The note is secured by real estate with net book value of \$4,123,359.

312,361

Line of Credit with a maximum credit line of \$2,000,000 issued by a bank with interest payable at prime plus 25% (8.00% at September 30, 2024). Terms of the note requires monthly interest payments only and is due on January 9, 2026. The note is secured by real estate with net book value \$4,123,359.

1,467,774

Total Notes Payable	3,263,596
Less: Unamortized Loan Costs	<u>(21,708)</u>

Notes Payable, Less Unamortized Loan Costs	3,241,888
Less: Current Portion	<u>(1,491,844)</u>

Non-Current Portion	<u>\$ 1,750,044</u>
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The following is a schedule of future principal payments required under the terms of the notes payable as of September 30, 2024:

Year Ended September 30,	2025	\$ 1,491,844
	2026	1,476,794
	2027	9,707
	2028	10,445
	2029	11,239
	Thereafter	<u>263,567</u>
		<u>\$ 3,263,596</u>

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Notes to Financial Statements

September 30, 2024

6. NOTES PAYABLE (continued)

With respect to the line of credit and note payable, a bank obtained an independent appraisal of the Foundations land and building. The estimated fair market value of the land and building was \$21,000,000 in December 2022.

7. LEASE COMMITMENTS

The Foundation leases office equipment classified as an operating lease. The following components are recognized in the financial statements as of September 30, 2024:

Right of Use Leased Asset – Operating	\$ 27,344
Lease Liability – Operating	<u>\$ 27,344</u>

The Foundation applied a discount rate of 0.89% for the operating lease, which is the risk-free rate of return of 0.89% based on the 5-year U.S. Treasury rate at the date of the lease inception on June 14, 2021. The remaining lease term is 24 months as of September 30, 2024.

Future minimum payments under the lease as of September 30, 2024 are as follows:

Year Ended September 30,	2025	\$ 13,799
	2026	<u>13,799</u>
		27,598
	Less: Discount	<u>(254)</u>
	Lease Liability	27,344
	Less: Current Portion	<u>(13,611)</u>
	Non-Current Portion	<u>\$ 13,733</u>

Total rent expense for the operating lease was \$10,349 for the year ended September 30, 2024.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Programs	<u>\$ 1,250</u>
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

Capital Campaign	<u>\$ 1,015</u>
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9. RELATED PARTY TRANSACTIONS

The Foundation is related to several other non-profit organizations through common members on their Boards of Directors. These organizations include The American Police Hall of Fame & Museum, Inc. (APHF), Florida Crime Prevention Commission, Inc. (FCPC), Venerable Order of Michael Archangel, Inc. (VOMA), and American Police Academy, Inc. (APA).

During the year ended September 30, 2024, the Foundation paid APA \$171,208 for gun range staffing.

10. **ALLOCATION OF JOINT COSTS**

The Foundation incurred joint costs of \$724,877 for informational materials and activities that included fundraising appeals. These costs were allocated as follows:

Program Services	\$	181,219
General and Administrative		14,498
Fundraising		<u>529,160</u>
	\$	<u>724,877</u>

11. **CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains checking and money market accounts, which, at times, may exceed insured limits. At September 30, 2024, cash balances in financial institutions did not exceed insured limits. The Foundation has not experienced any losses from maintaining checking and money market accounts in excess of insured limits. Management believes that it is not exposed to any significant credit risk on its cash accounts.

During the year ended September 30, 2024, the Foundation received approximately 21% of its public support and revenues from a municipality.

12. **PENSION PLAN**

The Foundation provides a 401(k) pension plan for eligible employees. The plan provides for employer contributions in an amount equal to the sum of 100% of employee contributions which do not exceed 3% of their compensation. Pension expense for the year ended September 30, 2024 was \$22,572.