

CHICAGO POLICE MEMORIAL FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

CHICAGO POLICE MEMORIAL FOUNDATION

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Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CHICAGO POLICE MEMORIAL FOUNDATION
Chicago, Illinois

We have audited the accompanying financial statements of **CHICAGO POLICE MEMORIAL FOUNDATION** (the "Organization"), which comprise the statements of assets and net assets – cash basis as of December 31, 2020 and 2019, and the related statements of support, revenue, and expenses – cash basis and functional expenses – cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and net assets of **CHICAGO POLICE MEMORIAL FOUNDATION** as of December 31, 2020 and 2019, and its support, revenue and expenses for the years then ended in accordance with the cash basis of accounting as described in Note 2.

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Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as listed in the table of contents 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



O'NEILL & GASPARDO, LLC
Mokena, Illinois
April 15, 2021

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENTS OF ASSETS AND NET ASSETS - CASH BASIS

December 31, 2020 and 2019

	ASSETS	2020	2019
Current assets:			
Cash and cash equivalents		\$ 2,397,911	\$ 3,258,698
Investments, undesignated		5,670,040	4,585,582
Investments, designated for education assistance		4,759,767	4,417,629
Accrued interest		17,823	21,824
Total current assets		12,845,541	12,283,733
Fixed assets:			
Memorial Park		3,596,390	3,596,390
Vehicles		60,191	60,191
Construction in progress		114,717	5,477
Less: accumulated depreciation		(1,242,319)	(1,144,896)
Net fixed assets		2,528,979	2,517,162
Noncurrent assets:			
Certificate of deposit		160,900	-
Total noncurrent assets		160,900	-
Total assets		\$ 15,535,420	\$ 14,800,895
	NET ASSETS		
Net assets:			
Net assets without donor restrictions:			
General		\$ 10,048,923	\$ 9,760,957
Board designated		5,168,267	4,724,663
Total net assets without donor restrictions		15,217,190	14,485,620
Net assets with donor restrictions		318,230	315,275
Total net assets		\$ 15,535,420	\$ 14,800,895

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENT OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Receipts:			
Contributions	\$ 2,644,402	\$ 25,000	\$ 2,669,402
In-kind contributions	210,964	-	210,964
Investment income (net of investment expenses)	972,321	-	972,321
Merchandise sales	337,172	-	337,172
Less: cost of goods sold	(190,700)	-	(190,700)
Net merchandise sales	146,472	-	146,472
Special events	1,323,619	-	1,323,619
Less: cost of direct benefits to donors	(259,541)	-	(259,541)
Net special events	1,064,078	-	1,064,078
Net assets released from restrictions:			
Purpose restriction	22,045	(22,045)	-
Total receipts	5,060,282	2,955	5,063,237
Disbursements:			
Programs:			
Assistance to police officers and families	3,437,071	-	3,437,071
Gold Star Memorial Park maintenance	239,701	-	239,701
Total programs	3,676,772	-	3,676,772
Supporting services:			
Management and general	216,721	-	216,721
Fundraising	534,438	-	534,438
Total supporting services	751,159	-	751,159
Total disbursements	4,427,931	-	4,427,931
Other income:			
Loan forgiveness	99,219	-	99,219
Total other income	99,219	-	99,219
Change in net assets	731,570	2,955	734,525
Net assets, beginning	14,485,620	315,275	14,800,895
Net assets, ending	\$ 15,217,190	\$ 318,230	\$ 15,535,420

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENT OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Receipts:			
Contributions	\$ 2,210,203	\$ 32,500	\$ 2,242,703
In-kind contributions	281,553	-	281,553
Investment income (net of investment expenses)	1,118,658	-	1,118,658
Merchandise sales	425,759	-	425,759
Less: cost of goods sold	(251,859)	-	(251,859)
Net merchandise sales	173,900	-	173,900
Special events	2,065,997	-	2,065,997
Less: cost of direct benefits to donors	(528,527)	-	(528,527)
Net special events	1,537,470	-	1,537,470
Net assets released from restrictions:			
Purpose restriction	54,860	(54,860)	-
Total receipts	5,376,644	(22,360)	5,354,284
Disbursements:			
Programs:			
Assistance to police officers and families	964,437	-	964,437
Gold Star Memorial Park maintenance	265,637	-	265,637
Total programs	1,230,074	-	1,230,074
Supporting services:			
Management and general	239,414	-	239,414
Fundraising	720,366	-	720,366
Total supporting services	959,780	-	959,780
Total disbursements	2,189,854	-	2,189,854
Change in net assets	3,186,790	(22,360)	3,164,430
Net assets, beginning	11,298,830	337,635	11,636,465
Net assets, ending	\$ 14,485,620	\$ 315,275	\$ 14,800,895

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS

Year Ended December 31, 2020

	Assistance to Police Officers and Families	Gold Star Memorial Park	Total Programs	Management and General	Fundraising	Total
Salaries and benefits	\$ 62,202	\$ 64,378	\$ 126,580	\$ 119,485	\$ 370,525	\$ 616,590
Assistance to police officers and families	862,163	-	862,163	-	-	862,163
Suicide prevention education	22,045	-	22,045	-	-	22,045
Donations to Chicago Police Department						
for bullet proof vests	1,481,336	-	1,481,336	-	-	1,481,336
for riot helmets	905,662	-	905,662	-	-	905,662
Gold Star Memorial Park maintenance	-	76,037	76,037	-	-	76,037
Insurance	2,123	2,197	4,320	4,078	12,645	21,043
Cell phone	491	508	999	942	2,922	4,863
Postage and delivery	1,289	1,334	2,623	2,475	7,676	12,774
Office space and administrative services	-	-	-	50,225	-	50,225
Donated goods and entertainment events	94,604	-	94,604	-	-	94,604
Merchandise cost of good sold	-	-	-	-	190,700	190,700
Special events	-	-	-	-	369,498	369,498
Advertising	1,769	1,831	3,600	3,398	10,536	17,534
Office supplies and miscellaneous	3,387	3,506	6,893	6,505	20,177	33,575
Professional services fees	-	-	-	22,100	-	22,100
Depreciation	-	89,910	89,910	7,513	-	97,423
Total disbursements	<u>\$ 3,437,071</u>	<u>\$ 239,701</u>	<u>\$ 3,676,772</u>	<u>\$ 216,721</u>	<u>\$ 984,679</u>	<u>\$ 4,878,172</u>

Expenses reported on the Statement of Support, Revenues and Expenses - Cash Basis

Merchandise cost of goods sold	\$ 190,700
Reduction of special events revenue	259,541
Program services	3,676,772
Supporting services	751,159
Total expenses	<u>\$ 4,878,172</u>

CHICAGO POLICE MEMORIAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS

Year Ended December 31, 2019

	Assistance to Police Officers and Families	Gold Star Memorial Park	Total Programs	Management and General	Fundraising	Total
Salaries and benefits	\$ 69,859	\$ 46,564	\$ 116,423	\$ 104,261	\$ 339,063	\$ 559,747
Assistance to police officers and families	648,959	-	648,959	-	-	648,959
Suicide prevention education	54,860	-	54,860	-	-	54,860
Donations to Chicago Police Department for bullet proof vests	127,897	-	127,897	-	-	127,897
Gold Star Memorial Park maintenance	-	120,514	120,514	-	-	120,514
Insurance	2,700	1,800	4,500	4,030	13,104	21,634
Cell phone	671	447	1,118	1,001	3,255	5,374
Postage and delivery	1,710	1,140	2,850	2,552	8,300	13,702
Office space and administrative services	-	-	-	51,370	-	51,370
Donated goods and entertainment events	49,885	-	49,885	-	-	49,885
Merchandise cost of good sold	-	-	-	-	251,859	251,859
Special events	-	-	-	-	759,103	759,103
International Association of Chiefs of Police conference	-	-	-	-	87,748	87,748
Advertising	841	560	1,401	1,255	4,080	6,736
Office supplies and miscellaneous	7,055	4,702	11,757	10,532	34,240	56,529
Professional services fees	-	-	-	53,375	-	53,375
Depreciation	-	89,910	89,910	11,038	-	100,948
Total disbursements	<u>\$ 964,437</u>	<u>\$ 265,637</u>	<u>\$ 1,230,074</u>	<u>\$ 239,414</u>	<u>\$ 1,500,752</u>	<u>\$ 2,970,240</u>

Expenses reported on the Statement of Support, Revenues and Expenses - Cash Basis

Merchandise cost of goods sold	\$ 251,859
Reduction of special events revenue	528,527
Program services	1,230,074
Supporting services	959,780
Total expenses	<u>\$ 2,970,240</u>

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1. NATURE OF ACTIVITIES

The **CHICAGO POLICE MEMORIAL FOUNDATION** (the “Organization”) is an Illinois not-for-profit corporation dedicated to providing benefits, educational assistance and suicide prevention programs to the families of Chicago police officers who have sacrificed their lives or have been catastrophically injured in the line of duty. As a tribute to these officers, the Organization has built a permanent memorial east of Soldier Field (named Gold Star Memorial Park) on land donated by the Chicago Park District. The Organization also makes donations to the Chicago Police Department for purchases of safety equipment for police officers (i.e. bullet proof vests). Funding is derived primarily from contributions. The Organization is based in Chicago, Illinois.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Organization uses the cash basis for recording receipts and disbursements for both book and income tax purposes. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, revenue and the related assets are recorded when received rather than when earned, and expenses are recognized when paid rather than when the obligations are incurred. The exceptions to this policy are that investments are carried at fair market value, accrued interest earned from investments is recorded, and fixed assets are capitalized and depreciated over their useful lives.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Accounting Standards Update (ASU) No. 2016-14, *Financial Statements of Not-for-Profits*. Under ASU No. 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions, if applicable.

C. Cash and Cash Equivalents

The Organization considers all highly liquid short term investment instruments purchased with a maturity of three months or less at acquisition date to be cash equivalents.

D. Investments

Investments are carried at the quoted market value of the securities. Realized gains and losses are based on specific identification of the security sold.

E. Fixed Assets

The Organization follows the practice of capitalizing, at cost, all disbursements for fixed assets with a useful life of more than one year. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Depreciation expense was \$97,423 and \$100,948 for the years ended December 31, 2020 and 2019, respectively.

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – Continued

Useful lives for each asset category are as follows:

<u>ASSET CATEGORY</u>	<u>LIFE</u>
Memorial Park	40 Years
Vehicles	5 Years

F. Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the Statement of Support, Revenue and Expenses as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

G. Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. Those expenses included general and administrative expenses necessary to support the Organization's mission. Wherever possible, expenses are charged directly to the program or supporting service that is generating the expense. Certain expenses are allocated to programs and supporting services using varying methods which estimate actual usage. Examples include insurance, cell phone, postage and delivery, advertising, and office expenses which are allocated based on total salary and wages for each function.

H. Advertising

The Organization charges advertising directly to operations as incurred. Advertising expenses were \$17,534 and \$6,736 for the years ended December 31, 2020 and 2019, respectively.

I. Income Tax Status

The Organization is exempt from federal income taxes under Internal Revenue Code 501(c)(3) and therefore, no provision for federal income taxes has been made on the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2020 and 2019.

The Organization records interest and penalties associated with taxes in management and general expenses. There were no interest or penalties during the years ended December 31, 2020 and 2019.

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – Continued

J. 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.

The Organization's significant estimates include:

- Management estimated the value of federal government securities, municipal bonds and corporate bonds investments based on similar investments in active markets.

K. Adoption of New Revenue Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*. The new standard was effective for not-for-profits for fiscal years beginning after December 15, 2018. The ASU also required expanded disclosures related to the nature, amount, timing and uncertainty of revenue arising from contracts with customers.

The Organization analyzed the provisions of the new revenue standard and concluded that no changes were necessary to revenue recognition to conform with the new standards.

In addition, FASB issued Accounting Standards Update No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard was effective for fiscal years beginning after December 15, 2018. The ASU provides guidance to determine if revenue should be accounted for as contribution or exchange transactions. The Organization evaluated their contributions and determined all revenue should still be considered contributions.

The Organization adopted both standards effective January 1, 2019. As a result of adopting these standards, net assets did not change at January 1, 2019.

L. Revenue Recognition Policies

The Organization derives its revenue primarily from contributions and special events. Revenue from contributions is recognized based on conditional or nonconditional requirements by the donor and special events revenue is recognized at the time of the event.

Economic factors

The Organization generates revenue primarily from individuals and companies in the Chicagoland area. The Organization's financial health is therefore impacted by economic conditions in this area.

Variable consideration

The Organization does not issue refunds for special events but could issue refunds based on specific circumstances.

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES – Continued

If the Organization receives a conditional contribution and does not meet the conditions, the contribution is returned based on the agreement. The Organization has a conditional agreement with the donor who contributed funds for the education assistance and suicide prevention program. Net assets with donor restrictions of \$318,230 were recorded at June 30, 2020 for contributions from this donor that had yet been expended for the restricted purpose. The Organization expects to expend these funds for the restricted purpose in future fiscal years.

NOTE 3. FINANCIAL INSTRUMENT RISK

The Organization maintains checking, savings and money market accounts at a credit union. Accounts are insured by the National Credit Union Administration (“NCUA”) up to \$250,000. Deposits exceeded the NCUA limit by \$1,013,842 and \$670,897 at December 31, 2020 and 2019, respectively.

The Organization maintains one certificate of deposit at a bank. The Federal Deposit Insurance Corporation (“FDIC”) insures the total of the accounts at a single institution up to \$250,000. There were no amounts in excess of the FDIC limit at December 31, 2020 or 2019.

The Organization maintains two money market accounts with an investment company. These accounts are not insured by the NCUA or FDIC. Total deposits in these accounts were \$1,233,031 and \$2,378,028 at December 31, 2020 and 2019, respectively.

NOTE 4. FAIR VALUE MEASUREMENTS

VALUATION OF INVESTMENTS – FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 4. FAIR VALUE MEASUREMENTS - Continued

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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 since December 31, 2019.

Equity securities and other fixed income: Valued at the closing price as reported on the active market on which the individual securities are traded (level 1 inputs).

U.S. Treasury notes: These investments are a group of asset-backed securities that are secured by the U.S. government. These investments are valued based upon quoted market prices (level 1 inputs).

Federal bonds, municipal bonds and corporate bonds: These investments are a group of asset-backed securities that are secured by the mortgage securities, collateralized mortgage obligations and corporations. These investments are based on prices provided by their investment managers and their custodian bank. Both the investment managers and the custodian bank use a variety of pricing sources to determine market valuations (level 2 inputs).

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

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 4. FAIR VALUE MEASUREMENTS - Continued

Investments are recorded at market value and summarized as follows:

	2020		
	Cost	Fair Market Value	Unrealized Gain
Level 1:			
Equity securities	\$ 5,214,642	\$ 6,243,079	\$ 1,028,437
Other fixed income	2,116,527	2,190,794	74,267
U.S. Treasury notes	579,520	601,495	21,975
Total level 1	<u>7,910,689</u>	<u>9,035,368</u>	<u>1,124,679</u>
Level 2:			
Federal bonds	186,046	196,187	10,141
Municipal bonds	10,000	10,000	-
Corporate bonds	1,152,095	1,188,252	36,157
Total level 2:	<u>1,348,141</u>	<u>1,394,439</u>	<u>46,298</u>
Total investments	<u>\$ 9,258,830</u>	<u>\$ 10,429,807</u>	<u>\$ 1,170,977</u>
	2019		
	Cost	Fair Market Value	Unrealized Gain (Loss)
Level 1:			
Equity securities	\$ 4,733,190	\$ 5,121,385	\$ 388,195
Other fixed income	1,979,401	1,991,984	12,583
U.S. Treasury notes	648,092	648,487	395
Total level 1	<u>7,360,683</u>	<u>7,761,856</u>	<u>401,173</u>
Level 2:			
Federal bonds	209,209	209,662	453
Municipal bonds	10,000	10,128	128
Corporate bonds	1,016,763	1,021,565	4,802
Total level 2:	<u>1,235,972</u>	<u>1,241,355</u>	<u>5,383</u>
Total investments	<u>\$ 8,596,655</u>	<u>\$ 9,003,211</u>	<u>\$ 406,556</u>

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5. DONATED LAND

The Chicago Park District donated the use of land for Gold Star Memorial Park. The Organization does not pay rent and has not recognized an asset or contribution for the use of this land. If the Organization no longer needed this land, it would be returned to the Chicago Park District.

NOTE 6. OPERATING LEASE

In May 2019, the Organization signed an operating lease agreement for a 2019 Jeep Grand Cherokee. This lease expires in May 2022 and has a monthly payment of \$488. Lease expense was \$5,862 and \$3,419 for the year ended December 31, 2020 and 2019, respectively.

Following are the future minimum lease payments required at December 31, 2020:

<u>FISCAL YEAR</u>	<u>AMOUNT</u>
2021	\$ 5,862
2022	2,442
Total minimum lease payments	<u>\$ 8,304</u>

NOTE 7. IN-KIND CONTRIBUTIONS

In-kind contributions are recognized as contributions in accordance with ASC No. 958-605, *Not-for-Profit Entities Revenue Recognition Contributed Services*. Under ASC No. 958-605, the Organization records the fair market value for donated services and goods if they create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Donated goods and services recognized on the Statement of Support, Revenue, and Expenses during 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Maintenance services at Gold Star Memorial Park	\$ 35,000	\$ 49,000
Office space and administrative services	50,225	51,370
Legal services	-	32,591
Donated goods	94,604	49,885
Donated audio and visual equipment and services	31,135	95,707
Other donated services	-	3,000
Total	<u>\$ 210,964</u>	<u>\$ 281,553</u>

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 7. IN-KIND CONTRIBUTIONS - Continued

In addition, many individuals volunteer their time and talents in performing a variety of tasks that assist the Organization. No amounts have been reflected in the financial statements for these donated services because the criteria for recognition under ASC No. 958-605 were not met.

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$318,230 and \$315,275 at December 31, 2020 and 2019, respectively, were restricted for education assistance and suicide prevention programs.

NOTE 9. BOARD DESIGNATED NET ASSETS

The Organization has designated \$5,168,267 and \$4,724,663 at December 31, 2020 and 2019, respectively, for future education assistance for families of Chicago police officers who have sacrificed their lives or have been catastrophically injured in the line of duty.

NOTE 10. EDUCATION CHARTER

It is the mission and responsibility of the Organization to pay for the costs of educating the children of officers who have been slain or catastrophically injured in the line of duty. The Organization provided education assistance of \$210,692 and \$251,726 for the years ended December 31, 2020 and 2019, respectively. The Organization is currently responsible for the following children as of December 31, 2020:

Eligible for post graduate studies	4
Currently enrolled in college	4
Currently enrolled in high school	6
Currently enrolled in grammar school or pre-school	13
Total children	<u>27</u>

The Organization anticipates the future costs to educate these children to be \$8,685,269, with an estimated net present value of \$6,270,233 using a discount rate of 5%, as of December 31, 2020.

NOTE 11. EMPLOYEE RETIREMENT PLAN

The Organization sponsors a qualified 403(b) retirement plan covering all employees. The Organization matches 3% of each participant's compensation each year. The Organization's contributions to this plan were \$14,536 and \$15,237 for the years ended December 31, 2020 and 2019, respectively.

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 12. CONTINGENCY

The Organization approved a deferred compensation plan during the fiscal year ended December 31, 2018. The plan allows specific participants, at their discretion, to defer a minimum of 1% up to a maximum of 75% of their annual compensation. This deferral will not earn any investment income. Participants are 100% vested when enrolled. This amount will not be paid until a participant's resignation, retirement, disability or death. The deferred liability balance was \$160,500 and \$125,500 at December 31, 2020 and 2019, respectively, and is not reflected on these cash basis financial statements.

NOTE 13. LIQUIDITY

The Organization is substantially supported by contributions and fundraising events. The majority of contributions received are unrestricted and available for general expenditures, liabilities and other obligations. Cash in excess of daily requirements is invested in various short-term and long-term investments with maturities designated to meet obligations as they come due. The following financial assets are available to meet general expenditures within one year.

Cash and cash equivalents	\$ 2,397,911	
Investments	10,429,807	
Accrued interest	<u>17,823</u>	
Total financial assets		\$ 12,845,541
Less amounts not available to be used within one year:		
Board designated	(5,168,267)	
Donor restricted	<u>(318,230)</u>	
Financial assets not available to be used within one year		<u>(5,486,497)</u>
Financial assets available to meet general expenditures within one year		<u>\$ 7,359,044</u>

NOTE 14. LOAN FORGIVENESS

On April 21, 2020, the Organization received \$99,219 through the Small Business Administration's Payroll Protection Program ("PPP"). Under the terms of that program, the amount was originally advanced under a loan agreement dated April 20, 2020 and was subsequently forgiven on November 21, 2020. The forgiveness of this loan is included in "Other income" on the Statement of Support, Revenue and Expenses – Cash Basis for the year ended December 31, 2020. Additional information may be obtained from management and from the Small Business Administration.

CHICAGO POLICE MEMORIAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 15. SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to December 31, 2020 for possible adjustment or disclosure to the accompanying financial statements. This evaluation was done through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

In January 2021, the Organization signed an operating lease agreement for a 2021 Jeep Grand Cherokee. This lease expires in January 2024 and has a monthly payment of \$171.

In February 2021, the Organization received a second loan of \$103,296 through the Small Business Administration's Payroll Protection Program ("PPP"). This loan is due in two years from issuance and has an interest rate of 1%.

SUPPLEMENTAL INFORMATION

CHICAGO POLICE MEMORIAL FOUNDATION

SCHEDULE OF ASSETS AND NET ASSETS BY FUND - CASH BASIS

December 31, 2020

	ASSETS				Total
	Without Donor Restrictions			With Donor Restrictions	
	Operating Fund	Investments	Education Assistance Investments	Suicide Prevention	
Current assets:					
Cash and cash equivalents	\$ 853,034	\$ 828,220	\$ 398,427	\$ 318,230	\$ 2,397,911
Investments	-	5,670,040	4,759,767	-	10,429,807
Accrued interest	-	7,750	10,073	-	17,823
Total current assets	<u>853,034</u>	<u>6,506,010</u>	<u>5,168,267</u>	<u>318,230</u>	<u>12,845,541</u>
Fixed assets:					
Memorial Park	3,596,390	-	-	-	3,596,390
Vehicles	60,191	-	-	-	60,191
Construction in progress	114,717	-	-	-	114,717
Less: accumulated depreciation	<u>(1,242,319)</u>	-	-	-	<u>(1,242,319)</u>
Net fixed assets	<u>2,528,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,528,979</u>
Noncurrent assets:					
Certificate of deposit	<u>160,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,900</u>
Total noncurrent assets	<u>160,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,900</u>
Total assets	<u>\$ 3,542,913</u>	<u>\$ 6,506,010</u>	<u>\$ 5,168,267</u>	<u>\$ 318,230</u>	<u>\$15,535,420</u>

	NET ASSETS				Total
	General	Board designated	Education Assistance	Suicide Prevention	
Net assets:					
Net assets without donor restrictions:					
General	\$ 3,542,913	\$ 6,506,010	\$ -	\$ -	\$10,048,923
Board designated	<u>-</u>	<u>-</u>	<u>5,168,267</u>	<u>-</u>	<u>5,168,267</u>
Total net assets without donor restrictions	<u>3,542,913</u>	<u>6,506,010</u>	<u>5,168,267</u>	<u>-</u>	<u>15,217,190</u>
Net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>318,230</u>	<u>318,230</u>
Total net assets	<u>\$ 3,542,913</u>	<u>\$ 6,506,010</u>	<u>\$ 5,168,267</u>	<u>\$ 318,230</u>	<u>\$15,535,420</u>

CHICAGO POLICE MEMORIAL FOUNDATION

SCHEDULE OF ASSETS AND NET ASSETS BY FUND - CASH BASIS

December 31, 2019

	ASSETS				Total
	Without Donor Restrictions			With Donor Restrictions	
	Operating Fund	Investments	Education Assistance Investments	Suicide Prevention	
Current assets:					
Cash and cash equivalents	\$ 566,130	\$ 2,081,628	\$ 295,665	\$ 315,275	\$ 3,258,698
Investments	-	4,585,582	4,417,629	-	9,003,211
Accrued interest	-	10,455	11,369	-	21,824
Total current assets	<u>566,130</u>	<u>6,677,665</u>	<u>4,724,663</u>	<u>315,275</u>	<u>12,283,733</u>
Fixed assets:					
Memorial Park	3,596,390	-	-	-	3,596,390
Vehicles	60,191	-	-	-	60,191
Construction in progress	5,477	-	-	-	5,477
Less: accumulated depreciation	(1,144,896)	-	-	-	(1,144,896)
Net fixed assets	<u>2,517,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,517,162</u>
Total assets	<u>\$ 3,083,292</u>	<u>\$ 6,677,665</u>	<u>\$ 4,724,663</u>	<u>\$ 315,275</u>	<u>\$ 14,800,895</u>

	NET ASSETS				
Net assets:					
Net assets without donor restrictions:					
General	\$ 3,083,292	\$ 6,677,665	\$ -	\$ -	\$ 9,760,957
Board designated	-	-	4,724,663	-	4,724,663
Total net assets without donor restrictions	<u>3,083,292</u>	<u>6,677,665</u>	<u>4,724,663</u>	<u>-</u>	<u>14,485,620</u>
Net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>315,275</u>	<u>315,275</u>
Total net assets	<u>\$ 3,083,292</u>	<u>\$ 6,677,665</u>	<u>\$ 4,724,663</u>	<u>\$ 315,275</u>	<u>\$ 14,800,895</u>

CHICAGO POLICE MEMORIAL FOUNDATION

SCHEDULE OF SUPPORT, REVENUE AND EXPENSES BY FUND - CASH BASIS

Year Ended December 31, 2020

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating Fund	Investments	Education Assistance Investments	Suicide Prevention	
Receipts:					
Contributions	\$ 2,644,402	\$ -	\$ -	\$ 25,000	\$ 2,669,402
In-kind contributions	210,964	-	-	-	210,964
Investment income	372	528,345	443,604	-	972,321
Merchandise sales	337,172	-	-	-	337,172
Less: cost of goods sold	(190,700)	-	-	-	(190,700)
Net merchandise sales	146,472	-	-	-	146,472
Fundraising events	1,323,619	-	-	-	1,323,619
Less: cost of direct benefits to donors	(259,541)	-	-	-	(259,541)
Net fundraising events	1,064,078	-	-	-	1,064,078
Total receipts	4,066,288	528,345	443,604	25,000	5,063,237
Disbursements:					
Programs:					
Assistance to police officers and families	3,415,026	-	-	22,045	3,437,071
Gold Star Memorial Park maintenance	239,701	-	-	-	239,701
Total programs	3,654,727	-	-	22,045	3,676,772
Supporting services:					
Management and general	216,721	-	-	-	216,721
Fundraising	534,438	-	-	-	534,438
Total supporting services	751,159	-	-	-	751,159
Total disbursements	4,405,886	-	-	22,045	4,427,931
Other income:					
Loan forgiveness	99,219	-	-	-	99,219
Total other income	99,219	-	-	-	99,219
Net income (loss)	(240,379)	528,345	443,604	2,955	734,525
Transfers	700,000	(700,000)	-	-	-
Change in net assets	459,621	(171,655)	443,604	2,955	734,525
Net assets, beginning	3,083,292	6,677,665	4,724,663	315,275	14,800,895
Net assets, ending	\$ 3,542,913	\$ 6,506,010	\$ 5,168,267	\$ 318,230	\$15,535,420

CHICAGO POLICE MEMORIAL FOUNDATION

SCHEDULE OF SUPPORT, REVENUE AND EXPENSES BY FUND - CASH BASIS

Year Ended December 31, 2019

	Without Donor Restrictions			With Donor Restrictions	Total
	Operating Fund	Investments	Education Assistance Investments	Suicide Prevention	
Receipts:					
Contributions	\$ 2,210,203	\$ -	\$ -	\$ 32,500	\$ 2,242,703
In-kind contributions	281,553	-	-	-	281,553
Investment income	7,419	469,868	641,371	-	1,118,658
Merchandise sales	425,759	-	-	-	425,759
Less: cost of goods sold	(251,859)	-	-	-	(251,859)
Net merchandise sales	173,900	-	-	-	173,900
Fundraising events	2,065,997	-	-	-	2,065,997
Less: cost of direct benefits to donors	(528,527)	-	-	-	(528,527)
Net fundraising events	1,537,470	-	-	-	1,537,470
Total receipts	4,210,545	469,868	641,371	32,500	5,354,284
Disbursements:					
Programs:					
Assistance to police officers and families	909,577	-	-	54,860	964,437
Gold Star Memorial Park maintenance	265,637	-	-	-	265,637
Total programs	1,175,214	-	-	54,860	1,230,074
Supporting services:					
Management and general	239,414	-	-	-	239,414
Fundraising	720,366	-	-	-	720,366
Total supporting services	959,780	-	-	-	959,780
Total disbursements	2,134,994	-	-	54,860	2,189,854
Net income (loss)	2,075,551	469,868	641,371	(22,360)	3,164,430
Transfers	(3,900,000)	3,900,000	-	-	-
Change in net assets	(1,824,449)	4,369,868	641,371	(22,360)	3,164,430
Net assets, beginning	4,907,741	2,307,797	4,083,292	337,635	11,636,465
Net assets, ending	\$ 3,083,292	\$ 6,677,665	\$ 4,724,663	\$ 315,275	\$ 14,800,895