

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

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Financial Statements

September 30, 2023

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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, 2023, 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, 2023, 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  
December 19, 2023

UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Statement of Financial Position  
September 30, 2023

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$	92,998
Inventory		18,753
Prepaid Expenses		26,393
<b>Total Current Assets</b>		<u>138,144</u>

**Non-current Assets**

Property and Equipment		<u>4,296,281</u>
<b>Total Assets</b>	\$	<u><u>4,434,425</u></u>

**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable and Accrued Expenses	\$	179,923
Unearned Membership Dues		11,350
Deferred Revenue		15,000
Notes Payable		1,266,246
Due to Affiliate		22,931
<b>Total Current Liabilities</b>		<u>1,495,450</u>

**Long Term Liabilities**

Notes Payable		<u>312,302</u>
<b>Total Long Term Liabilities</b>		<u>312,302</u>

<b>Total Liabilities</b>		<u>1,807,752</u>
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**Net Assets**

Without Donor Restrictions		2,625,658
With Donor Restrictions		<u>1,015</u>
<b>Total Net Assets</b>		<u>2,626,673</u>

<b>Total Liabilities and Net Assets</b>	\$	<u><u>4,434,425</u></u>
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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, 2023

**Net Assets Without Donor Restrictions**  
**Public Support and Revenues**

Contributions	\$ 1,942,146
Membership Dues	84,025
Museum Revenues	293,906
Less: Cost of Sales	(54,524)
Investment Income	151
Rental Income	99,500
Federal Employee Retention Credit	89,841
Loss on Disposal of Property and Equipment	(20,000)
<b>Total Public Support and Revenues</b>	<u>2,435,045</u>

**Expenses**

Program Services	1,278,351
General and Administrative	857,303
Fundraising	1,710,947
<b>Total Expenses</b>	<u>3,846,601</u>

**Change in Net Assets Without Donor Restrictions** (1,411,556)

**Net Assets With Donor Restrictions**

Contributions	<u>1,015</u>
<b>Change in Net Assets With Donor Restrictions</b>	<u>1,015</u>
<b>Change in Net Assets</b>	<u>(1,410,541)</u>

**Net Assets, Beginning of Year** 4,037,214

**Net Assets, End of Year** \$ 2,626,673

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, 2023

**Cash Flows from Operating Activities**

Change in Net Assets	\$ (1,410,541)
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:	
Depreciation	187,292
Loss on Disposal of Property and Equipment	20,000
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	13,809
Decrease in Inventory	2,971
Increase in Prepaid Expenses	(3,079)
Decrease in Accounts Payable and Accrued Expenses	(27,224)
Decrease in Unearned Membership Dues	(8,625)
Decrease in Deferred Revenue	(33,500)
Increase in Due to Affiliate	12,898
<b>Net Cash Flows from Operating Activities</b>	<u>(1,245,999)</u>

**Cash Flows from Investing Activities**

Acquisition of Property and Equipment	<u>(31,905)</u>
<b>Net Cash Flows from Investing Activities</b>	<u>(31,905)</u>

**Cash Flows from Financing Activities**

Proceeds from Notes Payable	1,583,461
Payments on Notes Payable	<u>(325,267)</u>
<b>Net Cash Flows from Financing Activities</b>	<u>1,258,194</u>

**Net Change in Cash and Cash Equivalents** (19,710)

**Cash and Cash Equivalents, Beginning of Year** 112,708

**Cash and Cash Equivalents, End of Year** \$ 92,998

**Supplemental Disclosure of Cash Flow Information**

Interest Paid for the Year \$ 130,012

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, 2023

	<b>Program Services</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Total</b>
Professional Fundraising Fees	\$ 4,838	\$ 387	\$ 1,321,490	\$ 1,326,715
Payroll and Related Expenses	513,172	189,966	77,160	780,298
Donations		508,228		508,228
Le Flame			208,218	208,218
Depreciation	159,367	17,493	10,432	187,292
Repairs and Maintenance	127,123	9,535	5,686	142,344
Interest	130,012			130,012
Miscellaneous	44,265	62,809	10,611	117,685
Utilities	93,568	10,270	6,125	109,963
Insurance	70,452	7,270	4,336	82,058
Community Outreach	49,590		5,510	55,100
Printing	11,696	924	31,249	43,869
Postage and Mailing	11,788	1,477	29,175	42,440
Scholarships	22,674			22,674
Office	13,295	7,639	694	21,628
Legal and Accounting		19,321		19,321
Telephone	4,918	11,474		16,392
Publications	14,521			14,521
Advertising		7,639		7,639
Dues and Subscriptions	2,088	2,871	261	5,220
Police Special Events	4,684			4,684
Awards and Gifts	300			300
<b>Total</b>	<b>\$ 1,278,351</b>	<b>\$ 857,303</b>	<b>\$ 1,710,947</b>	<b>\$ 3,846,601</b>

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



## UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.

Notes to Financial Statements

September 30, 2023

### 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.

### 2. OPERATING CASH FLOW

As shown in the accompanying financial statements, the Foundation has current liabilities exceeding current assets by \$1,357,306 at September 30, 2023. In addition, the Foundation has a deficit change in net assets of \$1,410,541 for the year ended September 30, 2023. These factors have created an uncertainty about the Foundation's ability to continue as a going concern.

2. **OPERATING CASH FLOW (continued)**

The Foundation's board plans for an increase in net assets for 2024, 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 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 December 19, 2023, 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.

**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 \$7,639 for the year ended September 30, 2023.

**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.

**UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.**

Notes to Financial Statements

September 30, 2023

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

**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, unearned membership dues, deferred revenue, and due to affiliate 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.

*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.

**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, 2023.

**UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.**  
Notes to Financial Statements  
September 30, 2023

**4. LIQUIDITY AND RESERVES (continued)**

Cash and Cash Equivalents	\$ 92,998
Total Financial Assets at September 30, 2023	<u>92,998</u>
Less: Amounts Not Available to be Used Within One Year:	
Net Assets With Donor Restrictions	1,015
Less: Net Assets With Purpose Restrictions to be Met in Less Than One Year	<u>(1,015)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 92,998</u>

The Foundation has a \$1,500,000 line of credit facility with a bank. At September 30, 2023, \$241,539 is available to be drawn to meet operating cash flow needs.

**5. PROPERTY AND EQUIPMENT**

At September 30, 2023, property and equipment consisted of:

Land	\$ 1,118,242
Building and Improvements	6,321,513
Museum Collections and Exhibits	553,789
Office Furniture, Vehicle and Equipment	190,948
Le Flame Project	<u>31,906</u>
	8,216,398
Less: Accumulated Depreciation	<u>(3,920,117)</u>
	<u>\$ 4,296,281</u>

**6. NOTES PAYABLE**

At September 30, 2023 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% (8.75% at September 30, 2023). 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 \$4,125,813.

\$ 1,258,461

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 real estate with a net book value of \$4,125,813.

\$ 320,087

Total Notes Payable	1,578,548
Less : Current Portion	<u>(1,266,246)</u>
Non-Current	<u>\$ 312,302</u>

**UNITED STATES LAW ENFORCEMENT FOUNDATION, INC.**

Notes to Financial Statements

September 30, 2023

**6. NOTES PAYABLE (continued)**

The following is a schedule of future principal payments required under the terms of the notes payable as of September 30, 2023:

Year Ended September 30,	2024	\$ 1,266,246
	2025	8,383
	2026	9,021
	2027	9,707
	2028	10,445
	Thereafter	274,746
		<u>\$ 1,578,548</u>

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. NET ASSET WITH DONOR RESTRICTIONS**

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

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

The Foundation is related to several other non-profit organizations through common members on their Boards of Directors. These organizations include American Federation of Police and Concerned Citizens, Inc. (AFPCC), 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).

On March 22, 2004, the Foundation entered into an agreement with AFPCC to provide AFPCC with management services and administrative office space. This agreement shall automatically extend for successive one-year terms until canceled by the Foundation or AFPCC. The Foundation received \$580,000 (\$427,500 applied to reduce payroll and related expenses, \$99,500 recorded as rental income and \$53,000 recorded as a donation) during the year ended September 30, 2023 related to this agreement. During the year ended September 30, 2023, the Foundation made a donation to AFPCC in the amount of \$508,228.

During the year ended September 30, 2023, the Foundation paid APA \$156,025 for gun range staffing.

At September 30, 2023, the Foundation owed APHF \$22,931 and is reported as due to affiliate in the statement of financial position.

**9. ALLOCATION OF JOINT COSTS**

The Foundation incurred joint costs of \$96,205 for informational materials and activities that included fundraising appeals. These costs were allocated as follows:

Program Services	\$ 24,051
General and Administrative	1,924
Fundraising	70,230
	<u>\$ 96,205</u>

**10. CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains checking and money market accounts, which, at times, may exceed insured limits. At September 30, 2023, 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.

**11. 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, 2023 was \$20,779.