

Financial Statements and Report of Independent Certified Public Accounts

**N.Y. Police and Fire Widows' & Children's
Benefit Fund, Inc.**

December 31, 2022 and 2021

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
N.Y. Police and Fire Widows' &
Children's Benefit Fund, Inc.

Opinion

We have audited the financial statements of the N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc. (the "Fund"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2022 and 2021, and the results of its operations 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Fund 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 the Fund's ability to continue as a going concern for one year after the date 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 US GAAS 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 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 US GAAS, 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 the Fund'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 the Fund'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.

Grant Thornton LLP

New York, New York
September 18, 2023

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31,

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 459,850	\$ 1,141,205
Investments, at fair value	50,197,559	60,137,076
Contributions receivable	1,496,483	1,036,450
Prepaid expenses and other assets	246,323	199,671
Operating lease right-of-use assets, net	131,192	-
	<hr/>	<hr/>
Total assets	<u>\$ 52,531,407</u>	<u>\$ 62,514,402</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses and other current liabilities	\$ 176,121	\$ 154,792
Operating lease liabilities	133,724	-
	<hr/>	<hr/>
Total liabilities	<u>309,845</u>	<u>154,792</u>
Net assets		
Without donor restrictions	50,678,508	60,388,556
With donor restrictions	1,543,054	1,971,054
	<hr/>	<hr/>
Total net assets	<u>52,221,562</u>	<u>62,359,610</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 52,531,407</u>	<u>\$ 62,514,402</u>

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

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gain (losses) and other support			
Contributions - general	\$ 477,058	\$ -	\$ 477,058
Contributions - in-kind	547,619	-	547,619
Annual fundraising events revenue, net of direct costs of \$606,829	4,011,597	-	4,011,597
Interest and dividend income	1,175,850	-	1,175,850
Realized loss on investments	(947,257)	-	(947,257)
Unrealized loss on investments	(8,161,049)	-	(8,161,049)
Net assets released from restrictions	428,000	(428,000)	-
	<u>(2,468,182)</u>	<u>(428,000)</u>	<u>(2,896,182)</u>
Total revenues, gains (losses) and other support			
Expenses			
Program service - benefit payments	5,678,000	-	5,678,000
Management and general	563,879	-	563,879
Management and general in-kind	552,698	-	552,698
Fundraising expense	447,289	-	447,289
	<u>7,241,866</u>	<u>-</u>	<u>7,241,866</u>
Total expenses			
CHANGE IN NET ASSETS	(9,710,048)	(428,000)	(10,138,048)
Net assets - beginning of year	60,388,556	1,971,054	62,359,610
Net assets - end of year	<u>\$ 50,678,508</u>	<u>\$ 1,543,054</u>	<u>\$ 52,221,562</u>

The accompanying notes are an integral part of this financial statement.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gain (losses) and other support			
Contributions - general	\$ 1,308,788	\$ -	\$ 1,308,788
Contributions - in-kind	638,247	-	638,247
Annual fundraising events revenue, net of direct costs of \$517,693	4,162,332	-	4,162,332
Interest and dividend income	1,917,048	-	1,917,048
Realized gain on investments	9,118,075	-	9,118,075
Unrealized loss on investments	(4,856,160)	-	(4,856,160)
Net assets released from restrictions	528,000	(528,000)	-
	<u>12,816,330</u>	<u>(528,000)</u>	<u>12,288,330</u>
Total revenues, gains (losses) and other support			
	<u>12,816,330</u>	<u>(528,000)</u>	<u>12,288,330</u>
Expenses			
Program service - benefit payments	6,202,500	-	6,202,500
Management and general	525,066	-	525,066
Management and general in-kind	572,742	-	572,742
Fundraising expense	401,402	-	401,402
	<u>7,701,710</u>	<u>-</u>	<u>7,701,710</u>
Total expenses			
	<u>7,701,710</u>	<u>-</u>	<u>7,701,710</u>
CHANGE IN NET ASSETS	5,114,620	(528,000)	4,586,620
Net assets - beginning of year	<u>55,273,936</u>	<u>2,499,054</u>	<u>57,772,990</u>
Net assets - end of year	<u>\$ 60,388,556</u>	<u>\$ 1,971,054</u>	<u>\$ 62,359,610</u>

The accompanying notes are an integral part of this financial statement.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (10,138,048)	\$ 4,586,620
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized loss (gain) on investments	947,257	(9,118,075)
Unrealized loss (gain) on investments	8,161,049	4,856,160
Donated stock	(71,931)	(129,650)
Amortization of operating lease right-of-use assets	146,131	-
Changes in assets and liabilities:		
Increase in contributions receivable	(460,033)	(83,369)
Decrease in interest and dividends receivable	-	18,900
Decrease (Increase) in prepaid expenses and other assets	(46,653)	18,982
Decrease in operating lease liabilities	(143,599)	-
Increase in accrued expenses and other current liabilities	21,330	94,893
	<u>(1,584,497)</u>	<u>244,462</u>
Cash flows from investing activities:		
Proceeds from sale of investments	13,630,660	44,809,731
Purchase of investments	<u>(12,727,518)</u>	<u>(63,957,174)</u>
	903,142	(19,147,443)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(681,355)	(18,902,981)
Cash and cash equivalents at beginning of year	<u>1,141,205</u>	<u>20,044,186</u>
Cash and cash equivalents at end of year	<u><u>\$ 459,850</u></u>	<u><u>\$ 1,141,205</u></u>

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

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 1 - ORGANIZATION

Organization

The N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc. (the "Fund") was established in 1985. The purpose of the Fund is to provide financial assistance to the families of New York City police officers and firefighters who have been killed in the line of duty. After the events of September 11, 2001, the Fund also began to provide financial assistance to the families of Port Authority of New York & New Jersey police officers and New York City emergency medical service personnel killed in the line of duty.

The financial assistance given to the families generally consists of an immediate payment upon death, which is intended to help with any immediate expenses. In addition, the Fund makes annual distributions to each of the surviving families. The Board of Directors of the Fund determines the amount payable based upon the objectives and performance of the Fund.

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Fund is also exempt from New York State corporation and franchise taxes under NYS Tax Commission Regulation Section 1-3.4(b)(6).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund's policy is to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting. Consequently, certain revenue and related assets are recognized when pledged or earned and certain expenses are recognized when the obligation is incurred.

Net Asset Classification

The Fund reports information regarding its financial position and changes in net assets according to the existence or absence of donor-imposed restrictions, as follows:

Net Assets without Donor Restriction

Represent net assets which are not restricted by donors. Net assets without donor restrictions are funds that are fully available, at the discretion of the Board of Directors and management, for the Fund to utilize in any of its programs or supporting services.

Net Assets with Donor Restriction

Represent net assets which are subject to donor-imposed restrictions whose use is restricted by time and/or purpose. The Fund's net assets with donor restrictions are all subject to donor-imposed restrictions that require the Fund to use or expend the gifts as specified, based on purpose or passage of time.

Net assets with donor restrictions may also include amounts with donor stipulations that the corpus of the gifts be maintained in perpetuity, but allows for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes. The Fund did not have any such amounts as of December 31, 2022 or 2021.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Accounting for Contributions Received

The Fund evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Fund applies guidance for exchange transactions. If the transfer of assets is determined to be a contribution, the Fund evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Fund is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

The Fund records contribution revenue when an unconditional promise to give is received from a donor. Contribution revenues are recorded at fair value in the period received as revenue with donor restrictions or without donor restrictions depending upon the existence or absence of donor-imposed stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is met, 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. Additionally, the Fund reports donor-imposed restricted contributions whose restrictions are met in the same year as received as contributions without donor restrictions, under the principle of simultaneous release from restrictions. Unconditional promises to give that are expected to be received after one year are discounted to present value using an appropriate discount rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. Conditional contributions are recognized as revenue when the conditions on which they depend are substantially met. Donated materials, equipment, and services are reflected as in-kind contributions (revenues and expenses, or assets, if capitalizable) at their estimated fair value at the date of receipt.

Contributions receivable contain some level of uncertainty surrounding timing and amount at collection. Therefore, management evaluates the need for an allowance for doubtful accounts based on the consideration of the type of receivable, responsible party, the known financial condition of the respective party, historical collection patterns and comparative aging. These allowances are maintained at a level management considers adequate to provide for subsequent adjustments and potential uncollectible accounts. These estimates are reviewed periodically and, if the financial condition of a party changes significantly, management will evaluate the recoverability of any receivables from that organization and write off any amounts that are no longer considered to be recoverable. Any payments subsequently collected on such written-off receivables are recorded as income in the period received.

Annual Fundraising Event Revenue

Revenue and expenses relative to the Fund's annual dinner, picnic, kickoff, golf and marathon events are recognized upon occurrence of each respective event.

Contributions of Nonfinancial Assets

Contributed goods and services are recognized in the financial statements as in-kind contributions, with a corresponding expense, as they are used. Contributed services are only recognized if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet this criteria for recognition.

The Fund does not monetize such nonfinancial assets. All such assets received for the years ended December 31, 2022 and 2021 did not contain any donor-imposed restrictions.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Cash and Cash Equivalents

The Fund considers all highly liquid financial instruments, primarily money market funds, with original maturities of 90 days or less from the date of purchase, to be cash equivalents.

Investments

Marketable securities are recorded at fair value, based upon quoted market prices. Contributed securities to be held are recorded at their quoted market value at the date of contribution. The statements of activities recognize unrealized gains and losses on investments as increases or decreases, respectively, in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. Purchase and sale transactions are recorded on trade date basis.

Estimated fair value of the Fund's alternative investments, in the absence of readily ascertainable market values, has been determined by the investment managers and reviewed by management for reasonableness. The Fund's alternative investments are generally reported at fair value based on the stated net asset value ("NAV") as reported by the Fund managers. NAV is used as a practical expedient to estimate the fair value of the Fund's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV.

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

Fair Value Measurements

The Fund follows guidance that provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of December 31, 2022 and 2021. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of December 31, 2022 and 2021. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.
- Level 3 - Securities that have little to no pricing observability as of December 31, 2022 and 2021. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Fund's perceived risk of that instrument.

All transfers between levels are recognized by the Fund at the end of each reporting period. There were no transfers into and out of each level of the fair value hierarchy for assets measured at fair value for the years ended December 31, 2022 and 2021.

The Fund follows guidance on measuring the fair value of alternative investments, which offers investors a practical expedient for measuring the fair value of investments in certain entities that calculate NAV. Under this practical expedient, entities are permitted to use NAV without adjustment for certain investments which: (a) do not have a readily determinable fair value; and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Additionally, investments measured using the NAV practical expedient are exempt from categorization within the fair value hierarchy and related disclosures. Instead, entities are required to separately disclose the required information for assets measured using the NAV practical expedient. Entities are also required to show the carrying amount of investments measured using the NAV practical expedient as a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the financial statements.

Concentrations of Credit Risk

Financial instruments that potentially subject the Fund to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation limit, and investments. Management does not believe that a significant risk of loss is likely due to the failure of a financial institution the Fund utilizes.

Management also believes that its market risk is mitigated by an adequate diversification of its investments.

Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Taxes

The Fund recognizes the tax effects from an uncertain tax position in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. Management determined that there are no uncertain tax positions within its financial statements.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016 02, *Leases*, as amended, which requires (1) most leases to be recognized on the balance sheet and (2) disclosure about leasing arrangements. The new standard is effective for fiscal years beginning after December 15, 2018. The new standard establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of operations.

The Fund adopted the new standard on January 1, 2022 and elected the option to apply the transition requirements in the standard. Consequently, financial information will not be updated, and the disclosures required under the standard will not be provided for dates and periods before January 1, 2022.

The new standard provides a number of optional practical expedients in transition. The Fund has elected the "package of practical expedients," which permits entities to not reassess conclusions prior to the implementation of the new standard about lease identification, lease classification and initial direct costs.

The most significant effects on the Fund's financial statements relate to: (1) the recognition of new ROU assets and lease liabilities on the statement of financial position for existing real estate and equipment operating leases and (2) providing significant new disclosures about leasing activities.

The new standard also provides practical expedients for an entity's ongoing accounting. The Fund has elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Fund will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition.

The Fund determines if an arrangement is a lease at inception of the contract. Right of use assets represent the Fund's right to use the underlying assets for the lease term and lease liabilities represent the Fund's obligation to make lease payments arising from the leases. Right of use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Fund has elected to utilize the risk free rate as of the lease commencement date, in determining the present value of lease payments.

ROU assets and lease liabilities for operating leases are included in the statement of financial position and presented separately based on the classification of the underlying lease arrangement. ROU assets and lease liabilities for financing leases would be included within property, plant and equipment, and lease liabilities, respectively, in the statement of financial position. Currently, the Fund does not have any finance leases.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The portion of payments on operating lease liabilities related to interest, along with the amortization of the related ROU, is recognized as rent expense. This rent expense is recognized on a straight-line basis over the term of the lease. The portion of payments on finance lease liabilities related to interest is recognized as interest expense. The amortization of the ROU assets under finance leases is recognized as part of depreciation expense.

The impact on the January 1, 2022, balance sheet is the recognition of the ROU assets and a corresponding operating lease liabilities of \$277,323 based on the present value of the remaining minimum rental payments for existing operating leases.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 3 - INVESTMENTS

The following sets forth the cost and fair value of investments held as of December 31, 2022 and 2021:

Investments	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 46,828,625	\$ 53,382,795	\$ 59,634,914	\$ 57,930,763
Private equity funds	1,258,823	1,219,353	502,162	520,000
Hedge fund	2,110,111	2,070,170	-	-
Total	<u>\$ 50,197,559</u>	<u>\$ 56,672,318</u>	<u>\$ 60,137,076</u>	<u>\$ 58,450,763</u>

The following table sets forth by level, within the fair value hierarchy, the Fund's investments at fair value as of December 31, 2022 and 2021:

Investments	2022			2021		
	Total	Level 1	NAV	Total	Level 1	NAV
Mutual funds	\$46,828,625	\$46,828,625	\$ -	\$59,634,914	\$59,634,914	\$ -
Private equity funds	1,258,823	-	1,258,823	502,162	-	502,162
Hedge fund	2,110,111	-	2,110,111	-	-	-
Total	<u>\$50,197,559</u>	<u>\$46,828,625</u>	<u>\$ 3,368,934</u>	<u>\$60,137,076</u>	<u>\$59,634,914</u>	<u>\$ 502,162</u>

Fair Value of Investments in Entities That Use NAV per Share

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2022 and 2021:

	2022 Fair Value	2021 Fair Value	Redemption Frequency	Redemption Notice Period
Private equity funds ^(a)	\$ 1,258,823	\$ 502,162	N/A	N/A
Hedge fund ^(b)	2,110,111	-	Daily	1 day

^(a) The private equity funds' objective is to seek long-term capital appreciation. Private equity funds are pools of actively-managed capital that invest primarily in private companies. There are unfunded commitments of \$4,690,478 and \$1,480,000 as of December 31, 2022 and 2021, respectively.

^(b) The hedge fund's objective is to seek long-term capital appreciation. The hedge fund, being a fund of futures funds, will use a range of trading and investment strategies with the aim of producing long-term returns. The markets traded will include bonds, money markets, foreign exchange markets and commodity markets. The hedge fund is an open-end fund.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 4 - CONTRIBUTIONS IN-KIND

Professional Services

Weil, Gotshal & Manges LLP, a related party, provided legal and office services to the Fund with a fair value of approximately \$293,000 in 2022 and \$309,000 in 2021.

Geller & Company LLC, a related party, provided accounting and other professional services to the Fund with a fair value of approximately \$197,000 in 2022 and \$206,000 in 2021.

Professional services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

Other

Other in-kind contributions consist primarily of gift cards, event tickets and fundraising event support. These items are recognized as in-kind contributions at fair value, with a corresponding expense, as they are used. The Fund values these items at either face value or fair value on the date received depending on the nature of the item.

For the years ended December 31, 2022 and 2021, total in-kind contributions consisted of the following:

	2022	2021
Legal	\$ 278,069	\$ 293,693
Accounting	118,190	117,045
Other professional services	118,860	89,009
Gift cards*	-	66,000
Moving	17,500	17,500
Office services	15,000	15,000
Dinner event	-	40,000
	<hr/>	<hr/>
Total in-kind contributions	\$ 547,619	\$ 638,247

* Gift cards with a fair value of approximately \$20,000 and \$26,000 as of December 31, 2022 and 2021, respectively, were included within prepaid expenses and other assets on the accompanying statement of financial position as they will be utilized in subsequent years. Fair value of gift cards expensed was approximately \$6,000 in 2022 and \$40,000 in 2021.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 5 - FUNCTIONAL EXPENSES

For the year ended December 31, 2022, functional expenses were comprised of the following:

	Program Service Benefit Payments	Management and General	Management and General In-Kind	Fundraising	Total
Benefit payments	\$ 5,678,000	\$ -	\$ -	\$ -	\$ 5,678,000
Audit and tax fees	-	74,684	-	-	74,684
Insurance	-	75,573	-	-	75,573
Office expenses	-	221,921	-	-	221,921
Travel and entertainment	-	5,379	-	-	5,379
Salaries and payroll taxes	-	110,851	-	443,404	554,255
State registration fees	-	8,082	-	-	8,082
Bank services	-	55,930	-	-	55,930
Marketing	-	-	-	3,885	3,885
Miscellaneous	-	11,459	-	-	11,459
Management and general in-kind	-	-	552,698	-	552,698
	<u>\$ 5,678,000</u>	<u>\$ 563,879</u>	<u>\$ 552,698</u>	<u>\$ 447,289</u>	<u>\$ 7,241,866</u>

For the year ended December 31, 2021, functional expenses were comprised of the following:

	Program Service Benefit Payments	Management and General	Management and General In-Kind	Fundraising	Total
Benefit payments	\$ 6,202,500	\$ -	\$ -	\$ -	\$ 6,202,500
Audit and tax fees	-	65,985	-	-	65,985
Insurance	-	75,949	-	-	75,949
Office expenses	-	197,351	-	-	197,351
Travel and entertainment	-	1,043	-	-	1,043
Salaries and payroll taxes	-	96,943	-	387,770	484,713
State registration fees	-	9,105	-	-	9,105
Bank services	-	52,663	-	-	52,663
Marketing	-	-	-	13,632	13,632
Miscellaneous	-	26,027	-	-	26,027
Management and general in-kind	-	-	572,742	-	572,742
	<u>\$ 6,202,500</u>	<u>\$ 525,066</u>	<u>\$ 572,742</u>	<u>\$ 401,402</u>	<u>\$ 7,701,710</u>

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Fund sponsors a 403(b) plan. Employees may elect to have pretax employee contributions made to their accounts not to exceed federal allowable limits. The Fund made Safe Harbor non-elective contributions to the 403(b) plan of 3% of a participant's eligible contribution and provided a 50% match of a participant's eligible contribution between 3% and 5%. Total pension expense under this 403(b) plan for the years ended December 31, 2022 and 2021 totaled approximately \$14,000 each year. Participants are immediately vested in their employee-contributed account balance and in the employer's contribution portion and all earnings thereon.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

NOTE 7 - NET ASSETS

Net assets with donor restrictions are available for the following purposes at December 31, 2022 and 2021:

	2022	2021
Funds held for specific purpose:		
Immediate payment to families upon death	\$ 1,265,054	\$ 1,415,054
Annual distributions	278,000	556,000
	<u>\$ 1,543,054</u>	<u>\$ 1,971,054</u>
Total net assets with donor restrictions		

Net assets with donor restrictions were released from restrictions by fulfillment of donor-imposed purpose restrictions for the years ended December 31, 2022, and 2021 as follows:

	2022	2021
Funds held for specific purpose		
Immediate payments to families upon death	\$ 150,000	\$ 250,000
Annual distributions	278,000	278,000
	<u>\$ 428,000</u>	<u>\$ 528,000</u>
Total net assets released from restrictions		

NOTE 8 - RELATED PARTY TRANSACTIONS

See Note 4 for related party in-kind contributions.

NOTE 9 - LEASES

The Fund entered into a non-cancelable operating lease for office space which terminates October 31, 2023.

The following table presents the components of the Fund's right of use assets and liabilities related to leases and their classification as of December 31, 2022:

Component of Lease Balances	Classification in Statement of Financial Position	2022
Assets		
Operating lease assets	ROU assets	<u>\$ 131,192</u>
Liabilities		
Operating lease liabilities	Lease liabilities	<u>\$ 133,724</u>

The following table presents the components of lease expense and their classification in the statement of activities for the year ended December 31, 2022:

Component of Lease Balances	Classification in Statement of Activities	2022
Operating lease expense	Management and general	\$ 162,440

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

The weighted-average lease terms and discount rates for the operating leases at December 31, 2022 is as follows:

	<u>2022</u>
Weighted-average remaining lease term (years)	
Operating leases	1 year
Weighted-average discount rate	
Operating leases	0.78%

Cash flow related to leases for the year ended December 31, 2022 is as follows:

	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash outflows from operating leases	\$ 159,907
ROU assets obtained in exchange for lease obligations:	
Operating leases	\$ -

The future minimum rental commitments for all noncancelable operating leases as of December 31, 2022, are as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2023	\$ 137,825
Less: imputed interest	<u>(4,101)</u>
Lease liability, net	<u>\$ 133,724</u>

NOTE 10 - LIQUIDITY

The Fund regularly monitors liquidity required to meet its operating needs and to provide benefit payments, while also striving to maximize the investment of its portfolio. The Fund has various sources of liquidity at its disposal, including cash and cash equivalents and short-term marketable equity securities.

In addition to financial assets available to meet general expenditures over the next 12 months, the Fund operates with a balanced budget and anticipates collecting sufficient operating revenue and investment portfolio returns to cover all of its operating needs.

N.Y. Police and Fire Widows' & Children's Benefit Fund, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022 and 2021

As of December 31, 2022, and 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet operating expenditures:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 459,850	\$ 1,141,205
Investments, at fair value	50,197,559	60,137,076
Contributions receivable	<u>1,496,483</u>	<u>1,036,450</u>
 Total financial assets available within one year	 52,153,892	 62,314,731
 Less: donor-restricted funds	 <u>1,543,054</u>	 <u>1,971,054</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 50,610,838</u>	 <u>\$ 60,343,677</u>

NOTE 11 - SUBSEQUENT EVENTS

Management of the Fund has evaluated events or transactions that have occurred since December 31, 2022, through September 18, 2023, the date the financial statements were available for issuance. Management has determined that there are no material events that would require recognition or disclosure in the Fund's financial statements.