

**CHILDREN OF FALLEN PATRIOTS FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011**

**CHILDREN OF FALLEN PATRIOTS FOUNDATION**

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DECEMBER 31, 2011**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Children of Fallen Patriots Foundation

We have audited the accompanying statement of financial position of the Children of Fallen Patriots Foundation as of December 31, 2011, and the related statements of activities and changes in unrestricted net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Children of Fallen Patriots Foundation as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained in Schedule 1 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Certified Public Accountants

Jericho, New York  
July 30, 2012

## CHILDREN OF FALLEN PATRIOTS FOUNDATION

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2011

## ASSETS

Cash	\$ 1,239,123
Contributions receivable	14,664
Computer software, net of accumulated depreciation of \$18,869	<u>-</u>
TOTAL ASSETS	\$ <u>1,253,787</u>

## LIABILITIES AND UNRESTRICTED NET ASSETS

## LIABILITIES

TOTAL LIABILITIES

-

## COMMITMENTS AND CONTINGENCIES

UNRESTRICTED NET ASSETS

1,253,787

TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS

\$ 1,253,787

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

**CHILDREN OF FALLEN PATRIOTS FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

## SUPPORT AND REVENUE:

Special events, net of special event fundraising expenses of \$87,077	\$ 1,570,769
Contributions	281,462
Interest income	<u>2,593</u>
TOTAL SUPPORT AND REVENUE	<u>1,854,824</u>

## EXPENSES:

Program services	1,347,319
Management and general	77,405
Fundraising expenses	<u>223,713</u>
TOTAL EXPENSES	<u>1,648,437</u>

INCREASE IN UNRESTRICTED NET ASSETS	206,387
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>1,047,400</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 1,253,787</u>

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

## CHILDREN OF FALLEN PATRIOTS FOUNDATION

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011

## CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in unrestricted net assets	\$ 206,387
Adjustments to reconcile change in net cash provided by operating activities:	
Bad debts	18,365
Changes in assets and liabilities:	
Decrease in contributions receivable	25,628
(Decrease) in accounts payable	<u>(5,224)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	245,156
CASH - BEGINNING OF YEAR	<u>993,967</u>
CASH - END OF YEAR	<u>\$ 1,239,123</u>

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

# CHILDREN OF FALLEN PATRIOTS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - ORGANIZATION AND PURPOSE

Children of Fallen Patriots Foundation (the "Foundation") is a not-for-profit organization incorporated under the laws of the State of Delaware on August 1, 2002. The Foundation was formed for the purpose of providing college scholarships and educational counseling to the children of military personnel who are killed in while on active duty.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Financial Statements

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting. Net assets and activities of the Foundation are classified into three categories consisting of unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. The Foundation has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

#### (b) Support

Contributions received are measured at their fair values on the date of donation. Unless explicit donor stipulations specify how the donated assets must be used, contributions are reported as increases in unrestricted net assets.

If explicit donor stipulations are met in the same year as the restricted contributions are received, contributions are reported as unrestricted support in the year received. Generally, services provided to the Foundation by board members and their affiliates, for management and general functions, are not reflected in the accompanying financial statements.

Contributions receivable represent tickets for fundraising events which remained unpaid at year end.

#### (c) Income Taxes

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization, which allows for the maximum charitable contribution deduction by donors.

(continued)

# CHILDREN OF FALLEN PATRIOTS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting principles generally accepted in the United States of America require Management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2007.

#### (d) Accounting 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 the reported amounts of assets and liabilities and the disclosure of contingencies, if any, at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### (e) Subsequent Events

The Foundation has evaluated subsequent events after the date of the statement of financial position through July 30, 2012, the date that the financial statements were available to be issued.

### NOTE 3 - RISKS AND UNCERTAINTIES

At various times throughout the year, the Foundation had, on deposit in banks, amounts in excess of FDIC insurance limits. The Foundation has not experienced any losses in such accounts and the Board of Directors believe it is not exposed to any significant credit risk.

### NOTE 4 - RELATED PARTY TRANSACTIONS

For the year ended December 31, 2011, contributions include \$246,691 donated to the Foundation by members of the Board of Directors. This amount is in excess of management and general expenses.



# CHILDREN OF FALLEN PATRIOTS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 - ALLOCATION OF CERTAIN EXPENSES

The Foundation conducts activities that include fund-raising events as well as program services. The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly certain costs have been allocated by management, based primarily upon estimated usage and actual expenditure. For the year ended December 31, 2011, these activities consisted of computer consulting in the amount of \$951, and postage expense in the amount of \$4,027, which were allocated between management and general, and program services. Other consulting services in the amount of \$112,455 were allocated between program services, management and general, and fund-raising expenses.

**SUPPLEMENTARY FINANCIAL INFORMATION**

## CHILDREN OF FALLEN PATRIOTS FOUNDATION

**FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND- RAISING</u>
Tuition	\$ 1,060,796	\$ 1,060,796	\$ -	\$ -
Other educational services	226,396	226,396	-	-
Consulting	112,455	29,271	57,688	25,496
Other special event expenses	78,107	-	-	78,107
Video	40,300	-	-	40,300
Printing	23,088	-	-	23,088
Books	27,353	27,353	-	-
Merchant processing fees	19,442	-	-	19,442
Bad debts	18,365	-	-	18,365
Accounting	9,216	-	9,216	-
Fundraising expense	6,268	-	-	6,268
Advertising and promotion	5,115	-	-	5,115
Telephone and internet	4,431	-	-	4,431
Postage	4,027	2,641	-	1,386
Miscellaneous expenses	3,633	-	3,633	-
Professional Fees	1,878	-	1,878	-
Brokerage fees	1,405	-	-	1,405
Annual filing fees	1,376	-	1,376	-
Travel	1,088	-	1,088	-
Bank fees	1,026	-	1,026	-
Computer consulting	951	683	268	-
Software	630	-	630	-
Bookkeeping	320	-	320	-
Credit card fees	310	-	-	310
Transportation	179	179	-	-
Conferences	150	-	150	-
Supplies	77	-	77	-
Office equipment	55	-	55	-
	<u>\$ 1,648,437</u>	<u>\$ 1,347,319</u>	<u>\$ 77,405</u>	<u>\$ 223,713</u>

The accompanying notes to financial statements and independent auditors' report should be read in conjunction with this supplementary schedule.