

# **Stephen Siller Tunnel to Towers Foundation**

## **Financial Statements**

**December 31, 2019 and 2018**

**(With Independent Auditor's Report Thereon)**



*Navigating the Road  
to  
Financial Security*

# **Stephen Siller Tunnel to Towers Foundation**

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## **Independent Auditor's Report**

Board of Directors  
Stephen Siller Tunnel to Towers Foundation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Stephen Siller Tunnel to Towers Foundation, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, cash flows and functional expenses 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 accounting principles generally accepted in the United States of America; this includes 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 entity'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 entity'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.

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Stephen Siller Tunnel to Towers Foundation

We believe that the audit evidence 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 financial position of Stephen Siller Tunnel to Towers Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*De Santis, Kieja, Shall & Savone, LLP*

Staten Island, New York

August 8, 2020

# Stephen Siller Tunnel to Towers Foundation

## Statements of Financial Position December 31, 2019 and 2018

### Assets

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and Cash Equivalents	\$ 13,039,926	\$ 4,581,023
Contributions Receivable	941,189	5,933
Prepaid Expenses	113,672	84,025
Restricted Cash	<u>1,615,622</u>	<u>3,285,943</u>
Total Current Assets	<u>15,710,409</u>	<u>7,956,924</u>
Fixed Assets:		
Fixed Assets - Net of Accumulated Depreciation	<u>3,617,894</u>	<u>596,325</u>
Other Assets:		
Endowment - Investments	2,564,707	463,016
Endowment - Cash	20,421	1,017,855
Other Assets - Net of Accumulated Amortization	119,448	134,427
Security Deposit	<u>34,898</u>	<u>27,743</u>
Total Other Assets	<u>2,739,474</u>	<u>1,643,041</u>
 Total Assets	 <u><u>\$ 22,067,777</u></u>	 <u><u>\$ 10,196,290</u></u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	<u>\$ 702,422</u>	<u>\$ 374,707</u>
Total Current Liabilities	<u>702,422</u>	<u>374,707</u>
 Total Liabilities	 <u>702,422</u>	 <u>374,707</u>
Net Assets:		
Without Donor Restrictions		
Undesignated	17,164,605	5,054,769
Designated by the Board for Endowment	<u>2,585,128</u>	<u>1,480,871</u>
Total Without Donor Restrictions	19,749,733	6,535,640
With Donor Restrictions		
Purpose Restrictions	<u>1,615,622</u>	<u>3,285,943</u>
Total Net Assets	<u>21,365,355</u>	<u>9,821,583</u>
 Total Liabilities and Net Assets	 <u><u>\$ 22,067,777</u></u>	 <u><u>\$ 10,196,290</u></u>

# **Stephen Siller Tunnel to Towers Foundation**

Statements of Activities  
for the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Support:						
Direct Public Support	\$ 34,852,353	\$ 241,099	\$ 35,093,452	\$ 12,364,557	\$ 1,648,936	\$ 14,013,493
In-Kind Donations	16,150,958	343,000	16,493,958	8,343,491	1,637,007	9,980,498
Net Assets Released from Restriction	2,254,420	(2,254,420)		2,921,765	(2,921,765)	
Total Support	53,257,731	(1,670,321)	51,587,410	23,629,813	364,178	23,993,991
Revenue:						
Tunnel to Towers Run	2,377,237		2,377,237	1,969,718		1,969,718
Runs Across America	1,776,224		1,776,224	1,287,136		1,287,136
In the Line of Duty	972,005		972,005	1,143,038		1,143,038
Stair Climb	439,006		439,006	412,820		412,820
Special Event Revenue - Gala						
Less: Direct Cost of Benefit to Donors	\$ 1,038,101		\$ 3,780,639			
Net Special Event Revenue	512,501		512,501	3,218,868		3,218,868
Fundraising Revenue	616,429		616,429	836,330		836,330
Interest Income	10,717		10,717	10,758		10,758
Net Investment Return	265,851		265,851	(15,853)		(15,853)
Total Revenue	6,969,970		6,969,970	8,862,815		8,862,815
Total Support and Revenue	60,227,701	(1,670,321)	58,557,380	32,492,628	364,178	32,856,806
<b>Expenses:</b>						
Program Services						
Never Forget	16,817,457		16,817,457	10,216,225		10,216,225
In the Line of Duty	27,632,583		27,632,583	18,530,282		18,530,282
Total Program Services	44,450,040		44,450,040	28,746,507		28,746,507
Fundraising	1,805,601		1,805,601	1,565,564		1,565,564
Management and General	757,967		757,967	503,057		503,057
Total Expenses	47,013,608		47,013,608	30,815,128		30,815,128
Change in Net Assets	13,214,093	(1,670,321)	11,543,772	1,677,500	364,178	2,041,678
Net Assets, Beginning of Year	6,535,640	3,285,943	9,821,583	4,858,140	2,921,765	7,779,905
Net Assets, End of Year	\$ 19,749,733	\$ 1,615,622	\$ 21,365,355	\$ 6,535,640	\$ 3,285,943	\$ 9,821,583

The Accompanying Notes are an Integral Part of these Financial Statements.

# Stephen Siller Tunnel to Towers Foundation

## Statements of Cash Flows for the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 11,543,772	\$ 2,041,678
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	121,134	147,672
Unrealized (Gain)/Loss on Investments	(231,186)	15,853
Realized Loss on Investments	9,173	
Donated Land and Buildings	(3,123,000)	
Donated Securities	(53,374)	
(Increase) Decrease in Operating Assets		
Contributions Receivable	(935,256)	169,967
Prepaid Expenses	(29,647)	41,855
Security Deposit	(7,155)	(11,730)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	327,715	234,968
Total Adjustments	(3,921,596)	598,585
Net Cash Provided By Operating Activities	7,622,176	2,640,263
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	(2,369,467)	(5,315)
Sales of Investments	543,163	
Purchase of Fixed Assets	(4,724)	(88,864)
Purchase of Other Assets		(103,385)
Net Cash Used In Investing Activities	(1,831,028)	(197,564)
<b>Cash Flows from Financing Activities</b>		
Payment of Capital Lease Payable		(35,562)
Net Cash Used In Financing Activities		(35,562)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	5,791,148	2,407,137
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	8,884,821	6,477,684
Cash, Cash Equivalents, and Restricted Cash - End of Year	\$ 14,675,969	\$ 8,884,821
<b>Supplemental Cash Flow Information:</b>		
Cash Paid for Interest	\$ 0	\$ 72

The Accompanying Notes are an Integral Part of these Financial Statements.

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# Stephen Siller Tunnel to Towers Foundation

## Statement of Functional Expenses for the Year Ended December 31, 2019

	Program Services			Fundraising	Management and General	Total
	Never Forgot	In the Line of Duty	Total Program Services			
Salaries	\$ 993,871	\$ 1,565,615	\$ 2,559,486	\$ 551,821	\$ 391,277	\$ 3,502,584
Payroll Taxes and Benefits	273,098	433,600	706,698	162,049	73,297	942,044
Total Salaries and Payroll Taxes and Benefits	1,266,969	1,999,215	3,266,184	713,870	464,574	4,444,628
Advertising and Marketing	11,262,982	926,576	12,189,558	90,625	48,344	12,328,527
Bank Charges	132,256	65,881	198,137	26,107	87,053	311,297
Building Maintenance	10,135	36,134	46,269	4,932	4,235	55,436
Computer Expense	70,951	115,992	186,943	46,201	24,994	258,138
Consultants and Contractors	346,778	200,080	546,858	48,608	1,218	596,684
Utilities	10,258	15,851	26,109	5,582	3,130	34,821
Event Production	126,632	1,884	128,516	31,103	5,000	164,619
Food	110,710	3,932	114,642	694		115,336
Insurance	35,528	47,291	82,819	17,802	1,722	100,621
Meetings	25,774	14,922	40,696	16,063		58,481
Postage	12,835	13,277	26,112	4,046	2,600	32,758
Professional Services	268,722	160,466	429,188	23,347	36,398	488,933
Rent	72,342	119,017	191,359	45,498	25,386	262,243
Storage	18,410	4,032	22,442	1,677	880	24,999
Supplies	246,080	93,766	339,846	64,097	17,343	421,286
Telephone	4,922	8,010	12,932	3,040	1,702	17,674
Equipment	226,852		226,852			226,852
Taxes and Permits	17,887	77,542	95,429	2,240	7,229	104,898
Travel	529,065	197,751	726,816	82,098	8,306	817,220
Venue	185,269		185,269	462,887		648,156
Donations	617,496	8,101,221	8,718,717	6,716	2,171	8,727,604
New York City Run Costs	630,018	29,481	659,499	38,785	5,067	703,351
Outreach and PSA's	507,961	4,494,526	5,002,487	50,475		5,052,962
In the Line of Duty - Smart Homes	51,963	8,596,292	8,648,255			8,648,255
In the Line of Duty - GoldStar Homes		2,246,695	2,246,695			2,246,695
Interest						
Amortization		14,979	14,979			14,979
Depreciation	28,662	47,770	76,432	19,108	10,615	106,155
	\$ 16,817,457	\$ 27,632,583	\$ 44,450,040	\$ 1,805,601	\$ 757,967	\$ 47,013,608

The Accompanying Notes are an Integral Part of these Financial Statements.

# Stephen Siller Tunnel to Towers Foundation

## Statement of Functional Expenses for the Year Ended December 31, 2018

	Program Services				Fundraising	Management and General	Total
	Never Forget	In the Line of Duty	Total Program Services				
Salaries	\$ 897,261	\$ 1,233,215	\$ 2,130,476	\$ 481,847	\$ 302,601	\$ 2,914,924	
Payroll Taxes and Benefits	246,420	333,788	580,208	125,471	58,832	764,511	
Total Salaries and Payroll Taxes and	1,143,681	1,567,003	2,710,684	607,318	361,433	3,679,435	
Advertising and Marketing	5,247,243	3,336,336	8,583,579	40,329	29,082	8,652,990	
Bank Charges	106,987	14,160	121,147	26,368	8,818	156,333	
Building Maintenance	30,290	9,809	40,099	3,534	3,028	46,661	
Computer Expense	31,413	52,691	84,104	21,482	10,596	116,182	
Consultants and Contractors	265,345	165,388	430,733	48,454	3,757	482,944	
Utilities	15,271	20,800	36,071	8,198	5,402	49,671	
Event Production	75,125	18,191	93,316	42,490		135,806	
Food	91,045	14,321	105,366	1,564	40	106,970	
Insurance	42,830	71,128	113,958	15,622	7,043	136,623	
Meetings	35,583	25,517	61,100	12,587	2,744	76,431	
Postage	12,291	13,525	25,816	4,630	2,597	33,043	
Professional Services	215,629	235,153	450,782	30,247	10,864	491,893	
Rent	63,467	84,863	148,330	28,150	20,893	197,373	
Storage	3,310	7,849	11,159	1,319	875	13,353	
Supplies	181,058	55,226	236,284	47,923	15,456	299,663	
Telephone	3,860	5,416	9,276	2,017	1,354	12,647	
Equipment	218,569		218,569			218,569	
Taxes and Permits	17,397	57,011	74,408	1,028	7,863	83,299	
Travel	434,791	257,930	692,721	107,255	3,683	803,659	
Venue	194,501		194,501	451,655		646,156	
Donations	658,122	3,260,323	3,918,445	1,347	39	3,919,831	
New York City Run Costs	434,629	16,252	450,881	52,037	2,840	505,758	
Outreach and PSA's	179,789	359,578	539,367	5,366	6	544,739	
In the Line of Duty - Smart Homes	414,408	6,239,743	6,654,151			6,654,151	
In the Line of Duty - GoldStar Homes		2,603,204	2,603,204			2,603,204	
Interest	72		72			72	
Amortization		14,980	14,980			14,980	
Depreciation	99,519	23,885	123,404	4,644	4,644	132,692	
	\$ 10,216,225	\$ 18,530,282	\$ 28,746,507	\$ 1,565,564	\$ 503,057	\$ 30,815,128	

The Accompanying Notes are an Integral Part of these Financial Statements.

# Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

## 1. Nature of Activities

The Stephen Siller Tunnel to Towers Foundation (herein referred to as the "Foundation") is a not-for-profit corporation that was established to support, recognize, and advocate for our first responders and catastrophically injured service members in honor of the legacy of Stephen Siller, who laid down his life to save others on September 11, 2001.

The Foundation accomplishes this mission through the following programs:

### IN THE LINE OF DUTY PROGRAMS:

- 1) **Smart Homes:** *Smart Homes* program constructs custom, specially adapted Smart Homes for catastrophically injured service members returning home to restore their ability to live a life of independence.
- 2) **Fallen First Responder Home Program:** The Foundation pays off the remaining mortgage for families left behind when a firefighter or police officer is killed in the line of duty on a case-by-case basis.
- 3) **Gold Star Home Program:** This program provides mortgage-free homes to Gold Star families with young children of military who have died in the line of duty and have made the ultimate sacrifice.

### NEVER FORGET PROGRAMS:

- 1) **National Tunnel to Towers Runs and Stair Climb Series:** The New York City 5K Run and Walk and the Tower Climb as well as the National Runs and Climbs are memorial events held in honor of Stephen Siller (FDNY), and all who perished on 9/11, as well as First Responders and military who have and continue to put their lives on the line to serve and protect our nation. The Foundation has established these memorial events so as a nation *We Will Never Forget!*
- 2) **9/11 Never Forget Exhibit:** Host a traveling exhibit as a tribute to all those who sacrificed on September 11, 2001. The memorial provides interactive education including artifacts, news and video recordings, and live tours from FDNY heroes. The Foundation is committed to ensuring We Never Forget and that America's youth understand the sacrifice of many on that day.
- 3) **Wings of a Hero:** To help local community children in need who have lost a parent by providing assistance for school, counseling or other needs.
- 4) **Legacy Awards:** To assist families of injured or fallen first responders with their specific immediate financial needs.

# **Stephen Siller Tunnel to Towers Foundation**

Notes to Financial Statements  
December 31, 2019 and 2018

## **2. Summary of Significant Accounting Policies**

### ***Method of Accounting***

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### ***Cash and Cash Equivalents***

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

### ***Property, Equipment and Depreciation***

Acquisitions of property and equipment are recorded at the purchase price. Contributions of land, buildings and equipment are recorded at fair market value when title is conveyed.

Depreciation of property and equipment is recognized over the estimated useful lives of the respective assets on a straight-line basis as follows:

Buildings	3 Years
Building Improvements	5 to 10 Years
Furniture, Fixtures and Equipment	3 to 5 Years

### ***Investments***

Investments are recorded at their fair values in the statement of financial position. Investment return is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses.

# Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements  
December 31, 2019 and 2018

## *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.

## *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. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation reports 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 in which the revenue is recognized. 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.

# **Stephen Siller Tunnel to Towers Foundation**

Notes to Financial Statements  
December 31, 2019 and 2018

## ***Revenue and Revenue Recognition***

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

## ***In-Kind Donations***

The Foundation receives donations of supplies, equipment, gift cards and advertising for their various programs and fundraisers. These donations are recorded at their fair market value at the time of the donation. In-kind donations for the year ended December 31, 2019 totaled \$11,787,297 for Never Forget, \$4,701,878 for In the Line of Duty, and \$4,783 for fundraising events. In-kind donations for the year ended December 31, 2018 totaled \$5,195,564 for Never Forget, \$4,754,535 for In the Line of Duty, and \$30,399 for fundraising events.

## ***Contributed Services***

A significant portion of the Foundation's functions is conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements because the criteria for recognition under the FASB codification topic that addresses "Contributed Services" have not been met. This criterion requires that contributions of donated services be material in nature, that they create or enhance non-financial assets, or that they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

## ***Interest Income***

Income generated from the Foundation's interest-bearing bank accounts is recognized when earned and reported as interest income on the Statement of Activities.

# **Stephen Siller Tunnel to Towers Foundation**

Notes to Financial Statements  
December 31, 2019 and 2018

## ***Advertising Expenses***

Marketing and advertising costs are expensed as incurred.

In 2019, the Foundation received in-kind donations of advertising for the Tunnel to Towers Run and Stair Climb, valued in total at \$11,088,954. It also received in-kind donations of advertising for its In the Line of Duty program, valued in total at \$680,909. The Foundation spent an additional \$558,664 on advertising and marketing. Total advertising and marketing expense for the year ended December 31, 2019 was \$12,328,527.

In 2018, the Foundation received in-kind donations of advertising for the Tunnel to Towers Run and Stair Climb, valued in total at \$5,097,616. It also received in-kind donations of advertising for its In the Line of Duty program, valued in total at \$3,221,465. The Foundation spent an additional \$333,909 on advertising and marketing. Total advertising and marketing expense for the year ended December 31, 2018 was \$8,652,990.

## ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program and supporting service are allocated directly according to their expenditure classification. Other costs that are common to several functions are allocated among the programs and supporting services in reasonable ratios as determined by management.

## ***Income Tax Status***

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation represents that the tax-exempt status is still in effect at December 31, 2019.

The Foundation is subject to the provisions of the FASB ASC that addresses accounting and reporting for uncertainty in income taxes. Because of the Foundation's general tax-exempt status, this ASC topic has not had, and is not expected to have, a material impact on its financial statements.

# **Stephen Siller Tunnel to Towers Foundation**

Notes to Financial Statements  
December 31, 2019 and 2018

## ***Financial Instruments and Credit Risk***

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts.

Investments are made by diversified investment managers whose performance is monitored by the Foundation. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

## ***Reclassifications***

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

## ***Adoption of Accounting Pronouncements***

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The Foundation has adopted these provisions in the accompanying financial statements.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Foundation has adopted the provisions of ASU 2018-08 applicable to both contributions received and to contributions made. There was no effect on net assets in connection with the implementation of ASU 2018-08.

## Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements

December 31, 2019 and 2018

### 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2019</u>	<u>2018</u>
Financial Assets		
Cash and Cash Equivalents	\$13,040,426	\$4,581,023
Contributions Receivable	941,189	5,933
Restricted Cash	1,615,122	3,285,943
Endowment – Investment	2,564,707	463,016
Endowment – Cash	<u>20,421</u>	<u>1,017,855</u>
Total financial assets	18,181,865	9,353,770
Donor-imposed restrictions:		
Funds subject to purpose restrictions	<u>(1,615,122)</u>	<u>(3,285,943)</u>
Net financial assets after donor-imposed restrictions	16,566,743	6,067,827
Less:		
Board-designated funds	<u>(2,585,128)</u>	<u>(1,480,871)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$13,981,615</u>	<u>\$4,586,956</u>

The Foundation receives significant contributions restricted by donors. The Foundation manages its liquidity and reserves by operating within a prudent range of financial soundness and stability, maintaining adequate liquid reserves to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

## Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements

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### 4. Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$13,039,926	\$4,581,023
Restricted Cash	1,615,622	3,285,943
Endowment – Cash	<u>20,421</u>	<u>1,017,855</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Cash Flows	<u>\$14,675,969</u>	<u>\$8,884,821</u>

### 5. Fair Value of Investments

The Foundation reports its investments at their fair values, in the following manner:

- Requiring consideration of non-performance risk when valuing liabilities;
- Defining fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishing a framework for measuring fair values; and
- Establishing a three-level hierarchy for fair-value measurement based upon the observability of inputs to the evaluation of an asset or liability as of the measurement date.

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Notes to Financial Statements

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The three-level valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value levels:

- Level 1 – quoted prices for *identical* instruments in active markets;
- Level 2 – quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and mode-derived valuations for which the significant inputs are observable; and
- Level 3 – instruments for which the significant inputs are *unobservable*.

When available, the Foundation measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs may not be available for many assets and liabilities that the Foundation is required to measure at fair value (for example, in-kind contributions.)

The primary uses of fair value measures in the Foundation's financial statements are:

- Initial measurement of noncash gifts, including gifts of investment assets
- Recurring measurement of endowment and long-term investments (see Note 6).

## 6. Investments

Investments consist of the following at December 31, 2019 and 2018:

	2019 <u>Fair Value</u>	2018 <u>Fair Value</u>
Endowment and Long-Term Investments:		
Mutual Funds	\$ 122,655	\$ 14,944
Exchange-Traded Funds	<u>2,442,052</u>	<u>448,072</u>
Total Endowment and Long-Term Investments	<u>\$2,564,707</u>	<u>\$463,016</u>

# Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements

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As discussed in Note 5 to these financial statements, the Foundation is required to report its fair value measurements in one of three levels, which are based upon the ability to observe in the marketplace the inputs to the Foundations valuation techniques. The Foundation's investment assets are classified within Level 1 because they comprise mutual funds and exchange-traded funds with readily determinable fair values based on daily redemption values.

The following table presents investments measured at fair value at December 31, 2019 and 2018:

## December 31, 2019

		<u>Fair Value Measurement at Reporting Date Using</u>		
		Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Total</u>			
Mutual Funds	\$ 122,655	\$ 122,655	\$ 0	\$ 0
Exchange-Traded Funds	<u>2,442,052</u>	<u>2,442,052</u>	<u>0</u>	<u>0</u>
Total	<u>\$2,564,707</u>	<u>\$2,564,707</u>	<u>\$ 0</u>	<u>\$ 0</u>

## December 31, 2018

		<u>Fair Value Measurement at Reporting Date Using</u>		
		Quoted Prices in Active Markets for Identical Asset (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	<u>Total</u>			
Mutual Funds	\$ 14,944	\$ 14,944	\$ 0	\$ 0
Exchange-Traded Funds	<u>448,072</u>	<u>448,072</u>	<u>0</u>	<u>0</u>
Total	<u>\$463,016</u>	<u>\$463,016</u>	<u>\$ 0</u>	<u>\$ 0</u>

## Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements

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### 7. Fixed Assets

The summary of fixed assets at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Land	\$2,500,000	
Buildings	623,000	
Building Improvements	414,435	\$ 409,711
Automobile	189,882	189,882
Equipment	337,291	337,291
Asset under Capital Lease	<u>210,000</u>	<u>210,000</u>
Subtotal	4,274,608	1,146,884
Accumulated Depreciation	<u>(656,714)</u>	<u>(550,559)</u>
Net Fixed Assets	<u>\$3,617,894</u>	<u>\$ 596,325</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$106,155 and \$132,692, respectively.

### 8. Other Assets

The summary of other assets at December 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Domain Name	\$149,794	\$149,794
Accumulated Amortization	<u>(30,346)</u>	<u>(15,367)</u>
Net Other Assets	<u>\$119,448</u>	<u>\$134,427</u>

Amortization expense for the years ended December 31, 2019 and 2018 was \$14,979 and \$14,980, respectively.

## Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements

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### 9. Net Assets with Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Smart Homes	\$839,543	\$1,648,936
First Responders	774,102	1,637,007
Gold Star Homes	<u>1,977</u>	<u>          </u>
	<u>\$1,615,622</u>	<u>\$3,285,943</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restriction:		
Smart Homes	\$1,913,237	\$2,521,019
First Responders	<u>341,183</u>	<u>400,746</u>
	<u>\$2,254,420</u>	<u>\$2,921,765</u>

### 10. Board Designated Endowment Funds

The Foundation's endowment fund includes net assets without any donor restrictions that have been designated for endowment by the Board of Directors. As of December 31, 2019, the board designated endowment fund totaled \$2,585,128, which consists of \$2,564,707 in investments and \$20,421 in cash. As of December 31, 2018, the board designated endowment fund totaled \$1,480,871, which consists of \$463,016 in investments and \$1,017,855 in cash.

# Stephen Siller Tunnel to Towers Foundation

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## *Investment and Spending Policies*

The Foundation has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment asset. Investments will be diversified to limit the risk of loss resulting from the concentration of assets in a specific type of investment, specific maturity, specific issuer or sector unless the Executive Board prudently determines that, because of special circumstances, the purposes of the Fund are better served without diversification. The Executive Board shall review the diversification strategy periodically, provided, however, that it shall review any decision to not diversify as frequently as circumstances require but, at a minimum, annually.

The Foundation is committed to administering and investing all endowed funds in compliance with all relevant Foundation by-laws, organizational concerns, industry standards, and federal and state laws and regulations, including without limitation the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). No policy will supersede any provision of federal or state law or regulation.

Changes in endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Endowment Net Assets, Beginning of Year	\$1,480,871	\$ 478,147
Investment Return, net	265,851	(15,853)
Contributions	<u>838,406</u>	<u>1,018,577</u>
Endowment Net Assets, End of Year	<u>\$2,585,128</u>	<u>\$1,480,871</u>

## **11. 403(b) Pension Plan**

During 2015, the Foundation adopted a 403(b)-pension plan where eligible employees are able to contribute part of their salary into an account under their management and control. The Foundation will match employee contributions at 100% of the first 3% and 50% of the next 2%. The Foundation's share of pension expense for the years ended December 31, 2019 and 2018 totaled \$129,625 and \$95,062, respectively.

## Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements

December 31, 2019 and 2018

### 12. Commitments and Contingencies

#### *Operating Leases*

The Foundation entered into a lease for its rental of office space in Staten Island, New York through June 30, 2017. In March 2016, the Foundation elected to renew the lease for an additional 60 months through June 30, 2021. A \$10,000 security deposit was paid when the lease was signed on June 15, 2012. Total rent expense for this lease for the years ended December 31, 2019 and 2018 was \$187,705 and \$175,573, respectively.

The Foundation entered into a lease for warehouse space in New Fairfield, Connecticut which ended in December 2018. In July 2019, the Foundation elected to renew the lease for an additional 24 months through July 31, 2021. Rent expense was \$1,100 per month.

The Foundation entered into a lease agreement for office space in New Fairfield, Connecticut in December 2017. The initial term of the lease began on December 1, 2017 and ends on December 31, 2022. There is an option to renew the lease for an additional five-year term. A security deposit of \$5,213 was paid at the signing of the lease. Rent expense for the year ended December 31, 2019 was \$35,256.

These leases have been classified as operating leases and the future minimum rental payments are as follows:

#### Year Ending

2020	\$188,466
2021	189,858
2022	<u>36,619</u>
	<u>\$414,943</u>

The Foundation also has several month-to-month leases for warehouse space in the New York City area.

# Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements

December 31, 2019 and 2018

## ***Capital Lease***

On August 5, 2013, the Foundation executed a new lease agreement for vehicle equipment to transport its mobile 9/11 exhibit. The lease essentially transfers the risks of ownership and has a bargain purchase option at the end of the lease term and is accounted for as a capital lease. Monthly payments of principal and interest totaled \$4,631. The lease expired on September 5, 2018 and the balance of \$35,562 was paid in full.

Equipment under capital lease at December 31, 2019 and 2018 includes:

	<u>2019</u>	<u>2018</u>
Vehicle for 9/11 Exhibit	\$210,000	\$210,000
Accumulated Depreciation	<u>(210,000)</u>	<u>(210,000)</u>
Net Book Value	<u>\$ 0</u>	<u>\$ 0</u>

## **13. Related Party Transaction**

The Foundation has entered into transactions with members of the Board of Directors. A company owned by the Chairman of the Board of Directors provides the Foundation with its office space in Staten Island, New York. Amounts paid to this company for rent in accordance with the rental agreement are detailed in Note 12.

## **14. Line of Credit**

The Foundation obtained a \$500,000 line of credit with Northfield Bank during 2013. The line bears an interest rate of 5% on the outstanding balance. The line was not used during 2019 and 2018. There were no outstanding balances at December 31, 2019 and 2018.

# **Stephen Siller Tunnel to Towers Foundation**

Notes to Financial Statements

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## **15. Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

## **16. Concentration of Credit Risk**

The Foundation places its temporary cash and money market accounts with various financial institutions throughout the New York City area. Accounts at these institutions were insured for up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) at December 31, 2019 and 2018. The Foundation had uninsured balances of \$13,758,698 and \$5,066,779 at December 31, 2019 and 2018, respectively.

## **17. Subsequent Events**

The Foundation has evaluated subsequent events through August 8, 2020, the date the financial statements were available to be issued and has determined that there are no reportable subsequent events or transactions that need to be disclosed in these financial statements.

In December 2019, an outbreak on a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 20, 2020, New York Governor Andrew Cuomo ordered the closure of the physical location of every “non-essential” business for an extended period of time.

On March 16, 2020, the Foundation closed its offices, and staff transitioned to working remotely in an attempt to navigate the unprecedented challenges brought upon by the COVID-19 pandemic. Impacts have included continued disruptions or restrictions on employees’ ability to work and impairment of the ability to obtain contributions and volunteers. The full effects and future impacts are unknown at this time. No adjustments have been made to these financial statements as a result of the uncertainty surrounding the pandemic.

Senior leadership at the Foundation has been carefully monitoring the situation, evaluating its options, and taking appropriate measures to help mitigate the consequences where possible.