

# Stephen Siller Tunnel to Towers Foundation

Financial Statements

December 31, 2021 and 2020

(With Independent Auditor's Report Thereon)



*Navigating the Road  
to  
Financial Security*

# **Stephen Siller Tunnel to Towers Foundation**

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LLP

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**Independent Auditor's Report**

Board of Directors  
Stephen Siller Tunnel to Towers Foundation

***Opinion***

We have audited the financial statements of Stephen Siller Tunnel to Towers Foundation which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, 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 Stephen Siller Tunnel to Towers Foundation as of December 31, 2021 and 2020, 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.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Stephen Siller Tunnel to Towers Foundation 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 Stephen Siller Tunnel to Towers Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

(1)

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***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 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 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 Stephen Siller Tunnel to Towers Foundation'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 Stephen Siller Tunnel to Towers Foundation'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.

*De Santis, Kiefer, Shull & Sarcine, LLP*

Staten Island, New York

May 13, 2022

# Stephen Siller Tunnel to Towers Foundation

## Statements of Financial Position December 31, 2021 and 2020

### Assets

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	122,537,709	\$ 43,243,218
Contributions Receivable	5,820,486	1,891,762
Prepaid Expenses	6,565,980	200,557
Restricted Cash	9,416,425	2,679,562
Total Current Assets	<u>144,340,600</u>	<u>48,015,099</u>
Fixed Assets:		
Fixed Assets - Net of Accumulated Depreciation	<u>30,328,706</u>	<u>19,265,038</u>
Other Assets:		
Endowment - Investments	19,026,187	4,898,390
Endowment - Cash	9,516,192	7,023,723
Other Assets - Net of Accumulated Amortization	89,490	104,469
Security Deposit	33,231	32,981
Total Other Assets	<u>28,665,100</u>	<u>12,059,563</u>
Total Assets	<u>\$ 203,334,406</u>	<u>\$ 79,339,700</u>

### Liabilities and Net Assets

Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 7,967,883	\$ 393,219
Refundable Advance - PPP Loan		829,114
Total Current Liabilities	<u>7,967,883</u>	<u>1,222,333</u>
Total Liabilities	<u>7,967,883</u>	<u>1,222,333</u>
Net Assets:		
Without Donor Restrictions		
Undesignated	143,182,418	49,913,392
Designated by the Board for Endowment	28,542,379	11,922,113
Total Without Donor Restrictions	<u>171,724,797</u>	<u>61,835,505</u>
With Donor Restrictions		
Purpose Restrictions	<u>23,641,726</u>	<u>16,281,862</u>
Total Net Assets	<u>195,366,523</u>	<u>78,117,367</u>
Total Liabilities and Net Assets	<u>\$ 203,334,406</u>	<u>\$ 79,339,700</u>

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

# Stephen Siller Tunnel to Towers Foundation

Statements of Activities  
for the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Support:						
Direct Public Support	\$ 232,048,133	\$ 8,022,426	\$ 240,070,559	\$ 94,744,787	\$ 664,458	\$ 95,409,245
Government, Corporate and Individual Grants	8,255,466		8,255,466	21,044,553	13,796,339	34,840,892
In-Kind Donations	282,614,671	(662,562)	282,614,671	417,557	(417,557)	
Net Assets Released from Restriction	662,562			116,206,897	14,043,240	130,250,137
Total Support	523,580,832	7,359,864	530,940,696			
Revenue:						
Tunnel to Towers Run	2,232,264		2,232,264	687,265		687,265
Runs Across America	1,635,134		1,635,134	364,171		364,171
In the Line of Duty	975,016		975,016	289,425		289,425
Stair Climb	123,805		123,805			
Special Event Revenue - Gala						
Less: Direct Cost of Benefit to Donors	\$ 366,981		\$ 366,981			
Net Special Event Revenue	310,709		310,709	19,706		19,706
Rental Income	56,272		56,272			
Fundraising Revenue	192,447		192,447	299,098		299,098
Interest Income	1,844,260		1,844,260	73,853		73,853
Net Investment Return	26,909		26,909	377,593		377,593
Total Revenue	915,406		915,406			
Total Support and Revenue	8,001,513		8,001,513	2,111,111		2,111,111
	531,582,345	7,359,864	538,942,209	118,318,008	14,043,240	132,361,248
Expenses:						
Program Services						
Never Forget	271,065,395		271,065,395	24,040,807		24,040,807
In the Line of Duty	142,075,653		142,075,653	48,650,638		48,650,638
Total Program Services	413,141,048		413,141,048	72,691,445		72,691,445
Fundraising	5,194,858		5,194,858	1,805,592		1,805,592
Management and General	3,357,147		3,357,147	1,112,199		1,112,199
Total Expenses	421,693,053		421,693,053	75,609,236		75,609,236
Change in Net Assets	109,889,292	7,359,864	117,249,156	42,708,772	14,043,240	56,752,012
Net Assets, Beginning of Year	61,835,505	16,281,862	78,117,367	19,126,733	2,238,622	21,365,355
Net Assets, End of Year	\$ 171,724,797	\$ 23,641,726	\$ 195,366,523	\$ 61,835,505	\$ 16,281,862	\$ 78,117,367

# Stephen Siller Tunnel to Towers Foundation

## Statements of Cash Flows for the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	<u>\$ 117,249,156</u>	<u>\$ 56,752,012</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	633,087	139,000
Unrealized (Gain) on Investments	(389,490)	(389,490)
Realized Gain on Investments	(16,748)	2,118
Donated Land and Buildings	(100,000)	(13,602,301)
Donated Securities	(8,685,000)	(1,895,350)
(Increase) Decrease in Operating Assets		
Accounts Receivable	(3,928,724)	(950,573)
Prepaid Expenses	(6,365,423)	(86,885)
Security Deposit	(250)	1,917
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	<u>7,574,664</u>	<u>(309,203)</u>
Total Adjustments	<u>(11,277,884)</u>	<u>(17,090,767)</u>
Net Cash Provided By Operating Activities	<u>105,971,272</u>	<u>39,661,245</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(12,023,463)	(2,057,659)
Sales of Investments	6,986,904	2,006,698
Purchase of Fixed Assets	<u>(11,581,776)</u>	<u>(2,168,864)</u>
Net Cash Used In Investing Activities	<u>(16,618,335)</u>	<u>(2,219,825)</u>
Cash Flows from Financing Activities		
Forgiveness of Paycheck Protection Loan	(829,114)	
Proceeds from Paycheck Protection Loan	<u></u>	<u>829,114</u>
Net Cash Provided by Financing Activities	<u>(829,114)</u>	<u>829,114</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	88,523,823	38,270,534
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>52,946,503</u>	<u>14,675,969</u>
Cash, Cash Equivalents, and Restricted Cash - End of Year	<u><u>\$ 141,470,326</u></u>	<u><u>\$ 52,946,503</u></u>
Supplemental Cash Flow Information:		
Cash Paid for Interest	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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, 2021

	Program Services			Total Program			Management and General	Total
	Never Forgot	In the Line of Duty	Services		Fundraising			
Salaries	\$ 1,886,624	\$ 2,787,492	\$ 4,674,116		\$ 1,384,723	\$ 908,843	\$	6,967,682
Payroll Taxes and Benefits	495,351	737,282	1,232,633		339,563	178,579		1,750,775
Total Salaries and Payroll Taxes and Benefits	2,381,975	3,524,774	5,906,749		1,724,286	1,087,422		8,718,457
Advertising and Marketing	247,335,121	38,367,519	285,702,640		625,215	218,801		286,546,656
Bank Charges	240,376	1,761,469	2,001,845		85,958	982,625		3,070,428
Building Maintenance	39,246	70,136	109,382		21,056	39,841		170,279
Computer Expense	199,687	274,702	474,389		100,146	80,523		655,058
Consultants and Contractors	1,292,211	366,059	1,658,270		66,004	337,433		2,061,707
Utilities	20,697	30,282	50,979		12,723	12,902		76,604
Event Production	7,225,520	81,353	7,306,873		55,976			7,362,849
Food	189,269	1,468	190,737		27,400			218,137
Insurance	83,602	116,475	200,077		43,574	32,390		276,041
Meetings	120,608	49,126	169,734		18,038	5,923		193,695
Postage	19,137	3,351,374	3,370,511		109,548	7,883		3,487,942
Professional Services	421,768	208,004	629,772		23,025	45,196		697,993
Rent	111,849	175,701	287,550		74,988	52,987		415,525
Storage	12,380	7,599	19,979		3,945	6,608		30,532
Supplies	1,289,118	216,558	1,505,676		129,011	79,058		1,713,745
Telephone	23,527	25,399	48,926		11,521	8,057		68,504
Equipment	205,765	10,781	216,546		424	1,726		218,696
Taxes and Permits	56,241	653,159	709,400		10,768	87,963		808,131
Travel	1,267,257	292,077	1,559,334		149,519	16,946		1,725,799
Venue	298,917	4,270	303,187		789,770			1,092,957
Donations	3,257,801	55,568,786	58,826,587		5,474	58,898		58,890,959
New York City Run Costs	961,084	29,337	990,421		50,984	4,710		1,046,115
Merchandise	92,714	132,432	225,146		62,905	43,872		331,923
Outreach	3,777,708	31,424,128	35,201,836		898,055			36,099,891
Construction Costs		5,081,343	5,081,343					5,081,343
Amortization		14,979	14,979					14,979
Depreciation	141,817	236,363	378,180		94,545	145,383		618,108
	\$ 271,065,395	\$ 142,075,653	\$ 413,141,048		\$ 5,194,858	\$ 3,357,147	\$	421,693,053

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, 2020

	Program Services				Management and General	Total
	Never Forget	In the Line of Duty	Total Program Services	Fundraising		
Salaries	\$ 1,356,340	\$ 2,085,718	\$ 3,442,058	\$ 891,760	\$ 486,139	\$ 4,819,957
Payroll Taxes and Benefits	368,707	551,744	920,451	210,760	75,716	1,206,927
Total Salaries and Payroll Taxes and Benefits	1,725,047	2,637,462	4,362,509	1,102,520	561,855	6,026,884
Advertising and Marketing	18,253,165	3,427,071	21,680,236	80,610	28,019	21,788,865
Bank Charges	27,227	102,600	129,827	3,902	352,588	486,317
Building Maintenance	11,114	39,214	50,328	5,808	5,014	61,150
Computer Expense	109,157	166,271	275,428	62,877	36,593	374,898
Consultants and Contractors	161,861	242,352	404,213	40,809	961	445,983
Utilities	11,603	17,704	29,307	5,681	3,550	38,538
Event Production	406,255	905	407,160	2,372		409,532
Food	4,647	270	4,917	143		5,060
Insurance	49,261	77,014	126,275	23,768	3,336	153,379
Meetings	6,337	18,458	24,795	3,086	757	28,638
Postage	15,552	1,154,463	1,170,015	19,021	4,661	1,193,697
Professional Services	81,180	171,455	252,635	6,021	28,555	287,211
Rent	108,031	160,040	268,071	56,088	36,018	360,177
Storage	6,155	8,944	15,099	4,159	2,085	21,343
Supplies	102,556	79,024	181,580	49,050	18,930	249,560
Telephone	5,232	7,674	12,906	2,790	1,744	17,440
Equipment	118,227		118,227			118,227
Taxes and Permits	2,284	90,315	92,599	50	7,271	99,920
Travel	62,163	174,653	236,816	13,020	5,016	254,852
Venue	26,250		26,250	102,326		128,576
Donations	782,150	18,784,109	19,566,259	1,637	2,068	19,569,964
New York City Run Costs	120,711	3,414	124,125	19,397	776	144,298
Outreach	1,809,440	16,014,874	17,824,314	178,133		18,002,447
Construction Costs	1,717	5,201,563	5,203,280			5,203,280
Amortization		14,979	14,979			14,979
Depreciation	33,485	55,810	89,295	22,324	12,402	124,021
	\$ 24,040,807	\$ 48,650,638	\$ 72,691,445	\$ 1,805,592	\$ 1,112,199	\$ 75,609,236

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

# Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

## 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 honor the sacrifice of firefighter Stephen Siller, who laid down his life to save others on September 11, 2001. The Foundation also honors our military and first responders who continue to make the supreme sacrifice of life and limb for our country.

The Foundation accomplishes this mission through the following programs:

### IN THE LINE OF DUTY PROGRAMS:

- 1) **Smart Homes:** The *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. This program has expanded to include FFR families with young children who have died from COVID-19. Additionally, this program now provides mortgage free homes to FFR families whose loved ones have died as a result of 9/11 related illnesses from their exposure during recovery work in the aftermath of the September 11, 2001 attack.
- 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.
- 4) **COVID-19 Hero Fund and Relief Program:** Responding to an urgent need, this program provided PPE to support front line healthcare workers and first responders throughout the pandemic. It also assists families who lost a healthcare worker or first responder to COVID in the line of duty.

### 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!*

# Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

- 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.

## 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

# Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

## *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.

## *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.

# **Stephen Siller Tunnel to Towers Foundation**

## **Notes to Financial Statements December 31, 2021 and 2020**

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.

### ***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, 2021 totaled \$246,649,681 for Never Forget and \$35,964,990 for In the Line of Duty. In-kind donations for the year ended December 31, 2020 totaled \$20,015,860 for Never Forget and \$14,825,032 for In the Line of Duty.

### ***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, 2021 and 2020**

### ***Advertising Expenses***

Marketing and advertising costs are expensed as incurred.

In 2021, the Foundation received in-kind donations of advertising for its Never Forget programs, valued in total at \$246,604,081. It also received in-kind donations of advertising for its In the Line of Duty program, valued in total at \$26,248,410. The Foundation spent an additional \$13,694,165 on advertising and marketing. Total advertising and marketing expense for the year ended December 31, 2021 was \$286,546,656.

In 2020, the Foundation received in-kind donations of advertising for its Never Forget programs, valued in total at \$18,100,645. It also received in-kind donations of advertising for its In the Line of Duty program, valued in total at \$46,290. The Foundation spent an additional \$3,641,930 on advertising and marketing. Total advertising and marketing expense for the year ended December 31, 2020 was \$21,788,865.

### ***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, 2021.

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, 2021 and 2020

## ***Paycheck Protection Program Loan***

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak. During 2020, the Foundation applied for and received PPP funds.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. The Foundation has elected to record the PPP funds as a conditional contribution under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 958-605. The Foundation received full forgiveness of its PPP loan in 2021 and recognized the revenue as government grant income.

## ***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.

# Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements  
December 31, 2021 and 2020

## 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>2021</u>	<u>2020</u>
Financial Assets		
Cash and Cash Equivalents	\$122,537,709	\$43,243,218
Contributions Receivable	5,820,486	1,891,762
Restricted Cash	9,416,425	2,679,562
Endowment – Investment	19,026,187	4,898,390
Endowment – Cash	<u>9,516,192</u>	<u>7,023,723</u>
Total financial assets	166,316,999	59,736,655
Donor-imposed restrictions:		
Funds subject to purpose restrictions	<u>(9,416,425)</u>	<u>(2,679,562)</u>
Net financial assets after donor-imposed restrictions	156,900,574	57,057,093
Less:		
Board-designated funds	<u>(28,542,379)</u>	<u>(11,922,113)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$128,358,195</u>	<u>\$45,134,980</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  
December 31, 2021 and 2020

## 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>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$122,537,709	\$43,243,218
Restricted Cash	9,416,425	2,679,562
Endowment – Cash	<u>9,516,192</u>	<u>7,023,723</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Cash Flows	<u>\$141,470,326</u>	<u>\$52,946,503</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.

# Stephen Siller Tunnel to Towers Foundation

## Notes to Financial Statements December 31, 2021 and 2020

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, 2021 and 2020:

	2021 <u>Fair Value</u>	2020 <u>Fair Value</u>
Endowment and Long-Term Investments:		
Mutual Funds	\$ 259,196	\$ 83,843
Exchange-Traded Funds	10,505,588	4,675,700
Equities	4,895,392	138,847
Fixed Income	<u>3,366,011</u>	<u>          </u>
Total Endowment and Long-Term Investments	<u>\$19,026,187</u>	<u>\$4,898,390</u>

# Stephen Siller Tunnel to Towers Foundation

## Notes to Financial Statements December 31, 2021 and 2020

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, equities 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, 2021 and 2020:

### December 31, 2021

		<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	\$ 259,196	\$ 259,196	\$ 0	\$ 0
Exchange-Traded Funds	10,505,588	10,505,588	0	0
Equities	4,895,392	4,895,392	0	0
Fixed Income	<u>3,366,011</u>	<u></u>	<u>3,366,011</u>	<u></u>
Total	<u>\$19,026,187</u>	<u>\$15,660,176</u>	<u>\$3,366,011</u>	<u>\$ 0</u>

### December 31, 2020

		<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	\$ 83,843	\$ 83,843	\$ 0	\$ 0
Exchange-Traded Funds	4,675,700	4,675,700	0	0
Equities	<u>138,847</u>	<u>138,847</u>	<u>0</u>	<u>0</u>
Total	<u>\$4,898,390</u>	<u>\$4,898,390</u>	<u>\$ 0</u>	<u>\$ 0</u>

# Stephen Siller Tunnel to Towers Foundation

## Notes to Financial Statements December 31, 2021 and 2020

### 7. Fixed Assets

The summary of fixed assets at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$16,202,301	\$16,102,301
Buildings	14,035,509	2,488,964
Building Improvements	630,821	595,590
Automobile	313,627	313,627
Equipment	337,291	337,291
Asset under Capital Lease	<u>210,000</u>	<u>210,000</u>
Subtotal	31,729,549	20,047,773
Accumulated Depreciation	<u>(1,400,843)</u>	<u>(782,735)</u>
Net Fixed Assets	<u>\$30,328,706</u>	<u>\$19,265,038</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$618,108 and \$124,021, respectively.

For the year ended December 31, 2021 and 2020, the Foundation received donations of land totaling \$100,000 and \$13,602,301, respectively. The land donations were recorded at the fair market value at the time of donation. These amounts were reported in kind donations on the statements of activities.

In August of 2021 the Foundation purchased the building located at 2381 Hylan Blvd for the intent of acquiring additional employee office space to accommodate the current and future growth of the Foundation staff. There are several tenants that currently occupy the building and the Foundation is honoring each tenant's lease terms and conditions. The Foundation will continue to collect rental income from each of the tenants through the conclusion of their lease agreements. The Foundation has determined that if the building is subsequently sold all proceeds will go directly to the Endowment Fund.

# Stephen Siller Tunnel to Towers Foundation

## Notes to Financial Statements December 31, 2021 and 2020

### 8. Other Assets

The summary of other assets at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Domain Name	\$149,794	\$149,794
Accumulated Amortization	<u>(60,304)</u>	<u>(45,325)</u>
Net Other Assets	<u>\$89,490</u>	<u>\$104,469</u>

Amortization expense for the years ended December 31, 2021 and 2020 was \$14,979 and \$14,979, respectively.

### 9. Prior Period Adjustment

An adjustment was required to be made to the prior year's financial information in order to reflect an in-kind donation of land, with a fair market value of \$8,495,000 as a donor restricted net asset. This adjustment resulted in net assets with donor restrictions increasing from \$7,786,862 to \$16,281,862, and net assets without donor restrictions decreasing from \$70,330,505 to \$61,835,505 as of and for the year ended December 31, 2020.

### 10. Net Assets with Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
In the Line of Duty Program		
Smart Homes	\$ 1,843,160	\$ 810,462
First Responders	879,896	805,126
Gold Star Homes	5,938,296	6,171,274
Let Us Do Good Village	14,787,134	8,495,000
Homeless Veterans	<u>193,240</u>	<u>          </u>
	<u>\$23,641,726</u>	<u>\$16,281,862</u>

# Stephen Siller Tunnel to Towers Foundation

## Notes to Financial Statements December 31, 2021 and 2020

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restriction:		
Smart Homes	\$355,302	\$294,604
First Responders	28,832	77,726
Gold Star Homes	<u>278,428</u>	<u>45,227</u>
	<u>\$662,562</u>	<u>\$417,557</u>

### 11. 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, 2021, the board designated endowment fund totaled \$28,542,379, which consists of \$19,026,187 in investments and \$9,516,192 in cash. As of December 31, 2020, the board designated endowment fund totaled \$11,922,113, which consists of \$4,898,390 in investments and \$7,023,723 in cash.

#### *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.

# Stephen Siller Tunnel to Towers Foundation

## Notes to Financial Statements December 31, 2021 and 2020

Changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Endowment Net Assets, Beginning of Year	\$11,922,113	\$2,585,128
Investment Return, net	915,416	377,593
Contributions	<u>15,704,850</u>	<u>8,959,392</u>
Endowment Net Assets, End of Year	<u>\$28,542,379</u>	<u>\$11,922,113</u>

In August of 2021 the Foundation purchased the building located at 2381 Hylan Blvd for the intent of acquiring additional employee office space to accommodate the current and future growth of the Foundation staff. The Foundation has determined that if the building is subsequently sold all proceeds will go directly to the Endowment Fund.

### 12. 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, 2021 and 2020 totaled \$206,053 and \$145,258, respectively.

### 13. 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. It was extended at the time for an additional ten years, expiring June 30, 2031. A \$10,000 security deposit was paid when the lease was signed on June 15, 2012. The Foundation pays base rent and its share of real estate taxes. Total rent expense for this lease for the years ended December 31, 2021 and 2020 was \$224,470 and \$212,463, respectively.

# Stephen Siller Tunnel to Towers Foundation

## Notes to Financial Statements December 31, 2021 and 2020

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 years ended December 31, 2021 and 2020 was \$37,402 and \$36,313.

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

<u>Year Ending</u>	
2022	\$227,580
2023	196,690
2024	202,590
2025	208,667
2026	214,927
Thereafter	<u>684,244</u>
	<u>\$1,734,698</u>

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

### 14. Related Party Transaction

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 13.

### 15. 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 closed on August 18, 2020.



# **Stephen Siller Tunnel to Towers Foundation**

## **Notes to Financial Statements** **December 31, 2021 and 2020**

### **16. 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.

### **17. 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, 2021 and 2020. The Foundation had uninsured balances of \$121,023,326 and \$51,120,252 at December 31, 2021 and 2020, respectively.

### **18. Subsequent Events**

The Foundation has evaluated subsequent events through May 13, 2022, 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.