

Stephen Siller Tunnel to Towers Foundation

Financial Statements

December 31, 2022 and 2021

(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

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, 2022 and 2021, 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, 2022 and 2021, 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)

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, Klefer, Shull & Arcene, LLP

Staten Island, New York

September 29, 2023

Stephen Siller Tunnel to Towers Foundation

Statements of Financial Position December 31, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 160,338,661	\$ 122,537,709
Contributions Receivable, Net	7,184,268	5,820,486
Prepaid Expenses	3,496,452	6,565,980
Restricted Cash	4,911,022	9,416,425
Total Current Assets	<u>175,930,403</u>	<u>144,340,600</u>
Fixed Assets:		
Fixed Assets - Net of Accumulated Depreciation	<u>48,124,065</u>	<u>30,328,706</u>
Other Assets:		
Endowment - Investments	42,544,209	19,026,187
Endowment - Cash	1,733,885	9,516,192
Right of Use Assets - Operating Leases	1,816,201	
Other Assets - Net of Accumulated Amortization	74,510	89,490
Security Deposit	66,901	33,231
Total Other Assets	<u>46,235,706</u>	<u>28,665,100</u>
Total Assets	<u>\$ 270,290,174</u>	<u>\$ 203,334,406</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 6,642,474	\$ 7,967,883
Short-Term Grants Payable	17,372,000	
Short-Term Lease Liabilities - Operating Leases	262,669	
Total Current Liabilities	<u>24,277,143</u>	<u>7,967,883</u>
Non Current Liabilities:		
Long-Term Grants Payable	35,604,585	
Long-Term Lease Liabilities - Operating Leases	1,537,134	
Total Non Current Liabilities	<u>37,141,719</u>	
Total Liabilities	<u>61,418,862</u>	<u>7,967,883</u>
Net Assets:		
Without Donor Restrictions		
Undesignated	148,870,211	143,182,418
Designated by the Board for Endowment	44,278,094	28,542,379
Total Without Donor Restrictions	193,148,305	171,724,797
With Donor Restrictions		
Purpose Restrictions	15,723,007	23,641,726
Total Net Assets	<u>208,871,312</u>	<u>195,366,523</u>
Total Liabilities and Net Assets	<u>\$ 270,290,174</u>	<u>\$ 203,334,406</u>

Stephen Siller Tunnel to Towers Foundation

Statements of Activities
for the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Support:						
Direct Public Support	\$ 277,387,916	\$ 2,101,276	\$ 279,489,192	\$ 232,048,133	\$ 8,022,426	\$ 240,070,559
Government, Corporate and Individual Grants	8,034,240		8,034,240	8,255,466		8,255,466
In-Kind Donations	180,745,718	276,990	181,022,708	282,614,671	(662,562)	282,614,671
Net Assets Released from Restriction	10,296,985	(10,296,985)		662,562		
Total Support	476,464,859	(7,918,719)	468,546,140	523,580,832	7,359,864	530,940,696
Revenue:						
Tunnel to Towers Run	3,739,740		3,739,740	2,232,364		2,232,364
Runs Across America	1,905,122		1,905,122	1,635,134		1,635,134
In the Line of Duty	2,525,230		2,525,230	975,016		975,016
Stair Climb	685,652		685,652	123,805		123,805
Special Event Revenue - Gala						
Less: Direct Cost of Benefit to Donors	\$ 571,696					
Net Special Event (Loss) Revenue	(27,193)		(27,193)	56,272		56,272
Rental Income	413,598		413,598	192,447		192,447
Fundraising Revenue	730,154		730,154	1,844,260		1,844,260
Interest Income	24,561		24,561	26,909		26,909
Net Investment Return	(4,252,340)		(4,252,340)	915,406		915,406
Total Revenue	5,744,524		5,744,524	8,001,513		8,001,513
Total Support and Revenue	482,209,383	(7,918,719)	474,290,664	531,582,345	7,359,864	538,942,209
Expenses:						
Program Services						
Never Forget	104,194,039		104,194,039	271,065,395		271,065,395
In the Line of Duty	336,426,036		336,426,036	142,075,653		142,075,653
Total Program Services	440,620,075		440,620,075	413,141,048		413,141,048
Fundraising	14,842,873		14,842,873	5,194,858		5,194,858
Management and General	5,322,927		5,322,927	3,357,147		3,357,147
Total Expenses	460,785,875		460,785,875	421,693,053		421,693,053
Change in Net Assets	21,423,508	(7,918,719)	13,504,789	109,889,292	7,359,864	117,249,156
Net Assets, Beginning of Year	171,724,797	23,641,726	195,366,523	61,835,505	16,281,862	78,117,367
Net Assets, End of Year	\$ 193,148,305	\$ 15,723,007	\$ 208,871,312	\$ 171,724,797	\$ 23,641,726	\$ 195,366,523

\$ 366,981
310,709

Stephen Siller Tunnel to Towers Foundation

Statements of Cash Flows for the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets	<u>\$ 13,504,789</u>	<u>\$ 117,249,156</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation and Amortization	914,809	633,087
Unrealized Loss (Gain) on Investments	4,651,831	(389,490)
Realized Loss (Gain) on Investments	434,889	(16,748)
Donated Land, Buildings, and Equipment	(2,141,448)	(100,000)
Donated Securities	(4,987,785)	(8,685,000)
Donation of Building	623,000	
Reduction in the Carrying Amount of Right of Use Asset	213,176	
Bad Debt Expense	389,965	
(Increase) Decrease in Operating Assets		
Accounts Receivable	(1,753,747)	(3,928,724)
Prepaid Expenses	3,069,528	(6,365,423)
Security Deposit	(33,670)	(250)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	(1,325,409)	7,574,664
Grants Payable	52,976,585	
Lease Liabilities - Operating Leases	<u>(229,574)</u>	
Total Adjustments	<u>52,802,150</u>	<u>(11,277,884)</u>
Net Cash Provided By Operating Activities	<u>66,306,939</u>	<u>105,971,272</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(43,019,729)	(12,023,463)
Sales of Investments	19,402,772	6,986,904
Purchase of Fixed Assets	<u>(9,871,983)</u>	<u>(11,581,776)</u>
Net Cash Used In Investing Activities	<u>(33,488,940)</u>	<u>(16,618,335)</u>
Cash Flows from Financing Activities		
Forgiveness of Paycheck Protection Loan		<u>(829,114)</u>
Net Cash Used In Financing Activities		<u>(829,114)</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	32,817,999	88,523,823
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>141,470,326</u>	<u>52,946,503</u>
Cash, Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 174,288,325</u>	<u>\$ 141,470,326</u>
Supplemental Cash Flow Information:		
Cash Paid for Interest	<u>\$ 0</u>	<u>\$ 0</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, 2022

	Program Services			Management and General		Total
	Never Forget	In the Line of Duty	Total Program Services			
Salaries	\$ 2,541,461	\$ 4,508,832	\$ 7,050,293	\$ 1,426,751	\$ 10,534,630	
Payroll Taxes and Benefits	598,486	1,137,540	1,736,026	472,581	2,738,829	
Total Salaries and Payroll Taxes and Benefits	3,139,947	5,646,372	8,786,319	1,899,332	13,273,459	
Advertising and Marketing	78,056,797	117,835,239	195,892,036	153,100	202,926,395	
Bank Charges	1,126,462	2,131,067	3,257,529	701,622	5,011,583	
Building Maintenance	126,615	213,707	340,322	124,900	546,991	
Computer Expense	184,828	440,004	624,832	143,164	990,523	
Consultants and Contractors	1,180,320	1,125,833	2,306,153	312,712	2,756,779	
Utilities	23,588	118,129	141,717	22,498	186,502	
Event Production	5,117,989	65,524	5,183,513	2,115	5,283,704	
Food	535,114	1,309	536,423	226	569,707	
Insurance	92,466	393,241	485,707	8,263	577,850	
Meetings	65,467	98,376	163,843	11,510	219,874	
Postage	34,278	5,976,558	6,010,836	196,714	6,430,678	
Professional Services	49,475	651,196	700,671	84,525	812,913	
Operating Lease Expense	46,741	182,404	229,145	31,160	307,046	
Rent	19,979	132,302	152,281	206,462	378,959	
Storage	5,155	73,340	78,495	25,933	109,053	
Supplies	489,517	341,974	831,491	211,195	1,390,160	
Telephone	16,827	28,914	45,741	8,989	68,212	
Equipment	202,832	2,909	205,741	704	207,849	
Taxes and Permits	56,970	313,246	370,216	26,369	420,883	
Travel	1,711,258	598,171	2,309,429	11,567	2,492,380	
Venue	503,235	5,781	509,016	1,839	1,551,318	
Donations	9,160,642	147,819,514	156,980,156	550,946	157,556,179	
New York City Run Costs	1,065,830	115,783	1,181,613	23,402	1,324,872	
Merchandise	16,779	37,991	54,770	47,739	118,343	
Outreach	975,964	44,820,756	45,796,720		47,123,398	
Construction Costs		6,845,491	6,845,491	389,965	6,845,491	
Bad Debt Expense		14,979	14,979		389,965	
Amortization		395,926	584,890	125,976	14,979	
Depreciation	188,964				899,830	
	\$ 104,194,039	\$ 336,426,036	\$ 440,620,075	\$ 5,322,927	\$ 460,785,875	
				\$ 14,842,873		

Stephen Siller Tunnel to Towers Foundation

Statement of Functional Expenses for the Year Ended December 31, 2021

	Program Services				Management and General	Total
	Never Forget	In the Line of Duty	Total Program 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

Notes to Financial Statements
December 31, 2022 and 2021

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 FDNY firefighter Stephen Siller, and all those who laid down their lives 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 Home Program:** This program constructs custom, specially adapted Smart Homes for catastrophically injured service members and first responders to restore their ability to live a life of independence.
- 2) **Fallen First Responder Home Program:** The Foundation provides mortgage free homes to families with young children left behind when a firefighter or police officer is killed in the line of duty.
- 3) **Gold Star Home Program:** This Foundation provides mortgage free homes for families with young children when a service member dies in the line of duty.
- 4) **Homeless Veterans Program:** The Foundation is committed to honoring the sacrifice of American service members and helping end homelessness amongst the veteran community. Providing a safe and dignified home is an integral part of helping veterans who are homeless reclaim their lives. Veterans in this program receive the support they need to help them address any obstacles to living a more independent life. In addition to delivering housing, the Foundation provides comprehensive care through its national case management team by connecting veterans who have additional needs with mental health counseling, addiction services, skills training and job placement.

Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements
December 31, 2022 and 2021

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) **Tunnel to Towers 9/11 Institute:** This is the September 11, 2001 education program. The Foundation has developed a curriculum for grades K-12 that can be accessed by teachers throughout the nation to educate children about the history of 9/11. The program also includes a mobile exhibit, which serves to educate and pay tribute to the sacrifices made on September 11, 2001.
- 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.

Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements December 31, 2022 and 2021

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.

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.

Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements December 31, 2022 and 2021

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.

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.

Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements
December 31, 2022 and 2021

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.

Advertising Expenses

Marketing and advertising costs are expensed as incurred.

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.

Leases

The Foundation determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Foundation does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Stephen Siller Tunnel to Towers Foundation

Notes to Financial Statements
December 31, 2022 and 2021

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, 2022.

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.

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 Foundations, 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
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Recently adopted accounting standards

In 2022, the Foundation adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Foundation elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Foundation recognized right-of-use assets and lease liabilities totaling \$1,814,511 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

The Foundation has adopted FASB Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosure by Not-for-Profit Entities for Contributed Financial Assets*, during 2022. The objective of ASU 2020-07 is to increase transparency about gifts-in-kind, including how they are valued and utilized, through enhanced presentation and disclosure. Nonprofits are required to show in-kind contributions as a separate line item on the statement of activities, apart from contributions of cash and other financial assets. Nonprofits must also disclose; (i) qualitative information about whether the gift-in-kind was sold or used during the reporting period; (ii) the nonprofit's policy, if applicable, regarding monetizing rather than using gifts-in-kind; (iii) a description of any donor imposed restrictions; (iv) a description of the valuation techniques and inputs used to arrive at the fair value measurement; and (v) the principal market used to arrive at a fair value measurement if it is a market in which the Foundation is prohibited by a donor imposed restriction from selling or using the contributed nonfinancial assets. The presentation and disclosures related to nonfinancial assets have been enhanced in these financial statements.

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Notes to Financial Statements December 31, 2022 and 2021

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>2022</u>	<u>2021</u>
Financial Assets		
Cash and Cash Equivalents	\$160,338,661	\$122,537,709
Contributions Receivable	7,184,268	5,820,486
Restricted Cash	4,911,022	9,416,425
Endowment – Investment	42,544,209	19,026,187
Endowment – Cash	<u>1,733,885</u>	<u>9,516,192</u>
Total financial assets	216,712,045	166,316,999
Donor-imposed restrictions:		
Funds subject to purpose restrictions	<u>(4,911,022)</u>	<u>(9,416,425)</u>
Net financial assets after donor-imposed restrictions	211,801,023	156,900,574
Less:		
Board-designated funds	<u>(44,278,094)</u>	<u>(28,542,379)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$167,522,929</u>	<u>\$128,358,195</u>

The Foundation receives 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.

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Notes to Financial Statements
December 31, 2022 and 2021

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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$160,338,661	\$122,537,709
Restricted Cash	4,911,022	9,416,425
Endowment – Cash	<u>1,733,885</u>	<u>9,516,192</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Cash Flows	<u>\$166,983,568</u>	<u>\$141,470,326</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.

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*.

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Notes to Financial Statements December 31, 2022 and 2021

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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Endowment and Long-Term Investments:		
Mutual Funds	\$ 9,697,636	\$ 259,196
Exchange-Traded Funds	16,827,907	10,505,588
Equities	5,007,777	4,895,392
Fixed Income	10,010,624	3,366,011
Fixed Annuity	<u>1,000,265</u>	<u> </u>
Total Endowment and Long-Term Investments	<u>\$42,544,209</u>	<u>\$19,026,187</u>

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.

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Notes to Financial Statements December 31, 2022 and 2021

The following table presents investments measured at fair value at December 31, 2022 and 2021:

December 31, 2022

		<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	\$ 9,697,636	\$ 9,697,636	\$ 0	\$ 0
Exchange-Traded Funds	16,827,907	16,827,907	0	0
Equities	5,007,777	5,007,777	0	0
Fixed Income	10,010,624		10,010,624	0
Fixed Annuity	<u>1,000,265</u>			<u>1,000,265</u>
Total	<u>\$42,544,209</u>	<u>\$31,533,320</u>	<u>\$10,010,624</u>	<u>\$1,000,265</u>

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>3,366,011</u>	<u>0</u>
Total	<u>\$19,026,187</u>	<u>\$15,660,176</u>	<u>\$3,366,011</u>	<u>\$ 0</u>

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Notes to Financial Statements December 31, 2022 and 2021

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31, 2022:

	Fair Value Measurement at Reporting Date Using <u>Significant Unobservable Inputs (Level 3)</u>
Balance at December 31, 2021	\$ 0
Purchases of Investments	1,000,000
Investment Return, net	265
Distributions	<u>0</u>
Balance at December 31, 2022	<u>\$1,000,265</u>

There were no Level 3 investments for the year ended December 31, 2021.

7. Fixed Assets

The summary of fixed assets at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$16,202,301	\$16,202,301
Buildings	23,727,156	14,035,509
Construction in Progress	7,304,757	
Building Improvements	2,203,998	630,821
Automobile	380,075	313,627
Equipment	<u>606,451</u>	<u>547,291</u>
Subtotal	50,424,738	31,729,549
Accumulated Depreciation	<u>(2,300,673)</u>	<u>(1,400,843)</u>
Net Fixed Assets	<u>\$48,124,065</u>	<u>\$30,328,706</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$899,830 and \$618,108, respectively.

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Notes to Financial Statements December 31, 2022 and 2021

For the year ended December 31, 2022, the Foundation received a donation of a building and automobile totaling \$2,141,444. For the year ended December 31, 2021, the Foundation received a donation of land totaling \$100,000. These 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.

During 2022, the Foundation began construction of its Let Us Do Good Village in Florida. Costs recorded as construction in progress include improvements to the land, construction of an amenity center, and construction of three homes. Once construction is completed and the Village is occupied, the Foundation will begin depreciating these fixed assets.

8. Other Assets

The summary of other assets at December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Domain Name	\$149,794	\$149,794
Accumulated Amortization	<u>(75,284)</u>	<u>(60,304)</u>
Net Other Assets	<u>\$74,510</u>	<u>\$89,490</u>

Amortization expense for the years ended December 31, 2022 and 2021 was \$14,979 and \$14,979, respectively.

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Notes to Financial Statements December 31, 2022 and 2021

9. In-Kind Contributions

The Foundation received the following in-kind contributions for the years ended December 31, 2022 and 2021:

December 31, 2022

<u>Program or Supporting Service</u>	<u>Donated Advertising</u>	<u>Donated Services</u>	<u>Donated Goods</u>	<u>Total</u>
Never Forget	\$ 76,178,078	\$131,018	\$ 108,348	\$76,417,444
In the Line of Duty	96,650,418	0	2,955,955	99,606,373
Fundraising	0	0	6,881	6,881
Management and General	<u>0</u>	<u>3,275</u>	<u>4,988,735</u>	<u>4,992,010</u>
	<u>\$172,828,496</u>	<u>\$134,293</u>	<u>\$8,059,919</u>	<u>\$181,022,708</u>

December 31, 2021

<u>Program or Supporting Service</u>	<u>Donated Advertising</u>	<u>Donated Services</u>	<u>Donated Goods</u>	<u>Total</u>
Never Forget	\$ 246,604,081	\$53,115	\$ 0	\$246,657,196
In the Line of Duty	26,248,410	0	1,024,065	27,272,475
Fundraising	0	0	0	0
Management and General	<u>0</u>	<u>0</u>	<u>8,685,000</u>	<u>8,685,000</u>
	<u>\$272,852,491</u>	<u>\$53,115</u>	<u>\$9,709,065</u>	<u>\$282,614,671</u>

The Foundation receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

During fiscal years 2022 and 2021, the Foundation received donated services for security and consulting services. The Foundation also received contributions of advertising and donated goods.

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Notes to Financial Statements December 31, 2022 and 2021

All donated services and assets were utilized by the Foundation's programs and supporting services. Donated Home Depot gift cards totaling \$276,990 were restricted at December 31, 2022.

Donated advertising is valued based upon analysis by Critical Mention, a media monitoring company that provides the Foundation with a monetary value of its audio, visual, and print advertising for the year.

Donated goods include donations of securities to the Foundation's endowment account. For the years ended December 31, 2022 and 2021, the value of the donated investments totaled \$4,988,735 and \$8,685,000, respectively. Investments are valued using the fair market value on the date of donation. It is the policy of the Foundation to sell the securities immediately upon receipt.

Donated goods for the In the Line of Duty program include:

- Home Depot gift cards, which are recorded based upon the cash value of the card received at the time of the donation. The value of the donated gift cards totaled \$857,000 and \$750,000 for the years ended December 31, 2022 and 2021, respectively.
- Donated materials for home construction, which are valued based upon the cost of those materials provided by the donor. Donated materials totaled \$40,805 and \$174,065 for the years ended December 31, 2022 and 2021, respectively.
- During 2021, the Foundation received a donation of land with an appraised fair market value of \$100,000.
- During 2022, the Foundation received a donation of a building with an appraised fair market value of \$2,075,000.

During 2022, the Never Forget program received a donated automobile valued at \$66,448, which represents the market value at the time of donation. Additional goods totaling \$41,900 include food and venue donations for the New York run.

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Notes to Financial Statements December 31, 2022 and 2021

10. Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
In the Line of Duty Program		
Smart Homes	\$ 2,392,462	\$ 1,843,160
First Responders	1,097,757	879,896
Gold Star Homes	5,503,610	5,938,296
Let Us Do Good Village	5,704,684	14,787,134
Homeless Veterans	193,240	193,240
Never Forget Relief	<u>831,254</u>	<u> </u>
	<u>\$15,723,007</u>	<u>\$23,641,726</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restriction:		
Smart Homes	\$ 531,740	\$355,302
First Responders	50,804	28,832
Gold Star Homes	631,991	278,428
Let Us Do Good Village	<u>9,082,450</u>	<u> </u>
	<u>\$10,296,985</u>	<u>\$662,562</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, 2022, the board designated endowment fund totaled \$44,278,094, which consists of \$42,544,209 in investments and \$1,733,885 in cash. 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.

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Notes to Financial Statements
December 31, 2022 and 2021

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, Foundational 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Endowment Net Assets,		
Beginning of Year	\$28,542,379	\$11,922,113
Investment Return, net	(4,252,340)	915,416
Contributions	<u>19,988,055</u>	<u>15,704,850</u>
Endowment Net Assets,		
End of Year	<u>\$44,278,094</u>	<u>\$28,542,379</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.

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Notes to Financial Statements December 31, 2022 and 2021

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, 2022 and 2021 totaled \$284,872 and \$206,053, respectively.

13. Lease Commitments

Operating Leases

The Foundation evaluated current contracts to determine which met the criteria of a lease. The ROU assets represent the Foundation's right to use underlying assets for the lease term, and the lease liabilities represent the Foundation's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Foundation has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022 was 1.73%.

The Foundation's operating leases consist of two leases for office space and one lease for warehouse space.

Total lease expense for the year ended December 31, 2022 is as follows:

Operating lease expense	<u>\$307,045</u>
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Cash flow information for the year ended December 31, 2022 is as follows:

Operating cash flows from operating leases	\$229,574
ROU assets obtained in exchange for new operating lease liabilities	\$1,999,077
Weighted-average remaining lease term in years for operating leases	6.32
Weighted-average discount rate for operating leases	1.73%

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Notes to Financial Statements December 31, 2022 and 2021

The following displays the undiscounted cash flows due related to the operating lease as of December 31, 2022, along with a reconciliation to the discounted amount recorded on the statement of financial position at December 31, 2022:

Undiscounted cash flows due:

For the Year Ending
December 31,

2023	\$ 291,477
2024	338,959
2025	288,435
2026	253,515
2027	259,958
Thereafter	<u>466,010</u>
Total undiscounted cash flows	1,898,354
Less: present value discount	<u>(98,551)</u>
Total lease liabilities	<u>\$1,799,803</u>

Rent expense under FASB ASC 840 (pre-adoption of the new standard) for operating leases totaled \$697,993 for the year ended December 31, 2021. The aggregate minimum lease payments under those operating leases as of December 31, 2021 were as follows:

Year Ending

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.

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Notes to Financial Statements
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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 were \$219,547 and \$224,470 for the years ended December 31, 2022 and 2021, respectively.

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, 2022 and 2021. The Foundation had uninsured balances of \$160,689,630 and \$121,023,326 at December 31, 2022 and 2021, respectively.

17. Subsequent Events

The Foundation has evaluated subsequent events through September 29, 2023, 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.