



**CHILDREN OF FALLEN PATRIOTS FOUNDATION**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

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**Berdon LLP**  
CPAs and Advisors

**IPA** International Association  
of Practicing Accountants

Reply to:  
One Jericho Plaza  
Jericho, NY 11753  
Ph: 516.931.3100  
Fax: 516.931.0034

360 Madison Avenue  
New York, NY 10017  
Ph: 212.832.0400  
Fax: 212.371.1159  
[www.BERDONLLP.com](http://www.BERDONLLP.com)

**CHILDREN OF FALLEN PATRIOTS FOUNDATION**

**INDEX  
DECEMBER 31, 2010**

		<u>Pages</u>
INDEPENDENT AUDITORS' REPORT		1
STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2010	EXHIBIT A	2
STATEMENT OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010	EXHIBIT B	3
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010	EXHIBIT C	4
NOTES TO FINANCIAL STATEMENTS		5 - 6
SUPPLEMENTARY FINANCIAL INFORMATION :		
Functional Expenses for the Year Ended December 31, 2010	Schedule 1	8



## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Children of Fallen Patriots Foundation

We have audited the accompanying statement of financial position of the Children of Fallen Patriots Foundation as of December 31, 2010, and the related statements of activities and changes in unrestricted net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Children of Fallen Patriots Foundation as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

*Berdon LLP*

Certified Public Accountants

Jericho, New York  
October 24, 2011

-1-

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## CHILDREN OF FALLEN PATRIOTS FOUNDATION

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2010

## ASSETS

Cash	\$ 993,967
Contributions receivable	58,657
Computer software, net of accumulated depreciation of \$18,869	<u>-</u>
TOTAL ASSETS	\$ <u>1,052,624</u>

## LIABILITIES AND UNRESTRICTED NET ASSETS

LIABILITIES	
Accounts payable	\$ <u>5,224</u>
TOTAL LIABILITIES	5,224
COMMITMENTS AND CONTINGENCIES	
UNRESTRICTED NET ASSETS	<u>1,047,400</u>
TOTAL LIABILITIES AND UNRESTRICTED NET ASSETS	\$ <u>1,052,624</u>

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

## CHILDREN OF FALLEN PATRIOTS FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2010

## SUPPORT AND REVENUE:

Special events, net of special event fundraising expenses of \$172,474	\$ 1,653,424
Contributions	129,084
Interest income	<u>1,703</u>
TOTAL SUPPORT AND REVENUE	<u>1,784,211</u>

## EXPENSES:

Program services	717,348
Management and general	74,982
Other special event expenses	<u>160,484</u>
TOTAL EXPENSES	<u>952,814</u>

INCREASE IN UNRESTRICTED NET ASSETS	831,397
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>216,003</u>
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 1,047,400</u>

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

## CHILDREN OF FALLEN PATRIOTS FOUNDATION

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010

## CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in unrestricted net assets	\$ 831,397
Adjustments to reconcile change in net cash provided by operating activities:	
Changes in assets and liabilities:	
(Increase) in contributions receivable	(38,082)
Increase in accounts payable	<u>1,101</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	794,416
CASH - BEGINNING OF YEAR	<u>199,551</u>
CASH - END OF YEAR	<u>\$ 993,967</u>

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

# CHILDREN OF FALLEN PATRIOTS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - ORGANIZATION AND PURPOSE

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

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Financial Statements

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

#### (b) Support

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

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

Contributions receivable represent contributions pledged for the current year that were actually received in the next year.

#### (c) Income Taxes

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

The Foundation's federal and state income tax returns for the years ending after December 31, 2006 remain subject to examination by the taxing authorities. If applicable, the Foundation reports interest and penalties resulting from tax examination adjustments as interest expense and income tax expense.

(continued)

# CHILDREN OF FALLEN PATRIOTS FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

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

#### (d) Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies, if any, at the date of the financial statements, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### (e) Subsequent Events

The Foundation has evaluated subsequent events after the date of the statement of financial position through October 24, 2011, the date that the financial statements are considered available to be issued.

### NOTE 3 - RISKS AND UNCERTAINTIES

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

### NOTE 4 - RELATED PARTY TRANSACTIONS

For the year ended December 31, 2010, contributions include \$310,474 donated to the Foundation by members of the Board of Directors. This amount is in excess of management and general expenses.

### NOTE 5 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs, fund-raising and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly certain costs have been allocated by management, based primarily upon estimated usage and other measurement methodologies, among the program and fund-raising activities benefited.

### NOTE 6 - JOINT COSTS

The Foundation conducts activities that include fund-raising events as well as program services. For the year ended December 31, 2010, these activities consisted of computer consulting totaling \$3,670, which was allocated to management and general and fund-raising, and postage expense in the amount \$5,441, which was allocated to management and general, program services, and fund-raising.



**SUPPLEMENTARY FINANCIAL INFORMATION**

## CHILDREN OF FALLEN PATRIOTS FOUNDATION

**FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>TOTAL</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND- RAISING</u>
Tuition	\$ 533,626	\$ 533,626	\$ -	\$ -
Other educational services	131,163	131,163	-	-
Other special event expenses	95,743	-	-	95,743
Advertising and promotion	47,453	-	-	47,453
Consulting	43,654	23,873	19,781	-
Books	27,340	27,340	-	-
Merchant processing fees	15,110	-	15,110	-
Telephone and internet	9,944	-	-	9,944
Accounting	9,221	-	9,221	-
Bookkeeping	5,489	-	5,489	-
Postage	5,441	1,346	1,229	2,866
Travel	4,831	-	4,831	-
Software	4,467	-	4,467	-
Computer consulting	3,670	-	1,409	2,261
Bank fees	3,204	-	3,204	-
Office equipment	2,538	-	2,538	-
Printing	2,217	-	-	2,217
Professional Fees	1,836	-	1,836	-
Transportation	1,813	-	1,813	-
Equipment rental	1,620	-	1,620	-
Miscellaneous expenses	1,276	-	1,276	-
Supplies	425	-	425	-
Conferences	295	-	295	-
Credit card fees	211	-	211	-
Licenses & permits	155	-	155	-
Annual filing fees	50	-	50	-
Utilities	22	-	22	-
	<u>\$ 952,814</u>	<u>\$ 717,348</u>	<u>\$ 74,982</u>	<u>\$ 160,484</u>

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