

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.



Financial Statements (Together with Independent Auditors' Report)

December 31, 2020 and 2019

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Marine Corps – Law Enforcement Foundation, Inc.

We have audited the accompanying financial statements of Marine Corps – Law Enforcement Foundation, Inc. (The "Foundation"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marine Corps – Law Enforcement Foundation, Inc. as of December 31, 2020 and 2019, 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.



Purchase, New York
October 1, 2021

MARINE CORPS - LAW ENFORCEMENT FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019 (Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,279,722	\$ 999,895
Promises to give receivable	26,438	83,592
Investments	15,235,428	15,523,239
Prepaid rent	247,302	67,867
Digital assets (Market value of \$896,520 in 2020 and \$218,873 in 2019)	126,956	126,956
TOTAL CURRENT ASSETS	16,915,846	16,801,549
OTHER ASSETS		
Security deposit	750	750
TOTAL ASSETS	\$ 16,916,596	\$ 16,802,299
 LIABILITIES		
CURRENT LIABILITIES		
Accrued expenses	\$ 3,677	\$ 3,241
Deferred revenue	926,905	29,000
TOTAL CURRENT LIABILITIES	930,582	32,241
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	15,986,014	16,770,058
TOTAL NET ASSETS	15,986,014	16,770,058
TOTAL LIABILITIES AND NET ASSETS	\$ 16,916,596	\$ 16,802,299

The accompanying notes are an integral part of these financial statements.

MARINE CORPS - LAW ENFORCEMENT FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019 (Restated)
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
OPERATING REVENUE AND SUPPORT:		
Contributions	\$ 1,412,519	\$ 1,313,883
Special events (net of direct benefit costs of \$89,171 in 2020 and \$662,242 in 2019)	81,570	2,004,661
Investment income, net	1,965,571	1,821,996
TOTAL REVENUE AND SUPPORT	3,459,660	5,140,540
OPERATING EXPENSES:		
Program services:		
Grants and scholarships	4,086,127	3,168,659
Supporting services:		
Management and general	111,721	95,605
Other fundraising	45,856	227,890
TOTAL EXPENSES	4,243,704	3,492,154
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(784,044)	1,648,386
NET ASSETS, BEGINNING	16,770,058	15,121,672
NET ASSETS, ENDING	\$ 15,986,014	\$ 16,770,058

The accompanying notes are an integral part of these financial statements.

MARINE CORPS - LAW ENFORCEMENT FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2020 AND 2019

Year Ended December 31, 2020

	Program Services	Management and General	Direct Benefit to Donors	Other Fundraising	Total
Scholarships	\$ 3,820,393	\$ -	\$ -	\$ -	\$ 3,820,393
Humanitarian Aid	136,896	-	-	-	136,896
Medical Aid	49,274	-	-	-	49,274
General and Administrative	-	25,232	-	1,611	26,843
Office Rent & Expenses	8,225	8,225	-	-	16,450
Salaries	43,000	43,000	-	-	86,000
Printing & Reproduction	-	-	-	32,052	32,052
Professional Fees	18,703	23,805	-	-	42,508
Postage & Delivery	-	1,297	-	10,497	11,794
Information Technology	5,321	5,322	-	-	10,643
Meeting & Conferences	-	525	-	1,696	2,221
Payroll Tax Expense	4,315	4,315	-	-	8,630
Venue	-	-	34,652	-	34,652
Audio/Visual	-	-	1,200	-	1,200
Professional Services	-	-	1,597	-	1,597
Printing & Postage	-	-	22,815	-	22,815
Awards	-	-	510	-	510
Travel	-	-	2,578	-	2,578
Giveaways	-	-	7,111	-	7,111
Décor	-	-	638	-	638
Miscellaneous	-	-	18,070	-	18,070
Total Functional Expenses	<u>4,086,127</u>	<u>111,721</u>	<u>89,171</u>	<u>45,856</u>	<u>4,332,875</u>
Less: direct benefits to donors recorded on statement of activities	<u>-</u>	<u>-</u>	<u>(89,171)</u>	<u>-</u>	<u>(89,171)</u>
	<u>\$ 4,086,127</u>	<u>\$ 111,721</u>	<u>\$ -</u>	<u>\$ 45,856</u>	<u>\$ 4,243,704</u>

Year Ended December 31, 2019

	Program Services	Management and General	Direct Benefit to Donors	Other Fundraising	Total
Scholarships	\$ 2,873,339	\$ -	\$ -	\$ -	\$ 2,873,339
Humanitarian Aid	157,516	-	-	-	157,516
Contributions	5,000	-	-	-	5,000
Medical Aid	68,154	-	-	-	68,154
Program Fees	1,052	-	-	-	1,052
General and Administrative	-	22,199	-	1,507	23,706
Office Rent & Expenses	7,785	7,785	-	-	15,570
Salaries	28,666	28,666	-	28,668	86,000
Printing & Reproduction	-	-	-	30,340	30,340
Professional Fees	21,236	26,744	-	-	47,980
Postage & Delivery	-	780	-	45,543	46,323
Information Technology	2,621	2,622	-	-	5,243
Meeting & Conferences	-	1,692	-	3,694	5,386
Payroll Tax Expense	3,290	3,290	-	-	6,580
Other Operating Expenses	-	1,827	-	-	1,827
Venue	-	-	511,968	-	511,968
Audio/Visual	-	-	43,646	-	43,646
Professional Services	-	-	-	55,452	55,452
Awards	-	-	4,217	-	4,217
Travel	-	-	-	40,717	40,717
Giveaways	-	-	80,189	-	80,189
Décor	-	-	22,222	-	22,222
Miscellaneous	-	-	-	21,969	21,969
Total Functional Expenses	<u>3,168,659</u>	<u>95,605</u>	<u>662,242</u>	<u>227,890</u>	<u>4,154,396</u>
Less: direct benefits to donors recorded on statement of activities	<u>-</u>	<u>-</u>	<u>(662,242)</u>	<u>-</u>	<u>(662,242)</u>
	<u>\$ 3,168,659</u>	<u>\$ 95,605</u>	<u>\$ -</u>	<u>\$ 227,890</u>	<u>\$ 3,492,154</u>

The accompanying notes are an integral part of these financial statements.

MARINE CORPS - LAW ENFORCEMENT FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (784,044)	\$ 1,648,386
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized and unrealized gain on investments	(1,618,144)	(1,543,453)
Donated investments	(6,093)	(25,841)
Changes in Operating assets and liabilities:		
Promises to give receivable	57,154	114,779
Prepaid rent	(179,435)	(53,367)
Accrued expenses	436	(437)
Deferred revenue	897,905	(5,000)
Total Adjustments to Net Assets	(848,177)	(1,513,319)
Net Cash (Used in) Provided by Operating Activities	(1,632,221)	135,067
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	9,253,440	18,517,028
Purchase of investments	(7,341,392)	(18,458,324)
Net Cash Provided by Investing Activities	1,912,048	58,704
NET INCREASE IN CASH AND CASH EQUIVALENTS	279,827	193,771
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	999,895	806,124
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,279,722	\$ 999,895

The accompanying notes are an integral part of these financial statements.

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 – FOUNDATION AND NATURE OF ACTIVITIES

The Marine Corps - Law Enforcement Foundation, Inc. (the “Foundation”) is a voluntary health and welfare organization incorporated in the State of New Jersey on February 16, 1996 pursuant to the provisions of Title 15A of the New Jersey Non-Profit Act. The Foundation’s revenues and support are derived from special events and contributions from the general public.

The Foundation was organized to provide scholarships and humanitarian aid to the children of active, reserve and former United States Marines, as well as children of persons associated with federal, state or local law enforcement, particularly those killed or injured in the line of duty. It is not a membership organization and no compensation is paid to its trustees, officers, directors or other private persons.

During 2003, the Foundation also provided scholarships to children of those killed in active duty serving with coalition forces in both Afghanistan and Iraq regardless of their nationality.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting* – The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). This basis of accounting includes the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

B. *Basis of Presentation – Net Assets*

The Foundation’s financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) guidance on reporting information regarding its financial position and activities for not-for-profit organizations. Under that guidance, the Foundation is required to report information regarding its net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations, including board designated funds functioning as endowment.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Foundation or the passage of time, stipulations that they be maintained in perpetuity by the Foundation, and net assets from endowments not yet appropriated for spending. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. There were no net assets with donor restrictions as of December 31, 2020 and 2019.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled, the stipulated time period has elapsed, or endowment earnings are appropriated) are reported as net assets released from restrictions.

C. *Cash and Cash Equivalents* – Cash equivalents include all cash balances and highly liquid debt instruments with a maturity of three months or less when acquired.

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- D. *Investments And Fair Value Measurements*** – Investments with readily determinable fair values are measured at fair value in the accompanying statements of financial position. Unrealized gains and losses are recognized as changes in net assets in the period in which they occur, and investment income is recognized as revenue in the period earned. Fair value measurements are based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels as described in Note 5.

Realized and unrealized gains and losses on investments are included in the statements of activities, net of direct investment expenses as net assets without restrictions unless the income or loss is restricted by donor or law.

Investments in marketable securities that were donated are recorded at fair value at the date of receipt.

The Foundation's investments include a variety of investment securities. The fair values reported in the statements of financial position are subject to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying statements of financial position could change materially in the near term.

- E. *Promise to Give*** – Unconditional promises to give cash and other assets to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received.
- F. *Digital Assets*** – Digital assets represent cryptocurrencies held by the Foundation. Cryptocurrencies are accounted for as intangible assets with indefinite useful lives and are initially measured at cost. Intangible assets with indefinite useful lives are not amortized, but assessed for impairment at each reporting period, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the indefinite-lives asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted prices of the cryptocurrencies at the time its fair value is being measured. As of December 31, 2020 and 2019, management determined that there were no impairment of cryptocurrencies.

Digital assets are stated at First In, First Out (FIFO).

- G. *Contributions*** - All contributions are recognized as support without donor restrictions unless their use is specifically restricted by the donor. When a donor restriction expires, the stipulated time restriction ends or the purpose of the restriction is accomplished, 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. Amounts received that are designated for future periods or restricted by the donor for specific purposes are recognized as support with donor restrictions that increase those net asset classes.
- H. *Donated Services*** – The Foundation records donated services in the accompanying financial statements when such services require specialized skills, are susceptible to objective measurement or valuation and the services would normally have been paid for had they not been donated.

Donated services have not been recorded in the accompanying financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers have donated significant amounts of their time in the Foundation's fundraising campaign.

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. *Functional Allocation of Expenses* – The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 are consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as salaries and payroll taxes, which are based on time and effort within each functional area. Postage and delivery, meetings and conferences, and professional fees are based on expenses tracked by account across functions.

J. *Income Taxes* – An exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code was granted. The Foundation has been classified as a publicly supported organization described in Section 509(c)(1) and 170(b)(1)(A)(VI) of the Internal Revenue Code and qualifies for the 50% charitable contribution deduction for individual donors.

The Foundation follows FASB Accounting Standards Codification (“ASC”) Topic 740, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

K. *Reclassification* – Certain reclassifications were made to the presentation of the 2019 financial statements to conform to the 2020 financial statement presentation.

L. *Recent Accounting Pronouncements* – The FASB has issued standards that the Foundation must consider for adoption over the next year. Those standards include the following: “Leases,” effective for years beginning after December 15, 2021, which aims to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. The Foundation is currently evaluating the impact of the adoption of this standard on its financial statements.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES FOR GENERAL EXPENDITURES

The Foundation regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and marketable debt and equity securities. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities as well as services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation anticipates collecting sufficient revenue through its annual gala event, delegation participation fees, and other contributions to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows, which identifies the sources and uses of the Foundation’s cash.

As of December 31, 2020 and 2019, the Foundation’s financial assets available for general expenditure, and are available to the Foundation over the next twelve months that is, without donor or other restrictions that limit their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 1,279,722	\$ 999,895
Promises to Give	26,438	83,592
Investments	15,235,428	15,523,239
	\$ 16,541,588	\$ 16,606,726

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 4 – INVESTMENTS

The following table represents the carrying value of investments as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Total investments	<u>\$ 15,235,428</u>	<u>\$ 15,523,239</u>

Investment income comprises the following for the years ended December 31,

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 255,720	\$ 279,769
Realized and unrealized gain on investments	1,618,144	1,635,370
Investment fees	(210)	(1,226)
Investment income, net	<u>\$ 1,873,654</u>	<u>\$ 1,913,913</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

FASB guidance provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy under the codification are described as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs are adjusted quoted prices for similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data. Digital assets that are valued using pricing obtained from online exchanges that comply with federal and state licensing requirements and publish all transaction prices and volume publicly.

Level 3 – Inputs are significant unobservable inputs which reflect the reporting entity’s own estimates on assumptions market participants would use in pricing the asset or liability based on the best available information.

Any asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used to value the assets for periods presented in these financial statements

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

Financial assets carried at fair value as of December 31, 2020 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS CARRIED AT FAIR VALUE				
Investments:				
Treasury notes	\$ 1,499,805	\$ -	\$ -	\$ 1,499,805
Mutual funds	13,629,800	-	-	13,629,800
Equity securities	3,263	-	-	3,263
Corporate bonds	-	102,560	-	102,560
Total	<u>\$ 15,132,868</u>	<u>\$ 102,560</u>	<u>\$ -</u>	<u>\$ 15,235,428</u>

Financial assets carried at fair value as of December 31, 2019 are classified in the table as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
ASSETS CARRIED AT FAIR VALUE				
Investments:				
Treasury notes	\$ 3,491,215	\$ -	\$ -	\$ 3,491,215
Mutual funds	11,928,172	-	-	11,928,172
Corporate bonds	-	103,852	-	103,852
Total	<u>\$ 15,419,387</u>	<u>\$ 103,852</u>	<u>\$ -</u>	<u>\$ 15,523,239</u>

The investment classes listed above are included in investments on the statements of financial position and reconcile to total investments at December 31, 2020 and 2019. The following is a description of the valuation methodologies used for assets measured at fair value.

U.S. Government debt including FICO, mortgage-backed securities and marketable equity securities: Valued at the closing price reported on the active market on which the individual security is traded.

Mutual funds: Valued at the quoted market prices.

Corporate bonds and corporate debentures: Valued using quoted market prices for similar securities with similar terms in actively traded markets.

At December 31, 2020 and 2019, the Foundation did not have any assets whose fair value was measured using Level 3 inputs. There were no transfers between Level 1 and Level 2 during 2020 and 2019. In addition, transfers, if any, would be recognized at the end of the reporting period.

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 6 – DIGITAL ASSETS

As of December 31, 2020, the Foundation's digital assets held consisted of the following:

	<u>Acquisition</u> <u>Cost</u>	<u>Reported</u> <u>Value</u>	<u>Market Value</u>
Digital Assets	\$ 250,000	\$ 126,956	\$ 896,520

As of December 31, 2019, the Foundation's digital assets held consisted of the following:

	<u>Acquisition</u> <u>Cost</u>	<u>Reported</u> <u>Value</u>	<u>Market Value</u>
Digital Assets	\$ 250,000	\$ 126,956	\$ 218,873

There was no impairment loss on digital assets held for either of the years ended December 31, 2020 and 2019. The digital assets held had total market values of \$896,520 and \$218,873 as of December 31, 2020 and 2019.

NOTE 7 – DEFERRED REVENUE

The Foundation had deferred revenue of \$926,905 and \$29,000 as of December 31, 2020 and 2019, respectively. Deferred revenue as of December 31, 2020 included approximately \$898,000 related to events that were postponed from 2020 to 2021 due to the COVID-19 pandemic.

NOTE 8 – SCHOLARSHIPS AND HUMANITARIAN AID

Cash grants were made to other organizations, which ran or sponsored youth oriented programs that were sponsored by or had affiliations with the Marine Corps or law enforcement organizations. Humanitarian aid is provided by both direct payments to the recipient or directly to the provider of the services rendered.

NOTE 9 – OPERATING LEASE

The Foundation entered into an office lease expiring in March 2024.

Future minimum rental payments under the lease for years subsequent to December 31, 2020 is summarized as follows:

2021	\$ 10,200
2022	10,650
2023	10,800
2024	2,700
	<u>\$ 34,350</u>

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 9 – OPERATING LEASE (CONTINUED)

The total rental expense was \$10,050 and \$9,600 for the years ended December 31, 2020 and 2019, respectively, and is allocated between program services and management and general on the statements of functional expenses.

NOTE 10 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to a concentration of credit risk include cash accounts with banks that may exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limit amount of \$250,000 per depositor.

The Foundation maintains a portion of its cash balances totaling approximately \$424,000 and \$367,000 at December 31, 2020 and 2019, respectively, at financial institutions that are not covered by the FDIC.

The Foundation had one event representing 41% of total revenue and support for 2019. In 2020, most events were cancelled due to the COVID-19 pandemic. As a result, there was no significant concentration of revenue from events.

NOTE 11 – PRIOR YEAR RESTATEMENT

The accompanying financial statements as of and for the year ended December 31, 2019 have been restated to reflect a change in the methodology of accounting for digital assets. The result of the restatement decreased net assets without donor restrictions by \$91,917.

Balances as of and totals for the year ended December 31, 2019 were restated as follows:

	<u>Before Restatement</u>	<u>Adjustments</u>	<u>Restated</u>
Investments	15,742,112	(218,873)	15,523,239
Digital assets	-	126,956	126,956
Net assets without donor restrictions	16,861,975	(91,917)	16,770,058
Investment income, net	1,913,913	(91,917)	1,821,996
Change in net assets without donor restrictions	1,740,303	(91,917)	1,648,386

NOTE 12 – RISK AND UNCERTAINTIES

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Foundation’s business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Foundation is currently unable to fully determine the extent of COVID-19’s impact on their business in future periods. The Foundation’s performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Foundation continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events and transactions that occurred subsequent to the date of the statement of financial position through October 1, 2021, the date the financial statements were available to be issued.