

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.



**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended December 31, 2021 and 2020



MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.

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

YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Marine Corps - Law Enforcement Foundation, Inc. (The "Foundation"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 Marine Corps - Law Enforcement Foundation, Inc. as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Marine Corps - Law Enforcement Foundation, Inc., and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on 2020 Financial Statements

The financial statements of Marine Corps - Law Enforcement Foundation, Inc. as of and for the year ended December 31, 2020 were audited by another auditor whose report dated October 1, 2021 expressed an unmodified opinion on those statements.

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 Marine Corps - Law Enforcement Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Marine Corps - Law Enforcement Foundation, Inc.'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 Marine Corps - Law Enforcement Foundation, Inc.'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.

Mayer Hoffman McCann CPAs

Purchase, New York
November 22, 2022

MARINE CORPS - LAW ENFORCEMENT FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 975,927	\$ 1,279,722
Promises to give receivable	222,808	26,438
Investments	19,840,700	15,235,428
Prepaid expenses and other assets	251,212	247,302
Digital assets (Market value of \$1,729,655 in 2021 and \$896,520 in 2020)	189,446	126,956
TOTAL CURRENT ASSETS	21,480,093	16,915,846
OTHER ASSETS		
Security deposit	750	750
TOTAL ASSETS	\$ 21,480,843	\$ 16,916,596
 LIABILITIES		
CURRENT LIABILITIES		
Accrued expenses	\$ 4,632	\$ 3,677
Refundable advances	827,154	926,905
TOTAL CURRENT LIABILITIES	831,786	930,582
 COMMITMENTS AND CONTINGENCIES		
 NET ASSETS		
Without donor restrictions	20,649,057	15,986,014
TOTAL NET ASSETS	20,649,057	15,986,014
 TOTAL LIABILITIES AND NET ASSETS	\$ 21,480,843	\$ 16,916,596

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

MARINE CORPS - LAW ENFORCEMENT FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
OPERATING REVENUE AND SUPPORT:		
Contributions	\$ 4,132,972	\$ 1,412,519
Special events (net of direct benefit costs of \$435,431 in 2021 and \$42,963 in 2020)	1,516,782	127,778
Investment income, net	3,360,687	1,965,571
Impairment loss on digital assets	(19,641)	-
Realized gain on disposition of digital assets	115,281	-
TOTAL OPERATING REVENUE AND SUPPORT	9,106,081	3,505,868
OPERATING EXPENSES:		
Program services:		
Grants and scholarships	4,207,457	4,086,127
Supporting services		
Management and general	131,929	111,721
Other fundraising	103,652	92,064
TOTAL OPERATING EXPENSES	4,443,038	4,289,912
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	4,663,043	(784,044)
NET ASSETS, BEGINNING	15,986,014	16,770,058
NET ASSETS, ENDING	\$ 20,649,057	\$ 15,986,014

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, 2021 AND 2020

Year Ended December 31, 2021

	Program Services	Management and General	Direct Benefit to Donors	Other Fundraising	Total
Scholarships	\$ 3,894,684	\$ -	\$ -	\$ -	\$ 3,894,684
Humanitarian Aid	86,814	-	-	-	86,814
Medical Aid	135,694	-	-	-	135,694
General and Administrative	8,654	39,207	-	5,183	53,044
Office Rent & Expenses	8,035	8,034	-	-	16,069
Salaries	47,584	47,583	-	-	95,167
Professional fees	18,040	22,960	-	-	41,000
Postage & Delivery	-	353	-	2,859	3,212
Information Technology	3,554	3,555	-	-	7,109
Meeting & Conferences	-	5,539	-	1,135	6,674
Payroll Tax Expense	4,398	4,398	-	-	8,796
Other Fundraising Expenses	-	-	-	7,884	7,884
Venue	-	-	364,157	-	364,157
Audio/Visual	-	-	2,472	-	2,472
Professional Services	-	-	-	1,083	1,083
Printing & Postage	-	-	-	19,526	19,526
Awards	-	-	-	3,256	3,256
Travel	-	-	-	22,644	22,644
Giveaways	-	-	68,802	-	68,802
Décor	-	-	-	2,482	2,482
Miscellaneous	-	300	-	37,600	37,900
Total Functional Expenses	<u>4,207,457</u>	<u>131,929</u>	<u>435,431</u>	<u>103,652</u>	<u>4,878,469</u>
Less: direct benefits to donors recorded on statement of activities	<u>-</u>	<u>-</u>	<u>(435,431)</u>	<u>-</u>	<u>(435,431)</u>
Total	<u>\$ 4,207,457</u>	<u>\$ 131,929</u>	<u>\$ -</u>	<u>\$ 103,652</u>	<u>\$ 4,443,038</u>

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>42,963</u>	<u>92,064</u>	<u>4,332,875</u>
Less: direct benefits to donors recorded on statement of activities	<u>-</u>	<u>-</u>	<u>(42,963)</u>	<u>-</u>	<u>(42,963)</u>
Total	<u>\$ 4,086,127</u>	<u>\$ 111,721</u>	<u>\$ -</u>	<u>\$ 92,064</u>	<u>\$ 4,289,912</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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,663,043	\$ (784,044)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gain on investments	(3,089,322)	(1,618,144)
Donated investments	(785,024)	(6,093)
Impairment loss on digital assets	19,641	-
Realized gain on disposition of digital assets	(115,281)	-
Changes in operating assets and liabilities		
Promises to give	(196,370)	57,154
Prepaid expenses and other assets	(3,910)	(179,435)
Accrued expenses	955	436
Refundable advances	(99,751)	897,905
Total Adjustments to Net Assets	(4,269,062)	(848,177)
Net Cash Provided by (Used in) Operating Activities	393,981	(1,632,221)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	4,885,123	9,253,440
Purchase of investments	(5,616,049)	(7,341,392)
Purchase of digital assets	(100,000)	-
Sale of digital assets	133,150	-
Net Cash (Used in) Provided by Investing Activities	(697,776)	1,912,048
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(303,795)	279,827
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,279,722	999,895
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 975,927	\$ 1,279,722

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

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 – FOUNDATION AND NATURE OF ACTIVITIES

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.

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, 2021 and 2020.

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, 2021 AND 2020

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 or when condition is met.

F. *Digital Assets* – Digital assets represents 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, 2021 and 2020, management determined that there was impairment of \$19,641 and \$0 of cryptocurrencies, respectively.

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 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.

The Foundation receives a substantial amount of volunteer services in carrying out its fundraising programs and activities. However, no amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition. Contributed services are not recognized unless the donated services create or enhance non-financial assets or require specialize skills that would typically be purchased, if not donated.

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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 is consistently applied. The expenses that are allocated include occupancy, which is 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 believes it has no uncertain tax positions as of December 31, 2021 and 2020 in accordance with Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes”, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

- K. **Reclassification** – Certain reclassifications of the prior year amounts were made to conform to the current presentation. These changes had no impact on the change in net assets for the year ended December 31, 2020.

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 and shows positive cash generated by operations for the year ended December 31, 2021.

As of December 31, 2021 and 2020, the Foundation’s financial assets available for general expenditure, and available to the Foundation over the next twelve months, without donor or other restrictions that limit their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 975,927	\$ 1,279,722
Promises to Give	222,808	26,438
Investments	19,840,700	15,235,428
Digital Assets	189,445	126,956
	<u>\$ 21,228,880</u>	<u>\$ 16,668,544</u>

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 – INVESTMENTS

The following table represents the carrying value of investments as of December 31:

	<u>2021</u>	<u>2020</u>
Treasury notes	\$ 1,899,812	\$ 1,499,805
Mutual funds	17,940,888	13,629,800
Equity securities	-	3,263
Corporate bonds	-	102,560
Total investments	<u>\$ 19,840,700</u>	<u>\$ 15,235,428</u>

Investment income is comprised of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 280,833	\$ 255,720
Realized and unrealized gain on investments	3,089,322	1,618,144
Investment fees	<u>(9,468)</u>	<u>(210)</u>
Investment income, net	<u>\$ 3,360,687</u>	<u>\$ 1,873,654</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 period.

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, 2021 AND 2020

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

Financial assets carried at fair value as of December 31, 2021 are classified in the table as follows:

ASSETS CARRIED AT FAIR VALUE	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Treasury notes	\$ 1,899,812	\$ -	\$ -	\$ 1,899,812
Mutual funds	17,940,888	-	-	17,940,888
Total	<u>\$ 19,840,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,840,700</u>

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

ASSETS CARRIED AT FAIR VALUE	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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>

The investment classes listed above are included in investments on the statements of financial position and reconcile to total investments at December 31, 2021 and 2020. The following is a description of the valuation methodologies used for assets measured at fair value.

U.S. Government debt including 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, 2021 and 2020, 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 2021 and 2020. 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, 2021 AND 2020

NOTE 6 – DIGITAL ASSETS

As of December 31, 2021, the Foundation's digital assets held consisted of the following:

<u>Digital Assets</u>	<u>Units</u>	<u>Acquisition Cost</u>	<u>Reported Value</u>	<u>Market Value</u>
Bitwise	12,486		\$ 80,359	\$ 80,359
Bitcoin (BTC)	24.00		90,220	1,128,016
Ethereum (ETH)	140.04		18,866	521,280
		<u>\$ 350,000</u>	<u>\$ 189,445</u>	<u>\$ 1,729,655</u>

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

<u>Digital Assets</u>	<u>Units</u>	<u>Acquisition Cost</u>	<u>Reported Value</u>	<u>Market Value</u>
Bitcoin Cash (BCH)	25.52		\$ 3,973	\$ 9,188
Bitcoin (BTC)	26.27		98,753	759,073
Litecoin (LTC)	87.71		2,686	11,415
Ethereum Classic (ETC)	154.89		791	880
Ethereum (ETH)	154.04		20,753	115,964
		<u>\$ 250,000</u>	<u>\$ 126,956</u>	<u>\$ 896,520</u>

There was \$19,641 and \$0 of impairment loss on digital assets held for the years ended December 31, 2021 and 2020, respectively. The digital assets held had total market values of \$1,729,655 and \$896,520 as of December 31, 2021 and 2020.

NOTE 7 – REFUNDABLE ADVANCES

The Foundation had refundable advances of \$827,154 and \$926,905 as of December 31, 2021 and 2020, respectively. Refundable advances as of December 31, 2021 and 2020 included approximately \$827,000 and \$898,000 related to events that were postponed in 2020 due to COVID-19 pandemic to be used in subsequent year.

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 direct payments to the recipient or directly to the provider of the services rendered.

MARINE CORPS – LAW ENFORCEMENT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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, 2021 is summarized as follows:

2022	\$ 10,650
2023	10,800
2024	<u>2,700</u>
	<u>\$ 24,150</u>

The total rental expense was \$10,200 and \$10,050 for the years ended December 31, 2021 and 2020, 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, per insured financial institution.

The Foundation maintains a portion of its cash balances totaling approximately \$151,000 and \$424,000 at December 31, 2021 and 2020, respectively, at financial institutions that are not covered by the FDIC.

The Foundation had four events representing 24% of total revenue and support for 2021. 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 – RISKS AND UNCERTAINTIES

The COVID-19 pandemic remains an 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 12 – 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 November 22, 2022, the date the financial statements were available to be issued. As of November 22, 2022, the investments of the Foundation decreased by approximately \$3,840,000 or 18% of total assets, of which 8% represents net investments that were sold/purchased subsequent to year end.