

BORDER PATROL FOUNDATION

DECEMBER 31, 2020

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may be reproduced only
in their entirety.**

BORDER PATROL FOUNDATION

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Border Patrol Foundation
Arlington, Virginia

Opinion

We have audited the accompanying financial statements of the Border Patrol Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2020, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2020, and the changes in its net assets and its 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. 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 the Foundation 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.

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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 auditing standards generally accepted in the United States of America 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, including omissions, 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.

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Board of Directors
Border Patrol Foundation
Arlington, Virginia

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

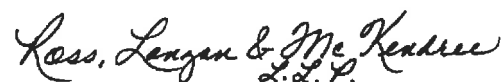
In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- 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 the 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 the 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.

Other Matter - Restatement of Opening Net Assets

As part of our audit of the 2020 financial statements, we also audited the adjustments described in Note 7 that were applied to restate the 2019 net asset balances. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the Foundation other than with respect to the adjustments, and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements as a whole.



CERTIFIED PUBLIC ACCOUNTANTS

September 14, 2021

BORDER PATROL FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

ASSETS

Cash	\$ 787,954
Investments	125,070
Contributions receivable	55,878
Prepaid expenses	10,222
Other assets	<u>9,897</u>

TOTAL ASSETS

\$ 989,021

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 1,537
Accrued payroll and taxes	5,500
Refundable advance - PPP loan	13,125
Other liabilities	<u>7,400</u>

TOTAL LIABILITIES

\$.....27,562

NET ASSETS

Net assets without donor restrictions -	
Undesignated	600,588
Board designated	<u>78,173</u>

Total net assets without donor restrictions 678,761

Net assets with donor restrictions 282,698

TOTAL NET ASSETS

961,459

TOTAL LIABILITIES AND NET ASSETS

\$ 989,021

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

BORDER PATROL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions and grants	\$ 312,795	\$ 185,199	\$ 497,994
Special events, net of direct benefit to donors	175,530	12,850	188,380
Investment income, net	12,900	-	12,900
Net assets released from restrictions	<u>120,981</u>	<u>(120,981)</u>	<u>-</u>
Total revenue and support <u>622,206</u> <u>77,068</u> <u>699,274</u>
EXPENSES			
Program services	366,612	-	366,612
Management and general	92,725	-	92,725
Fundraising	<u>20,388</u>	<u>-</u>	<u>20,388</u>
Total expenses	<u>479,725</u>	<u>-</u>	<u>479,725</u>
CHANGE IN NET ASSETS	142,481	77,068	219,549
NET ASSETS, BEGINNING OF YEAR, as previously reported	608,410	133,500	741,910
RESTATEMENT OF NET ASSETS, BEGINNING OF YEAR	<u>(72,130)</u>	<u>72,130</u>	<u>-</u>
NET ASSETS, BEGINNING OF YEAR, as restated	<u>536,280</u>	<u>205,630</u>	<u>741,910</u>
NET ASSETS, END OF YEAR	<u>\$ 678,761</u>	<u>\$ 282,698</u>	<u>\$ 961,459</u>

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

BORDER PATROL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Support Services		Total Support Services	Total
		Management and General	Fundraising		
Family services expense	\$ 203,705	\$ -	\$ -	\$ -	\$ 203,705
Scholarships and other program support	103,937	-	-	-	103,937
Salaries and taxes	47,031	37,766	16,344	54,110	101,141
Professional fees	-	40,675	-	40,675	40,675
Other expenses	<u>11,939</u>	<u>14,284</u>	<u>4,044</u>	<u>18,328</u>	<u>30,267</u>
Total expenses	<u>\$ 366,612</u>	<u>\$ 92,725</u>	<u>\$ 20,388</u>	<u>\$ 113,113</u>	<u>\$ 479,725</u>

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

BORDER PATROL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash provided by operations:

Revenues and support	\$ 830,218	
Investment income	<u>1,871</u>	
Total cash received from operations		\$ 832,089

Cash used in operations:

Payments to program recipients, employees, and suppliers	<u>(608,485)</u>	
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Net change in cash from operating activities	<u>223,604</u>	
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments	(21,655)	
Proceeds from sales and maturities of investments	<u>98,115</u>	

Net change in cash from investing activities	<u>76,460</u>	
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NET CHANGE IN CASH	<u>300,064</u>	
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CASH, BEGINNING OF YEAR	<u>487,890</u>	
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CASH, END OF YEAR	<u><u>\$ 787,954</u></u>	
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The accompanying notes are an integral part of these financial statements.

BORDER PATROL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - THE ORGANIZATION AND NATURE OF ACTIVITIES

Border Patrol Foundation (BPF or the Foundation) is a non-profit corporation established in the State of Arizona in 2009. The mission is to honor the memory of fallen United States Border Patrol agents and provide support and resources to their families. In the year ended December 31, 2020, BPF provided \$307,642 in assistance. As the Foundation has grown and matured, it has expanded the support that is provided to include financial assistance for personnel employed by the United States Border Patrol for on- and off-duty deaths, injuries, illnesses, family medical emergencies, and special circumstances. As part of the family services provided, BPF maintains two scholarship programs: the *Silent Partner Scholarship Program* presently provides up to \$25,000 in scholarship assistance to the children of Border Patrol agents lost in the line of duty and the *BPF Scholars Program* is awarded on a competitive basis to the children of active duty and retired United States Border Patrol agents, United States Border Patrol support personnel, and active participants in the United States Border Patrol Explorer program sponsored by the Boy Scouts of America.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which is the single source of authoritative accounting principles generally accepted in the United States of America (GAAP). The financial statements of the Foundation have been prepared on the accrual basis of accounting. The significant accounting policies are described below. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Investments

Investments with readily determinable market values are reported at their fair market values based on quoted market prices. Investment gains and losses are recognized as of the trade date. Donated securities are recorded at their fair market value on the date of donation. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

Income Taxes

The Foundation received a determination letter from the Internal Revenue Service (IRS) that it has been granted an exemption from federal income taxes and it qualifies as a publicly supported organization under Section 501(c)(3) and 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC). The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a)(2) of the IRC. The Foundation believes its operations are consistent with the nature of their exemption granted by the IRS. There is no current liability for income taxes and no temporary differences resulting in deferred taxes as of December 31, 2020.

The Foundation is required to measure, recognize, present, and disclose in its financial statements uncertain income tax positions the Foundation has taken in the tax years that remain subject to examination or expects to take on an income tax return. The Foundation recognizes the tax benefits from uncertain income tax positions only if it is more likely than not the tax position will be sustained on examination by tax authorities. The Foundation recorded no liability for uncertain income tax positions for any open tax years.

BORDER PATROL FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refundable Advance - PPP Loan

On May 7, 2020, the Foundation was granted a loan under the Paycheck Protection Program (PPP), which was established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide loans for certain entities. The PPP loan matures in May 2022, bears interest at one percent per annum, is payable monthly commencing November 2020, and may be prepaid by the Foundation at any time with no prepayment penalties. Funds from the PPP loan may only be used for specific costs as allowed by the CARES Act and subsequent laws and the PPP loan may be forgiven if used for qualifying expenses. The Foundation intends to use the entire PPP loan amount for qualifying expenses. As such, the Foundation has recorded the PPP loan as a refundable advance and will recognize it as contribution income when the qualifying expenses have been incurred, the application for forgiveness is completed, and forgiveness is granted.

Revenue Recognition

The Foundation is funded primarily through public donations and fundraising events.

Contributions

Contributions received are recorded as with or without donor restrictions support depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. However, if a donor restriction is fulfilled in the same year in which the support is recorded, the Foundation reports the support as without donor restrictions.

All contributions, including unconditional promises to give, are recorded as made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are reported at their net present realizable value. Unconditional promises to give due in subsequent years are reported at their net present realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. The contributions receivable as of December 31, 2020, are all due to be received within one year. Contributions receivable are charged to bad debt loss as they are deemed uncollectible. No amount was recorded as an allowance for uncollectible accounts as of December 31, 2020.

Special Events

The Foundation reports receipts from its fundraising events net of related direct benefits to donors. Revenue from special events contains elements of both contributions and exchange transactions. The exchange component is the commensurate value the attendees receive in exchange for their payments. The contribution portion of the events are recognized as previously discussed, whereas the exchange component of the revenue is recognized at the time of the event. The composition of special events income for the year ended December 31, 2020, is as follows:

Registrations	\$ 59,065
Sponsorships and contributions	187,916
Auctions and raffles	69,293
Less: direct benefits to donors	<u>(127,894)</u>
Net special events income	<u>\$ 188,380</u>

BORDER PATROL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Conditional Grants Made

The Foundation has two scholarship programs. The *BPF Scholars Program* awards scholarship assistance on a competitive basis to eligible children. The awards are one-time and are recorded when awarded. The second category of scholarships is the *Silent Partner Scholarship Program*, which are awarded to children of United States Border Patrol agents who were killed in the line of duty if they meet certain criteria. These scholarships renew annually at the institution of higher education selected by the student and admitted there, once BPF verifies they are valid students. The *Silent Partner Scholarships* are deemed conditional until they are formally awarded as the children have to meet certain criteria and the amount of the award can vary based upon the cost of the education.

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional and natural basis in the statement of functional expenses. Certain costs have been allocated among the program and supporting services benefited based upon estimates of time and effort of staff.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Foundation has evaluated subsequent events through September 14, 2021, which is the date the financial statements were available to be issued.

NOTE 3 - CONCENTRATION RISK

The Foundation maintains cash and investments in federally insured banks and broker-managed accounts and has exposure to credit risk on those accounts. Some cash held in bank and broker managed accounts is insured up to Federal Deposit Insurance Corporation (FDIC) limits. As of December 31, 2020, the Foundation had \$155,691 in cash in excess of FDIC limits. In addition, other assets held in broker managed accounts are insured by the Securities Investor Protection Corporation (SIPC), which protects investors for up to \$500,000, including a maximum of \$250,000 for claims of cash equivalents, if the brokerage firm holding the assets becomes insolvent, but it does not insure the underlying assets of \$125,070. These assets fluctuate with changes in the market. The Foundation believes its credit risk is not significant.

In the year ended December 31, 2020, approximately 29 percent of total revenue and support was provided by four partners.

BORDER PATROL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - NET ASSETS

Net assets with donor restrictions are available for the following purposes as of December 31, 2020:

Purpose restricted - Scholarships	\$ 210,898
Time and purpose restricted - Scholarships	55,200
Time restricted	<u>16,600</u>
Total net assets with donor restrictions	<u>\$ 282,698</u>

Net assets with donor restrictions were released from restrictions as follows in the year ended December 31, 2020:

Fulfillment of purpose restrictions - Scholarships	\$ 81,981
Passage of time	<u>39,000</u>
Total net assets released from donor restrictions	<u>\$ 120,981</u>

NOTE 5 - INVESTMENTS AND FAIR VALUE MEASUREMENT

The Foundation measures and reports financial assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a three-level disclosure hierarchy to indicate the level of judgment used to estimate fair value measurements:

- Level 1 - quoted prices in active market for identical assets or liabilities as of the reporting date;
- Level 2 - quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices (such as interest rate and yield curves); and
- Level 3 - uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment.

Investments, by level, for items measured at fair value on a recurring basis as of December 31, 2020, is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ <u>125,070</u>	\$ -	\$ -	\$ <u>125,070</u>
Total investments at fair value	<u>\$ 125,070</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,070</u>

BORDER PATROL FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6 - FINANCIAL ASSETS AND LIQUIDITY

Financial assets available within one year for operations that are not subject to restrictions that make them unavailable for general operations as of December 31, 2020, were as follows:

Cash	\$ 787,954
Investments	125,070
Contributions receivable	55,878
Less: amounts unavailable due to donor restriction or board designation	<u>(360,871)</u>
Total financial assets available within one year for operations	<u>\$ 608,031</u>

In addition to the financial assets available within one year for operations, the Board of Directors has designated an emergency reserve fund to protect the Foundation of \$78,173 as of December 31, 2020. Otherwise, all liquid assets are available for use to meet cash needs for general expenditures.

NOTE 7 - RESTATEMENT OF OPENING NET ASSET CLASSIFICATION

The net assets as of the beginning of the year have been restated to correctly classify the net assets for donor restrictions. The impact of the restatement is as follows as of January 1, 2020:

Increase in net assets with donor restrictions	<u>\$ 72,130</u>
Decrease in net assets without donor restrictions	<u>\$(72,130)</u>