

COPS 4 CAUSES

(A California Nonprofit Public Benefit Corporation)

FINANCIAL STATEMENTS (UNAUDITED)

December 31, 2011



CONTENTS

	<u>Page</u>
FINANCIAL STATEMENTS	
Statement of Financial Position	1
Statement of Activities	2
Statement of Functional Expenses	3
Notes to Financial Statements	4 – 6

COPS 4 CAUSES
(A California Nonprofit Public Benefit Corporation)
Statements of Financial Position
December 31, 2011

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 18,338
Inventory, net	<u>420</u>

TOTAL CURRENT ASSETS 18,758

PROPERTY AND EQUIPMENT, net	<u>1,379</u>
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TOTAL ASSETS	<u><u>\$ 20,137</u></u>
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LIABILITIES AND NET ASSETS

TOTAL LIABILITIES	<u>\$ -</u>
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NET ASSETS

Permanently Restricted	6,167
Unrestricted	<u>13,970</u>

TOTAL NET ASSETS 20,137

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 20,137</u></u>
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See Accompanying Notes to Financial Statements

COPS 4 CAUSES
(A California Nonprofit Public Benefit Corporation)
Statements of Activities
December 31, 2011

SUPPORT AND REVENUES:

Contributions	\$	41,459
Gross receipts		<u>14,727</u>

SUBTOTAL		56,186
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Donated use of management facilities		11,500
Donated legal services		6,000
Donated information technology services		<u>4,800</u>

TOTAL SUPPORT AND REVENUES		<u>78,486</u>
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EXPENSES:

Program services		20,440
Management and general		29,277
Fundraising		17,318

TOTAL EXPENSES		<u>67,035</u>
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INCREASE IN NET ASSETS		11,451
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NET ASSETS, BEGINNING OF YEAR		<u>8,686</u>
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NET ASSETS, END OF YEAR	\$	<u><u>20,137</u></u>
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See Accompanying Notes to Financial Statements

COPS 4 CAUSES
(A California Nonprofit Public Benefit Corporation)
Statements of Functional Expenses
December 31, 2011

	Program Services	Management and General	Fundraising	TOTAL EXPENSES
Assistance to organizations	\$ 14,516	\$ -	\$ -	\$ 14,516
Professional fees	-	10,800	2,110	12,910
Rent	-	11,500	-	11,500
Event facilities	-	-	8,572	8,572
Assistance to individuals	5,906	-	-	5,906
Event food & beverage	-	-	3,469	3,469
Project and office administration	-	3,233	-	3,233
Event supplies	-	-	2,325	2,325
Bank/merchant fees	18	1,443	16	1,477
Information technology	-	1,281	-	1,281
Advertising	-	585	-	585
Event equipment	-	-	461	461
Event honorarium	-	-	200	200
Depreciation	-	230	-	230
Meals & entertainment	-	205	-	205
Event printing & copying	-	-	165	165
TOTAL EXPENSES	\$ 20,440	\$ 29,277	\$ 17,318	\$ 67,035

The statement of functional expenses reflected above includes non-cash expenses for donated rent (\$11,500), donated legal services (\$6,000), and donated IT consulting services (\$4,800). These non-cash expenses comprise approximately 33% of total expenses during the year.

See Accompanying Notes to Financial Statements

COPS 4 CAUSES

(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

December 31, 2011

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Cops 4 Causes, a California non-profit public benefit corporation (the Organization), is the first, stand-alone 501(c)(3) organization to collectively highlight the philanthropic efforts of law enforcement. The Organization is comprised of all levels of peace officers, public safety officials, and friends & family of law enforcement who seek to raise funds and awareness to give back to their communities, and to aid families of law enforcement officers killed or gravely disabled in the line of duty. Cops 4 Causes is headquartered in Hollywood, California, and strives to expand nationally.

The Organization has four major program services:

Fallen Heroes Program – Supports families of peace officers who have been killed or disabled in the line of duty. This fund is primarily subsidized by an annual *Fallen Heroes Benefit Concert*, fundraisers and the following program:

- a. *LASD Initiative*: Partnership with the Los Angeles County Sheriff's Department (LASD) to create a holistic approach of long-term support to families of law enforcement officers killed in the line of duty.

Additionally, the funds raised have supported employment, mental health and counseling services, rehabilitation, financial restructuring/assistance, and support for families of law enforcement killed, injured, or disabled in the performance of their duties.

General Program – An unmarked community initiative and operational fund. This fund is primarily subsidized by general donations, organization memberships, and the following program:

- *Project 12* – No matter where donors are in their journey, Cops 4 Causes encourages them to give and make a difference...for as little as \$1 a month (\$12/year) via automatic debit.

Additionally, the funds raised have allowed the Organization to show law enforcement's support of community-based programs, and provide assistance to children and adults with cancer, TB, HIV/AIDS, Down Syndrome, MS, diabetes and other life-altering disabilities.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements have been prepared on the cash basis of accounting, which does not follow accounting principles generally accepted in the United States of America (GAAP).

Net Assets – The Organization recognizes contributions as revenue in the period received. Revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - represent the portion of expendable funds that are available to support the operations and are not subject to donor-imposed restrictions
- Temporarily restricted net assets - consist of contributions that are restricted for use in specific programs or whose restrictions expire with the passage of time. The Organization records temporarily restricted cash contributions that are received and expended in the same year as temporarily restricted revenue. As the donor restrictions are satisfied, net assets are released from restrictions.
- Permanently restricted net assets - comprise funds that are subject to restrictions that the principal may be maintained in perpetuity and invested for the purpose of producing present and future income that may be expended by the Organization.

COPS 4 CAUSES

(A California Nonprofit Public Benefit Corporation)

Notes to Financial Statements

December 31, 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Approximately 31% of net assets are permanently restricted at December 31, 2011.

Contributed Facilities – Cops 4 Causes would not be able to operate without the major support received from private corporations and individuals, especially with regards to facilities. The Organization receives rent-free use of its management facilities, which is used to maintain an administrative office, as well as conduct Board and other operational meetings. Management estimates the value of contributed rent at \$11,500 for the year ended December 31, 2011.

Contributed Services – Some services provided to Cops 4 Causes are donated. Contributed services are recognized by the Organization if the services received (a) are quantifiable and necessary to increase program or fundraising revenue or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization receives donated legal and web management services valued at \$10,800 for the year ended December 31, 2011.

Additionally, the Organization receives a significant amount of contributed time from volunteers that does not meet the two recognition criteria described above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements. Management estimates that approximately 2,000 volunteer hours for solicitation, letter writing, and event preparation and production were received last year by a support network of volunteers around Southern California. The purpose of the Organization could not be fulfilled without these contributions.

Functional Allocation of Expenses – The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

Inventory – Inventory is valued based on management's estimate of fair value (a Level 3 fair value measure) for each item received or actual cost for items that are purchased. Inventory consists primarily of promotional products or merchandise used to further the Organization's brand. All inventories are warehoused at the Hollywood headquarters. At year-end, management estimates the book value is \$420.

Cost basis: \$420 (beginning inventory) - \$0 (Cost of Goods Sold) = \$420 (ending inventory).

Income Tax – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended. The Organization is also exempt from California Franchise taxes under Section 23701(d) of the State Revenue and Taxation Code. Therefore, no provision for federal or state income taxes is reflected in the accompanying financial statements.

The Organization's federal income tax and informational returns for tax years 2009 and subsequent remain subject to examination by the Internal Revenue Service. The returns for California remain subject to examination by the California Franchise Tax Board for years 2009 and subsequent.

Property and Equipment – Property and equipment consists of 1 Mobile Hotspot, 1 generic step & repeat, and office equipment/furniture, including: 2 leather armchairs, 2 desks (including shelves with

COPS 4 CAUSES

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Notes to Financial Statements

December 31, 2011

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

drawers), area rug, lamps, and trashcans. All items are depreciated using MACRS over a period of seven years, except for the Mobile Hotspot that was a section 179 deduction in 2010.

NOTE 3 – USE OF ESTIMATES

Management has made estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

As the operations of the Organization are centrally located and primarily functioning for the purpose of fundraising through events and other campaigns, the most significant estimates related to the valuation of contributed facilities, and contributed labor and other services. Contributed facilities and services account for 28% of total revenues for the year ended December 31, 2011.

The valuation of all contributed items is based on fair values and numerous other factors. Donated management facilities are primarily considered using comparative research of surrounding commercial facilities, including dedicated and shared square footage, amenities provided, location, etc. Contributed services are estimated based on prevailing labor or service rates determined by comparative research.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Office Furniture & Equipment	\$	1,309
Step & Repeat		300
Technology Equip. & Peripherals		<u>122</u>
		1,731
Less accumulated depreciation		<u>(352)</u>
Total property and equipment	\$	<u>1,379</u>