

Financial Statements Together with Report of  
Independent Certified Public Accountants

**N.Y. POLICE AND FIRE WIDOWS' AND  
CHILDREN'S BENEFIT FUND, INC.**

December 31, 2010 and 2009

# N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of  
**N.Y. Police and Fire Widows' and  
Children's Benefit Fund, Inc.**

We have audited the accompanying statements of financial position of N.Y. Police and Fire Widows' and Children's Benefit Fund, Inc. (the "Fund") as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. 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 as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of N.Y. Police and Fire Widows' and Children's Benefit Fund, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

New York, New York  
August 2, 2011

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Statements of Financial Position**  
**As of December 31, 2010 and 2009**

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|  | <u>2010</u>          | <u>2009</u>          |
|--|----------------------|----------------------|
| <b>ASSETS</b>                                  |                      |                      |
| Cash and cash equivalents                      | \$ 18,358,579        | \$ 19,766,826        |
| Investments, at fair value (Note 3)            | 24,708,669           | 21,735,316           |
| Prepaid expenses                               | 7,775                | 2,500                |
| Contributions receivable                       | 98,600               | 186,957              |
| Interest and dividends receivable              | <u>269,908</u>       | <u>237,242</u>       |
| Total assets                                   | <u>\$ 43,443,531</u> | <u>\$ 41,928,841</u> |
| <b>LIABILITIES AND NET ASSETS</b>              |                      |                      |
| <b>LIABILITIES</b>                             |                      |                      |
| Accrued expenses and other current liabilities | <u>\$ 84,013</u>     | <u>\$ 209,352</u>    |
| Total liabilities                              | <u>84,013</u>        | <u>209,352</u>       |
| <b>NET ASSETS - UNRESTRICTED (Note 6)</b>      |                      |                      |
| Undesignated                                   | 888,608              | 758,957              |
| Escrow 1 (Note 5)                              | -                    | 9,376,970            |
| Escrow 2 (Note 5)                              | <u>42,470,910</u>    | <u>31,583,562</u>    |
| Total net assets                               | <u>43,359,518</u>    | <u>41,719,489</u>    |
| Total liabilities and net assets               | <u>\$ 43,443,531</u> | <u>\$ 41,928,841</u> |

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

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Statements of Activities**  
For the years ended December 31, 2010 and 2009

|  | <u>2010</u>          | <u>2009</u>          |
|--|----------------------|----------------------|
| REVENUES AND OTHER SUPPORT   |                      |                      |
| Contributions  |                      |                      |
| General  | \$ 321,790           | \$ 208,228           |
| NYC concert revenue  | -                    | 750,907              |
| In-kind contributions (Note 4)   | 379,918              | 552,638              |
| Dinner and picnic revenue, net of direct costs of \$333,112<br>in 2010 and \$283,789 in 2009 | 1,223,797            | 844,191              |
| Interest and dividend income   | 1,933,577            | 1,859,726            |
| Net realized loss on investments   | -                    | (2,090)              |
| Unrealized gain on investments   | <u>1,076,801</u>     | <u>2,300,231</u>     |
| <br>Total revenues and other support   | <br><u>4,935,883</u> | <br><u>6,513,831</u> |
| EXPENSES (Note 7)  |                      |                      |
| Program service - benefit payments   | 2,384,000            | 8,220,600            |
| Management and general   | 191,285              | 155,300              |
| Management and general in-kind (Note 4)  | 379,918              | 552,638              |
| Fundraising expense  | <u>340,651</u>       | <u>336,024</u>       |
| <br>Total expenses   | <br><u>3,295,854</u> | <br><u>9,264,562</u> |
| <br>Change in net assets   | <br>1,640,029        | <br>(2,750,731)      |
| Unrestricted net assets - beginning of year  | <u>41,719,489</u>    | <u>44,470,220</u>    |
| Unrestricted net assets - end of year  | <u>\$ 43,359,518</u> | <u>\$ 41,719,489</u> |

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

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Statements of Cash Flows**  
For the years ended December 31, 2010 and 2009

|   | <u>2010</u>          | <u>2009</u>          |
|---|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                      |                      |
| Change in net assets  | \$ 1,640,029         | \$ (2,750,731)       |
| Adjustments to reconcile change in net assets to<br>net cash provided by (used in) operating activities |                      |                      |
| Net realized loss on investments  | -                    | 2,090                |
| Unrealized (gain) on investments  | (1,076,801)          | (2,300,231)          |
| Changes in assets and liabilities   |                      |                      |
| Decrease in contributions receivable  | 88,356               | 31,533               |
| Increase in interest and dividends receivable   | (32,666)             | (92,718)             |
| Increase in prepaid expenses  | (5,274)              | (2,500)              |
| (Decrease) in accrued expenses and other<br>current liabilities   | <u>(125,339)</u>     | <u>(26,188)</u>      |
| Net cash provided by (used in) operating activities   | <u>488,305</u>       | <u>(5,138,745)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                      |                      |
| Proceeds from sale of investments   | -                    | 11,505,008           |
| Purchase of investments   | <u>(1,896,552)</u>   | <u>(1,721,769)</u>   |
| Net cash (used in) provided by investing activities   | <u>(1,896,552)</u>   | <u>9,783,239</u>     |
| Net (decrease) increase in cash and cash  | (1,408,247)          | 4,644,494            |
| Cash and cash equivalents at beginning of year  | <u>19,766,826</u>    | <u>15,122,332</u>    |
| Cash and cash equivalents at end of year  | <u>\$ 18,358,579</u> | <u>\$ 19,766,826</u> |

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

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

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**1. ORGANIZATION**

**Organization**

The N.Y. Police and Fire Widows' and Children's Benefit Fund, Inc. (the "Fund") was established in 1985. The purpose of the Fund is to provide financial assistance to the families of police officers and firefighters who have been killed in the line of duty. After the events of September 11, 2001, the Fund also began to provide financial assistance to the families of Port Authority police officers and emergency service personnel killed in the line of duty.

The financial assistance given to the families generally consists of an immediate payment upon death, which would help with any immediate expenses. In addition, the Fund makes an annual distribution to each of the surviving families. The Board of Directors of the Fund determines the amount payable based upon the objectives and performance of the Fund.

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Fund is also exempt from New York State corporation and franchise taxes under NYS Tax Commission Regulation Section 1-3.4(b)(6).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Reporting**

The Fund's policy is to prepare its financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting. Consequently, certain revenue and related assets are recognized when pledged or earned and certain expenses are recognized when the obligation is incurred.

**Accounting for Contributions Received**

The Fund records contributions of cash and other assets when an unconditional promise to give is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either permanently restricted, temporarily restricted or unrestricted, based upon donor-imposed restrictions, if any. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Additionally, the Fund reports donor-imposed restricted contributions whose restrictions are met in the same period as received as unrestricted support, under the principle of simultaneous release from restrictions. At December 31, 2010 and 2009, the Fund did not possess any temporarily or permanently restricted net assets.

The Fund reports pledges expected to be collected within one year at their net realizable value. Pledges to be paid to the Fund over a period of years are recorded at the present value of their estimated future cash flows using a risk-free rate of return.

**Dinner and Picnic Revenue**

Revenue and expenses relative to the Fund's annual dinner and picnic are recognized upon occurrence of each respective event.

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Notes to Financial Statements**  
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**Contributed Services**

The Fund receives certain contributed services that meet criteria established by US GAAP for recognition as contributions. Such services are recorded at fair value.

**Cash and Cash Equivalents**

The Fund considers all highly liquid financial instruments, primarily money market funds, with original maturities of 90 days or less from the date of purchase, to be cash equivalents.

**Investments**

Marketable securities are recorded at fair value, based upon quoted market prices. Contributed securities to be held are recorded, at their quoted market value, at the date of contribution. The statement of activities recognizes unrealized gains and losses on investments as increases or decreases, respectively, in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations. Purchase and sale transactions are recorded on trade date basis.

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

**Fair Value Measurements**

As required by US GAAP for fair value measurement, the Fund uses a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of December 31, 2010 and 2009. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.
- Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of December 31, 2010 and 2009. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed.

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

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Level 3 - Securities that have little to no pricing observability as of December 31, 2010 and 2009. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Fund's perceived risk of that instrument.

#### **Valuation of Investments**

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities, certain U.S. government and sovereign obligations, and certain money market securities. As of December 31, 2010 and 2009, all of the Fund's investments were classified as Level 1.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include certain U.S. government and sovereign obligations, most government agency securities, investment-grade corporate bonds, certain mortgage products, certain bank loans and bridge loans, less liquid listed equities, state, municipal and provincial obligations, most physical commodities and certain loan commitments. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. The Fund did not have any Level 2 investments as of December 31, 2010 and 2009.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include private equity and real estate investments, certain bank loans and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, and less liquid mortgage securities (backed by either commercial or residential real estate). The Fund did not have any Level 3 investments as of December 31, 2010 and 2009.

#### **Concentrations of Credit Risk**

Financial instruments that potentially subject the Fund to concentrations of credit risk consist principally of cash, cash equivalents and investments. The Fund maintains its cash and money market accounts in various bank accounts that, at times, may exceed federally insured limits. The excess of the cash balance reported by the bank over the amount that would have been covered by federal depository insurance was approximately \$285,000 and \$289,000 at December 31, 2010 and 2009, respectively. At December 31, 2010 and 2009, the Fund held money market accounts of approximately \$17.9 million and \$19.4 million, respectively, with JPMorgan Chase, which were not covered by federal depository insurance.

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Notes to Financial Statements**  
December 31, 2010 and 2009

**Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Taxes**

The Fund applies the income tax standard for uncertain tax provisions. This standard prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that is not certain to be realized.

**3. INVESTMENTS**

The following sets forth the cost and fair value of investments held as of December 31, 2010 and 2009:

| <b>Investments</b>   | <b>2010</b>          |                      | <b>2009</b>          |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
|                      | <b>Fair value</b>    | <b>Cost</b>          | <b>Fair value</b>    | <b>Cost</b>          |
| PIMCO All Asset Fund | \$ 24,707,989        | \$ 25,768,622        | \$ 21,734,548        | \$ 23,872,070        |
| Bank of America Corp | 680                  | 5,246                | 768                  | 5,246                |
|                      | <u>\$ 24,708,669</u> | <u>\$ 25,773,868</u> | <u>\$ 21,735,316</u> | <u>\$ 23,877,316</u> |

The following table summarizes the valuation of the Fund's investments within the fair value hierarchy levels as of December 31, 2010:

| <b>Investments</b>   | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>         |
|----------------------|----------------------|----------------|----------------|----------------------|
| PIMCO All Asset Fund | \$ 24,707,989        | \$ -           | \$ -           | \$ 24,707,989        |
| Bank of America Corp | 680                  | -              | -              | 680                  |
|                      | <u>\$ 24,708,669</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 24,708,669</u> |

As of December 31, 2009:

| <b>Investments</b>   | <b>Level 1</b>       | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>         |
|----------------------|----------------------|----------------|----------------|----------------------|
| PIMCO All Asset Fund | \$ 21,734,548        | \$ -           | \$ -           | \$ 21,734,548        |
| Bank of America Corp | 768                  | -              | -              | 768                  |
|                      | <u>\$ 21,735,316</u> | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 21,735,316</u> |

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

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There were no transfers into and out of each level of the fair value hierarchy for assets measured at fair value for the years ended December 31, 2010 and 2009.

All transfers are recognized by the Fund at the end of each reporting period.

Transfers between Levels 1 and 2 generally relate to whether a market becomes active or inactive. Transfers between Levels 2 and 3 generally relate to whether significant relevant observable inputs are available for the fair value measurement in their entirety. See Note 2 Fair Value Measurements for additional information related to the fair value hierarchy and valuation techniques and inputs.

**4. IN-KIND SERVICES**

The Fund uses office space at the law offices of Weil, Gotshal & Manges LLP, a related party. The law offices provide the Fund with telephones, computers, a conference room, an office, secretarial services and access to a copy machine. In addition, the law offices also provided the Fund with pro bono legal services. The law offices did not allocate the expenses to each individual service and believe, to the best of their knowledge, that the value of services and space provided approximated \$253,800 and \$302,000 in 2010 and 2009, respectively.

Geller & Company LLC, a related party, provided the Fund with contributed accounting services approximating \$44,000 and \$47,000 in 2010 and 2009, respectively.

Advertising and public relations services of approximately \$15,000 were contributed by Rubenstein & Associates in 2010. Brouillard, Van Wagner Communications, Captivate Network, Clear Channel Outdoor and Rubenstein & Associates contributed services of approximately \$151,000 in 2009.

Total in-kind contributions have been recorded as unrestricted contributions and have also been recorded as management and general expenses in the accompanying statements of activities.

For the years ended December 31, 2010 and 2009, total in-kind contributions consisted of the following:

|                                      | <u>2010</u>       | <u>2009</u>       |
|--------------------------------------|-------------------|-------------------|
| Legal                                | \$ 177,000        | \$ 284,754        |
| Accounting                           | 44,318            | 46,699            |
| Advertising/public relations         | 15,000            | 150,843           |
| Moving                               | 15,000            | 21,000            |
| Office services                      | 76,800            | 16,942            |
| Other                                | <u>51,800</u>     | <u>32,400</u>     |
| Total management and general in-kind | <u>\$ 379,918</u> | <u>\$ 552,638</u> |

In 2010 and 2009, the Fund received contributed services for the production and underwriting of a video for their Annual Dinner from Bloomberg, L.P. The fair market value of those services was approximately \$46,000 and \$45,000 in 2010 and 2009, respectively, and is recorded as dinner revenue and direct costs in the accompanying statements of activities.

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

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**5. ESCROW 1 AND ESCROW 2**

In 2002, the Board of Directors approved and established two segregated accounts, titled Escrow 1 and Escrow 2, each of which was designated as unrestricted support. Based upon a 7-year distribution plan, annual distributions from 2003 through 2009 were made from amounts on deposit in Escrow 1, in accordance with the objectives and performance of the Fund. Funds remaining in Escrow 1 following the 2010 annual distribution were transferred to Escrow 2, where such funds, collectively with all amounts on deposit in Escrow 2, will be used to make future distributions, in accordance with the objectives and performance of the Fund.

Subsequent to initial funding, Escrow 1 and Escrow 2 are periodically designated funds by the Board of Directors. Additionally, their respective fund balances are impacted by the market performance of investments, which are reflected in unrealized gain (loss) on investments in the accompanying statement of activities. For the years ended December 31, 2010 and 2009, approximately \$500,000 and \$1,300,000 respectively, were designated to Escrow 2.

**6. CHANGES IN NET ASSETS - UNRESTRICTED**

Changes in net assets in 2010 and 2009 were comprised of the following:

|                                      | <u>Undesignated</u> | <u>Escrow 1</u>     | <u>Escrow 2</u>      | <u>Total</u>         |
|--------------------------------------|---------------------|---------------------|----------------------|----------------------|
| <b>Net assets, January 1, 2010</b>   | \$ 758,957          | \$ 9,376,970        | \$ 31,583,562        | \$ 41,719,489        |
| Amount designated by Board           | (500,000)           |                     | 500,000              | -                    |
| Transfers to fund benefit program    | 2,000,000           | (2,000,000)         | -                    | -                    |
| Revenues and other support           | 1,925,505           | 682,040             | 2,328,338            | 4,935,883            |
| Benefit payments                     | (2,384,000)         | -                   | -                    | (2,384,000)          |
| Transfers to Escrow 2                | -                   | (8,059,010)         | 8,059,010            | -                    |
| Other expenditures                   | (911,854)           | -                   | -                    | (911,854)            |
| <b>Net assets, December 31, 2010</b> | <u>\$ 888,608</u>   | <u>\$ -</u>         | <u>\$ 42,470,910</u> | <u>\$ 43,359,518</u> |
|                                      | <u>Undesignated</u> | <u>Escrow 1</u>     | <u>Escrow 2</u>      | <u>Total</u>         |
| <b>Net assets, January 1, 2009</b>   | \$ 966,250          | \$ 17,344,824       | \$ 26,159,146        | \$ 44,470,220        |
| Amounts designated by board          | (1,300,000)         | -                   | 1,300,000            | -                    |
| Transfers to fund benefit program    | 8,000,000           | (8,000,000)         | -                    | -                    |
| Revenues and other support           | 2,357,269           | 32,146              | 4,124,416            | 6,513,831            |
| Benefit payments                     | (8,220,600)         | -                   | -                    | (8,220,600)          |
| Other expenditures                   | (1,043,962)         | -                   | -                    | (1,043,962)          |
| <b>Net assets, December 31, 2009</b> | <u>\$ 758,957</u>   | <u>\$ 9,376,970</u> | <u>\$ 31,583,562</u> | <u>\$ 41,719,489</u> |

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

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**7. FUNCTIONAL EXPENSES**

For the year ended December 31, 2010, functional expenses were comprised of the following:

|                                | <b>Program</b>      | <b>Management<br/>and General</b> | <b>Management<br/>and General<br/>In-Kind</b> | <b>Fundraising</b> | <b>Total</b>        |
|--------------------------------|---------------------|-----------------------------------|---|--------------------|---------------------|
| Benefit payments               | \$ 2,384,000        | \$ -                              | \$ -  | \$ -               | \$ 2,384,000        |
| Audit and tax fees             | -                   | 52,655                            | -   | -                  | 52,655              |
| Printing and publications      | -                   | 1,130                             | -   | -                  | 1,130               |
| Insurance                      | -                   | 40,203                            | -   | -                  | 40,203              |
| Salaries and payroll taxes     | -                   | 64,206                            | -   | 256,823            | 321,029             |
| State registration fees        | -                   | 775                               | -   | -                  | 775                 |
| Bank services                  | -                   | 19,525                            | -   | -                  | 19,525              |
| Marketing                      | -                   | -                                 | -   | 83,828             | 83,828              |
| Miscellaneous                  | -                   | 12,791                            | -   | -                  | 12,791              |
| Management and general in-kind | -                   | -                                 | 379,918                                       | -                  | 379,918             |
|                                | <u>\$ 2,384,000</u> | <u>\$ 191,285</u>                 | <u>\$ 379,918</u>                             | <u>\$ 340,651</u>  | <u>\$ 3,295,854</u> |

For the year ended December 31, 2009, functional expenses were comprised of the following:

|                                | <b>Program</b>      | <b>Management<br/>and General</b> | <b>Management<br/>and General<br/>In-Kind</b> | <b>Fundraising</b> | <b>Total</b>        |
|--------------------------------|---------------------|-----------------------------------|---|--------------------|---------------------|
| Benefit payments               | \$ 8,220,600        | \$ -                              | \$ -  | \$ -               | \$ 8,220,600        |
| Audit and tax fees             | -                   | 64,390                            | -   | -                  | 64,390              |
| Printing and publications      | -                   | 7,261                             | -   | -                  | 7,261               |
| Insurance                      | -                   | 42,186                            | -   | -                  | 42,186              |
| Salaries and payroll taxes     | -                   | 25,476                            | -   | 223,254            | 248,730             |
| State registration fees        | -                   | 3,705                             | -   | -                  | 3,705               |
| Marketing                      | -                   | -                                 | -   | 112,270            | 112,270             |
| Miscellaneous                  | -                   | 12,282                            | -   | 500                | 12,782              |
| Management and general in-kind | -                   | -                                 | 552,638                                       | -                  | 552,638             |
|                                | <u>\$ 8,220,600</u> | <u>\$ 155,300</u>                 | <u>\$ 552,638</u>                             | <u>\$ 336,024</u>  | <u>\$ 9,264,562</u> |

**N.Y. POLICE AND FIRE WIDOWS' AND CHILDREN'S BENEFIT FUND, INC.**  
**Notes to Financial Statements**  
**December 31, 2010 and 2009**

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**8. EMPLOYEE BENEFIT PLAN**

The Fund sponsors a 401(k) profit sharing plan with a 401(k) feature. Employees may elect to have pretax employee contributions made to their accounts not to exceed federal allowable limits. The Fund plans to make Safe Harbor nonelective contributions to the 401(k) plan equal to 5% of a participant's eligible compensation. Total pension expense under this 401(k) plan for 2010 and 2009 totaled approximately \$14,000 and \$11,000, respectively. Participants are immediately vested in their employee-contributed account balance and in the employer's contribution portion and all earnings thereon.

**9. RELATED PARTY TRANSACTION**

The son of one of the board members was paid \$60,000 and \$47,500 in 2010 and 2009, respectively, to develop and maintain media services for the Fund.

See Note 4 for related party in-kind contributions.

**10. SUBSEQUENT EVENTS**

Management of the Fund has evaluated events or transactions that may have occurred since December 31, 2010 through August 2, 2011, the date the financial statements were available for issuance. Management has determined that there are no material events that would require disclosure in the Fund's financial statements.