



**New York State Troopers Benefit
Fund, Inc.**

Financial Statements

December 31, 2014 and 2013



McENERNEY, BRADY & COMPANY
Certified Public Accountants
A division of O'Connor Davies, LLP

Independent Auditors' Report

To the Executive Board of New York State Troopers Benefit Fund, Inc. Albany, New York

We have audited the accompanying financial statements of the New York State Troopers Benefit Fund, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

The Board's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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**To the Executive Board of
New York State Troopers Benefit Fund, Inc.**

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York State Troopers Benefit Fund, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McEnerney, Brady & Company

A division of O'Connor Davies, LLP

Livingston, New Jersey
October 1, 2015

New York State Troopers Benefit Fund, Inc.

Statements of Financial Position

	December 31					
	2014			2013		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
ASSETS						
Current Assets						
Cash	\$ 8,124	\$ 2,346,933	\$ 2,355,057	\$ 47,067	\$ 2,376,236	\$ 2,423,303
Member insurance contributions receivable	-	75,601	75,601	-	78,227	78,227
Administrative fees receivable	40,000	-	40,000	2,157	-	2,157
Prepaid expense	<u>60,443</u>	<u>-</u>	<u>60,443</u>	<u>56,857</u>	<u>-</u>	<u>56,857</u>
Total Current Assets	<u>108,567</u>	<u>2,422,534</u>	<u>2,531,101</u>	<u>106,081</u>	<u>2,454,463</u>	<u>2,560,544</u>
Website development costs	<u>9,625</u>	<u>-</u>	<u>9,625</u>	<u>11,535</u>	<u>-</u>	<u>11,535</u>
	<u>\$ 118,192</u>	<u>\$ 2,422,534</u>	<u>\$ 2,540,726</u>	<u>\$ 117,616</u>	<u>\$ 2,454,463</u>	<u>\$ 2,572,079</u>
 LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable and accrued expenses	\$ 15,570	\$ -	\$ 15,570	\$ 15,417	\$ -	\$ 15,417
Accrued insurance premiums payable	<u>-</u>	<u>186,116</u>	<u>186,116</u>	<u>-</u>	<u>249,930</u>	<u>249,930</u>
Total Current Liabilities	15,570	186,116	201,686	15,417	249,930	265,347
Member benefits payable	<u>-</u>	<u>2,241,612</u>	<u>2,241,612</u>	<u>-</u>	<u>2,236,014</u>	<u>2,236,014</u>
Total Liabilities	<u>15,570</u>	<u>2,427,728</u>	<u>2,443,298</u>	<u>15,417</u>	<u>2,485,944</u>	<u>2,501,361</u>
Unrestricted net assets	<u>102,622</u>	<u>(5,194)</u>	<u>97,428</u>	<u>102,199</u>	<u>(31,481)</u>	<u>70,718</u>
	<u>\$ 118,192</u>	<u>\$ 2,422,534</u>	<u>\$ 2,540,726</u>	<u>\$ 117,616</u>	<u>\$ 2,454,463</u>	<u>\$ 2,572,079</u>

See notes to financial statements

New York State Troopers Benefit Fund, Inc.

Statements of Activities

	Year Ended December 31, 2014			Year Ended December 31, 2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT						
Magazine revenue	\$ 532,052	\$ -	\$ 532,052	\$ 515,255	\$ -	\$ 515,255
Editorial fees	25,000	-	25,000	25,000	-	25,000
Member insurance contributions	-	3,371,716	3,371,716	-	3,400,297	3,400,297
Contributions from PBA	168,420	-	168,420	145,212	-	145,212
Debt forgiven by PBA	-	-	-	618,310	-	618,310
Benefit Fund items sold	29	-	29	11,210	-	11,210
Administration fees	57,670	-	57,670	56,487	-	56,487
Interest	5,597	-	5,597	-	766	766
Net assets released from restriction	3,345,429	(3,345,429)	-	3,432,544	(3,432,544)	-
Total Revenues and Support	<u>4,134,197</u>	<u>26,287</u>	<u>4,160,484</u>	<u>4,804,018</u>	<u>(31,481)</u>	<u>4,772,537</u>
EXPENSES						
Program services	3,528,165	-	3,528,165	3,592,268	-	3,592,268
Management and general	34,823	-	34,823	36,762	-	36,762
Fundraising	570,786	-	570,786	536,303	-	536,303
Total Expenses	<u>4,133,774</u>	<u>-</u>	<u>4,133,774</u>	<u>4,165,333</u>	<u>-</u>	<u>4,165,333</u>
Change in Net Assets	423	26,287	26,710	638,685	(31,481)	607,204
NET ASSETS						
Beginning of year	<u>102,199</u>	<u>(31,481)</u>	<u>70,718</u>	<u>(536,486)</u>	<u>-</u>	<u>(536,486)</u>
End of year	<u>\$ 102,622</u>	<u>\$ (5,194)</u>	<u>\$ 97,428</u>	<u>\$ 102,199</u>	<u>\$ (31,481)</u>	<u>\$ 70,718</u>

See notes to financial statements

New York State Troopers Benefit Fund, Inc.

Statements of Functional Expenses

	Year Ended December 31, 2014				Year Ended December 31, 2013			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Allocated expenses from PBA	\$ -	\$ -	\$ 163,407	\$ 163,407	\$ -	\$ -	\$ 145,212	\$ 145,212
Amortization	-	1,910	-	1,910	-	1,910	-	1,910
Credit card and bank fees	-	14,561	-	14,561	-	17,912	-	17,912
Filing fees	-	575	-	575	-	550	-	550
Member benefit - other	5,597	-	-	5,597	766	-	-	766
Member gifts	21,722	-	-	21,722	26,499	-	-	26,499
Member insurance premiums	3,358,626	-	-	3,358,626	3,416,322	-	-	3,416,322
Membership benefit - PBA items	62,428	-	-	62,428	59,541	-	-	59,541
Office	-	32	-	32	-	-	-	-
Postage	30,000	-	3,970	33,970	32,000	-	4,390	36,390
Professional fees	-	17,745	-	17,745	-	16,390	-	16,390
Professional fundraiser	-	-	403,409	403,409	-	-	386,701	386,701
Reimbursements	2,027	-	-	2,027	7,730	-	-	7,730
Retirement benefits	45,940	-	-	45,940	47,460	-	-	47,460
Staff support	1,825	-	-	1,825	1,950	-	-	1,950
Total Expenses	<u>\$ 3,528,165</u>	<u>\$ 34,823</u>	<u>\$ 570,786</u>	<u>\$ 4,133,774</u>	<u>\$ 3,592,268</u>	<u>\$ 36,762</u>	<u>\$ 536,303</u>	<u>\$ 4,165,333</u>

See notes to financial statements

New York State Troopers Benefit Fund, Inc.

Statements of Cash Flows

	For the Year Ended	
	December 31,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 26,710	\$ 607,204
Adjustments to reconcile net assets from operating activities		
Amortization	1,910	1,910
Due from related party	-	2,230,312
Changes in operating assets and liabilities		
Member insurance contributions receivable	2,626	90,886
Administrative fees receivable	(37,843)	42
Prepaid expenses	(3,586)	(1,899)
Accounts payable and accrued expenses	153	(6,973)
Accrued insurance premiums payable	(63,814)	9,259
Member benefits payable	<u>5,598</u>	<u>5,702</u>
Net Cash from Operating Activities	<u>(68,246)</u>	<u>2,936,443</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related party	<u>-</u>	<u>(618,310)</u>
 Net Change in Cash	(68,246)	2,318,133
 CASH		
Beginning of year	<u>2,423,303</u>	<u>105,170</u>
 End of year	<u>\$ 2,355,057</u>	<u>\$ 2,423,303</u>

See notes to financial statements

New York State Troopers Benefit Fund, Inc.

Notes to Financial Statements
December 31, 2014 and 2013

1. Organization

The New York State Troopers Benefit Fund, Inc. (the "Benefit Fund") is a non-profit corporation, based in Albany, New York, whose primary purpose is to provide its membership with various benefits including life insurance, disability insurance, and other benefits pursuant to its by-laws and to publish the "PBA Trooper" magazine to provide pertinent information to its members. The membership consists of all members in good standing of the Police Benevolent Association of the New York State Troopers, Inc (the "PBA").

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which requires management to make certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates also affect the reported amount of revenue and expenses during the reporting period. The estimated useful lives of fixed assets, depreciation, accounts payable and accrued expenses, among other accounts, require the significant use of estimates. Actual results could differ from the estimates.

Certain 2013 information has been reclassified in order to conform to current year presentation.

Net Assets Presentation

Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use is limited by donors to a specific time period or purpose. Permanently restricted net assets are limited by donors for the investment in perpetuity.

Support and Revenue

The Benefit Fund reports gifts of cash, other assets and long-lived assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, this is, when a stipulated time restrictions ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported as revenues of unrestricted net assets.

New York State Troopers Benefit Fund, Inc.

Notes to Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

Website Development Costs

Website development costs consist of professional fees, design and graphic costs associated with the Benefit Fund's website. These costs are being amortized over a 10 year period.

Revenue Recognition

Revenues consist primarily of member insurance contributions that are reported at estimated net realizable amounts and recognized in the period assessed. These revenues are used to support member insurance premiums.

Member insurance contribution receivable are recorded at the net realizable value and do not bear interest. The allowance for doubtful accounts is the Benefit Fund's best estimate of the amount of probable credit losses in existing receivables. The Benefit Fund determines the allowance based on historical write-off experience and reviews its allowance for doubtful accounts periodically. However, as the receivable represents the amounts withheld from member wages, these amounts are deemed collectible and no allowance is deemed necessary.

Fair Value Measurements

The Benefit Fund follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Tax Status and Accounting for Uncertainty in Income Taxes

The Benefit Fund is exempt from federal and state income taxes under Section 501(c)(5) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to Section 102 of the Not-For-Profit Corporation Law in the State of New York. The Benefit Fund files Form 990 with the Internal Revenue Service and Form CHAR-500 with the State of New York annually.

The Benefit Fund recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Benefit Fund had no uncertain tax positions that would require financial statement recognition or disclosure. The Benefit Fund is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2011.

New York State Troopers Benefit Fund, Inc.

Notes to Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies *(continued)*

Concentrations of Credit Risk

Financial instruments which potentially subject the Benefit Fund to concentrations of credit risk consist principally of cash and investments. At times, such amounts exceed the current insured amount under the Federal Deposit Insurance Corporation ("FDIC") of \$250,000. Certain cash accounts are maintained at a broker, which insures the balances up to the \$500,000 limit with the Securities Investor Protection Corporation ("SIPC").

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon management estimates.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 1, 2015.

3. Related Party Transactions

The Benefit Fund is affiliated with the Police Benevolent Association of the New York State Troopers, Inc. (the "PBA") through common Board members. The Benefit Fund incurred debt owed to the PBA in the amount of \$163,407 and \$145,212 for the allocation of expenses during 2014 and 2013. In 2014 and 2013 the allocated expenses were contributed from the PBA and, therefore, forgiven. During 2013, the PBA forgave the prior balance of \$618,310 due from the Benefit Fund which is included in Contributions from PBA in the statements of activities. There are no funds due to the PBA at December 31, 2014 and 2013.

4. Commitments

Professional Fundraising

The Benefit Fund has an agreement with a professional fundraising organization. The contract provides for the publication of a "Trooper" magazine containing articles of interest to the members and retired members of the NY State Police and generates revenues through sponsorship of the magazine. Terms of the agreement provide the Benefit Fund with a percentage of gross contributions received by the fundraiser. The agreement expires on July 14, 2016.

New York State Troopers Benefit Fund, Inc.

Notes to Financial Statements
December 31, 2014 and 2013

5. Member Benefits

The Benefit Fund became responsible for providing certain member benefits, effective March 2008, including life insurance, disability insurance, and home/auto insurance. Member insurance premium contributions totaled \$3,371,716 and \$3,400,297 during 2014 and 2013. The following summarizes the member benefits:

Permanent Life Insurance

The Benefit Fund offers to eligible active/retired members permanent life insurance up to \$100,000 coverage.

Group Life Insurance

The Benefit Fund provides group life insurance up to a maximum of \$27,500 per person for eligible active/retired members.

Term Life Insurance

The Benefit Fund provides term life insurance with coverage up to a maximum of \$999,000 for each eligible active/retired member.

Short-Term Disability

The Benefit Fund provides short-term disability for eligible members determined in 2002.

Long-Term Disability

The Benefit Fund provides long-term disability to eligible active members. Disability benefits range from 60% of income for two years for standard injuries up to 85% of income for life (if severe or permanent disability/illness).

Home/Automobile Insurance

The Benefit Fund provides various home and automobile insurance coverage to eligible active members.

Retirement Benefits/Contingencies

Upon retirement and with the approval of the Board of Directors, a member in good standing may be entitled to a benefit of up to a maximum of \$400 (\$20 for each year of service). As of December 31, 2014 and 2013, the PBA had approximately 3,500 members, who could receive the benefit, if they meet the requirements. The Benefit Fund assumed administration of this benefit effective January 2009 and incurred \$45,940 and \$47,460 in retirement benefit expenses for 2014 and 2013.

New York State Troopers Benefit Fund, Inc.

Notes to Financial Statements
December 31, 2014 and 2013

6. Member Benefits Payable

The Benefit Fund administers the distribution of member benefits on behalf of the PBA, who receives funding through a contract with the State of New York. The previous contract ended in March 2010 and there is currently no contract in effect. The total member benefits payable accrued at December 31, 2014 and 2013 is \$2,241,612 and \$2,236,014. These funds will accrue interest until the benefits are offered to members as per the contract stipulation. As of December 31, 2014, the Benefit Fund was in the process of determining the means of the distribution of these benefits.

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