

Former Agents of the F.B.I. Foundation

Financial Statements
and Independent Auditors' Report

December 31, 2021 and 2020

Former Agents of the F.B.I. Foundation

Financial Statements
December 31, 2021 and 2020

Contents

Independent Auditors' Report.....	1-3
<i>Financial Statements</i>	
Statements of Financial Position.....	4
Statements of Activities	5-6
Statements of Functional Expenses	7-8
Statements of Cash Flows.....	9
Notes to Financial Statements.....	10-18

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Former Agents of the F.B.I. Foundation

Opinion

We have audited the accompanying financial statements of Former Agents of the F.B.I. Foundation ("the Foundation"), which comprise the statements of financial position as of December 31, 2021 and 2020; the related statements of activities, functional expenses, and cash flows for the years 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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits 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 audits. 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.

Responsibilities of Management for the Financial Statements (continued)

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 generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, 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.

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

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.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, flowing style.

Vienna, Virginia
April 29, 2022

Former Agents of the F.B.I. Foundation

Statements of Financial Position December 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 102,078	\$ 262,124
Investments	13,871,867	11,699,944
Contributions receivable	470	-
Prepaid expenses and other assets	12,127	29,479
Property and equipment, net	217,349	198,361
	<hr/>	<hr/>
Total assets	\$ 14,203,891	\$ 12,189,908
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ -	\$ 19,960
Scholarships payable	-	4,000
Due to related party	20,988	58,678
Loan payable – Paycheck Protection Program	-	32,797
	<hr/>	<hr/>
Total liabilities	20,988	115,435
	<hr/>	<hr/>
Net Assets		
Without donor restrictions	11,268,711	9,856,557
With donor restrictions	2,914,192	2,217,916
	<hr/>	<hr/>
Total net assets	14,182,903	12,074,473
	<hr/>	<hr/>
Total liabilities and net assets	\$ 14,203,891	\$ 12,189,908
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes.

Former Agents of the F.B.I. Foundation

Statement of Activities
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Contributions	\$ 542,478	\$ 491,010	\$ 1,033,488
Program services	2,669	-	2,669
Other income	7,079	-	7,079
Released from restrictions	134,513	(134,513)	-
Total operating revenue and support	<u>686,739</u>	<u>356,497</u>	<u>1,043,236</u>
Expenses			
Program services	569,895	-	569,895
Supporting services:			
Management and general	129,894	-	129,894
Fundraising	87,302	-	87,302
Total supporting services	<u>217,196</u>	<u>-</u>	<u>217,196</u>
Total expenses	<u>787,091</u>	<u>-</u>	<u>787,091</u>
Change in Net Assets from Operations	(100,352)	356,497	256,145
Non-Operating Activities			
Investment return, net	1,479,709	339,779	1,819,488
Gain on debt extinguishment	32,797	-	32,797
Total non-operating activities	<u>1,512,506</u>	<u>339,779</u>	<u>1,852,285</u>
Change in Net Assets	1,412,154	696,276	2,108,430
Net Assets, beginning of year	<u>9,856,557</u>	<u>2,217,916</u>	<u>12,074,473</u>
Net Assets, end of year	<u><u>\$ 11,268,711</u></u>	<u><u>\$ 2,914,192</u></u>	<u><u>\$ 14,182,903</u></u>

See accompanying notes.

Former Agents of the F.B.I. Foundation

Statement of Activities
For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support			
Contributions	\$ 434,471	\$ 76,207	\$ 510,678
Program services	2,190	-	2,190
Other income	3,952	-	3,952
Released from restrictions	38,315	(38,315)	-
	<u>478,928</u>	<u>37,892</u>	<u>516,820</u>
Total operating revenue and support			
	<u>478,928</u>	<u>37,892</u>	<u>516,820</u>
Expenses			
Program services	459,703	-	459,703
Supporting services:			
Management and general	81,632	-	81,632
Fundraising	81,349	-	81,349
	<u>162,981</u>	<u>-</u>	<u>162,981</u>
Total supporting services			
	<u>162,981</u>	<u>-</u>	<u>162,981</u>
Total expenses	<u>622,684</u>	<u>-</u>	<u>622,684</u>
Change in Net Assets from Operations	(143,756)	37,892	(105,864)
Non-Operating Activity			
Investment return, net	<u>779,677</u>	<u>114,722</u>	<u>894,399</u>
Total non-operating activity	<u>779,677</u>	<u>114,722</u>	<u>894,399</u>
Change in Net Assets	635,921	152,614	788,535
Net Assets, beginning of year	<u>9,220,636</u>	<u>2,065,302</u>	<u>11,285,938</u>
Net Assets, end of year	<u>\$ 9,856,557</u>	<u>\$ 2,217,916</u>	<u>\$ 12,074,473</u>

See accompanying notes.

Former Agents of the F.B.I. Foundation

Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Personnel costs	\$ 183,132	\$ 45,626	\$ 42,129	\$ 87,755	\$ 270,887
Assistance	18,667	-	-	-	18,667
Awards	32,412	-	-	-	32,412
History and remembrance	42,981	-	17,307	17,307	60,288
Partnerships and contributions	44,442	-	-	-	44,442
Scholarships	219,000	-	-	-	219,000
Professional fees	2,430	24,671	150	24,821	27,251
General office expenses	84	3,898	11,362	15,260	15,344
Fundraising	-	-	10,784	10,784	10,784
Administrative expenses and other	5,710	23,265	1,871	25,136	30,846
Travel, meetings, and committee	14,377	30,774	2,167	32,941	47,318
Depreciation and amortization	6,660	1,660	1,532	3,192	9,852
Total Expenses	\$ 569,895	\$ 129,894	\$ 87,302	\$ 217,196	\$ 787,091

See accompanying notes.

Former Agents of the F.B.I. Foundation

Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Personnel costs	\$ 131,989	\$ 40,438	\$ 58,850	\$ 99,288	\$ 231,277
Assistance	22,327	-	-	-	22,327
Awards	7,000	-	-	-	7,000
History and remembrance	27,241	-	1,763	1,763	29,004
Partnerships and contributions	49,032	-	-	-	49,032
Scholarships	213,000	-	-	-	213,000
Professional fees	-	10,000	225	10,225	10,225
General office expenses	249	4,822	5,006	9,828	10,077
Fundraising	-	-	12,066	12,066	12,066
Administrative expenses and other	5,375	16,336	1,783	18,119	23,494
Travel, meetings, and committee	134	8,885	-	8,885	9,019
Depreciation and amortization	3,356	1,151	1,656	2,807	6,163
Total Expenses	\$ 459,703	\$ 81,632	\$ 81,349	\$ 162,981	\$ 622,684

See accompanying notes.

Former Agents of the F.B.I. Foundation

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 2,108,430	\$ 788,535
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(1,004,281)	(703,495)
Realized (gain) loss on investments	(223,874)	103,912
Gain on debt extinguishment	(32,797)	-
Donated stock	(236,279)	(16,862)
Depreciation and amortization	9,852	6,163
Change in operating assets and liabilities:		
(Increase) decrease in:		
Contributions receivable	(470)	1,500
Prepaid expenses and other assets	17,352	(6,463)
(Decrease) increase in:		
Accounts payable and accrued expenses	(19,960)	4,769
Scholarships payable	(4,000)	4,000
Due to related party	(37,690)	10,446
Net cash provided by operating activities	576,283	192,505
Cash Flows from Investing Activities		
Purchases of property and equipment	(28,840)	(13,617)
Purchases of investments	(2,025,670)	(1,295,998)
Proceeds from sales of investments	1,318,181	1,198,152
Net cash used in investing activities	(736,329)	(111,463)
Cash Flows from Financing Activity		
Principal proceeds on loan payable – Paycheck Protection Program	-	32,797
Net cash provided by financing activity	-	32,797
Net (Decrease) Increase in Cash	(160,046)	113,839
Cash, beginning of year	262,124	148,285
Cash, end of year	\$ 102,078	\$ 262,124
Noncash Investing and Financing Transactions		
Donated stock	\$ 236,279	\$ 16,862

See accompanying notes.

Former Agents of the F.B.I. Foundation

Notes to Financial Statements
December 31, 2021 and 2020

1. Nature of Operations

Former Agents of the F.B.I. Foundation (“the Foundation”) provides charitable support to members of the Society of Former Special Agents of the Federal Bureau of Investigation, Inc. (“the Society”) and their families. The Foundation distributes various awards and scholarships to members and their families, as well as gives assistance to other needy and deserving individuals and groups involved in the field of law enforcement.

The Foundation’s primary sources of support and revenue are donations from members of the Society. The Foundation is a Virginia non-stock corporation, and its affairs are managed by a Board of Trustees, which is comprised of members of the Society, appointed by the Society’s Board of Directors. There is not a majority of Board overlap and, accordingly, the Foundation’s financial statements are not consolidated with the Society’s. The Foundation shares office space and administrative staff with the Society.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Foundation’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions in the following classes:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are reported in the accompanying statements of activities. The Foundation considers cash equivalents that are part of the portfolio to be classified as investments.

Former Agents of the F.B.I. Foundation

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Contributions Receivable

Contributions receivable represent unconditional promises to give. All contributions receivable are due within one year and are recorded at net realizable value. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. No allowance for doubtful accounts is recorded as management believes that all receivables are fully collectible at December 31, 2021 and 2020.

Property and Equipment

Property and equipment purchased at a cost of \$1,000 or more are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from seven to forty years. Expenditures for maintenance and repairs are expensed as incurred.

Scholarships Payable

Scholarships payable consist of amounts awarded to students for undergraduate tuition, fees, and course-required incidentals and supplies, and are determined by a majority vote of the Board of Trustees. Certain eligibility requirements must be met for students who apply for scholarships.

Revenue Recognition

Contributions are recognized when cash, securities, an unconditional promise to give, or other assets are received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Foundation reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Former Agents of the F.B.I. Foundation

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Contributed Services

The Foundation receives a substantial amount of services donated by volunteers in carrying out its program services. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605-25-16, *Contributed Services*.

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.

Advertising Costs

The Foundation expenses advertising costs as incurred. There were no advertising costs for the years ended December 31, 2021 and 2020.

Measure of Operations

The Foundation includes in its measure of operations all revenues and expenses that are an integral part of its programs and supporting activities, and excludes net investment return and gain on debt extinguishment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Former Agents of the F.B.I. Foundation

Notes to Financial Statements
December 31, 2021 and 2020

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through April 29, 2022, the date the financial statements were available to be issued.

3. Liquidity and Availability

The Foundation strives to maintain liquid financial assets on hand to meet 90 days of general expenditures. As part of its liquidity plan, management periodically reviews the Foundation's liquid asset needs and adjusts the cash balances as necessary. Amounts in excess of operating liquidity needs are invested in short-term and highly liquid securities.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash	\$ 102,078	\$ 262,124
Investments	13,871,867	11,699,944
Contributions receivable	470	-
Less: net assets with donor restrictions	<u>(2,914,192)</u>	<u>(2,217,916)</u>
Total available for general expenditures	<u>\$ 11,060,223</u>	<u>\$ 9,744,152</u>

4. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and investments. The Foundation maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Former Agents of the F.B.I. Foundation

Notes to Financial Statements
December 31, 2021 and 2020

5. Investments and Fair Value Measurements

The Foundation follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. 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 entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Foundation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Foundation uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents the Foundation's fair value hierarchy for those investments measured on a recurring basis at December 31:

	Level 1	Level 2	Level 3	Total
<u>2021:</u>				
Money market funds	\$ 307,912	\$ -	\$ -	\$ 307,912
Mutual funds – bonds	5,439,148	-	-	5,439,148
Mutual funds – equities	8,124,807	-	-	8,124,807
Total investments	<u>\$ 13,871,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,871,867</u>
<u>2020:</u>				
Money market funds	\$ 190,311	\$ -	\$ -	\$ 190,311
Mutual funds – bonds	4,558,411	-	-	4,558,411
Mutual funds – equities	6,951,222	-	-	6,951,222
Total investments	<u>\$ 11,699,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,699,944</u>

Former Agents of the F.B.I. Foundation

Notes to Financial Statements
December 31, 2021 and 2020

5. Investments and Fair Value Measurements (continued)

Net investment return consists of the following for the years ended December 31:

	2021	2020
Interest and dividends	\$ 653,738	\$ 344,334
Unrealized gain	1,004,281	703,495
Realized gain (loss)	223,874	(103,912)
Investment management fees	(62,405)	(49,518)
Total investment return, net	<u>\$ 1,819,488</u>	<u>\$ 894,399</u>

6. Property and Equipment

Property and equipment consists of the following at December 31:

	2021	2020
Land	\$ 70,437	\$ 70,437
Building	151,063	151,063
Building improvements	16,744	12,935
Computer equipment and software	35,093	10,062
Furniture and fixtures	4,294	4,294
Total property and equipment	277,631	248,791
Less: accumulated depreciation	(60,282)	(50,430)
Property and equipment, net	<u>\$ 217,349</u>	<u>\$ 198,361</u>

7. Loan Payable – Paycheck Protection Program

The Foundation applied for a loan under the Paycheck Protection Program (“the PPP loan”) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP loan is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 coronavirus, for which the Foundation qualified. The PPP loan is subject to full forgiveness upon use of the funds for payroll and other eligible costs, and compliance with certain limitations on payroll and staffing reductions over a 24-week period.

Former Agents of the F.B.I. Foundation

Notes to Financial Statements
December 31, 2021 and 2020

7. Loan Payable – Paycheck Protection Program (continued)

The PPP loan was granted to the Foundation on June 5, 2020 in the amount of \$32,797, which is recorded as loan payable in the accompanying statements of financial position. During the covered period, the Foundation had incurred qualifying expenditures and had submitted a PPP loan forgiveness application on December 7, 2020. On January 11, 2021, the PPP loan forgiveness was approved for the full amount of the loan. For the year ended December 31, 2021, the Foundation recognized a \$32,797 gain from forgiveness of PPP loan, which is included in non-operating activities in the accompanying statement of activities.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted as follows at December 31:

	2021	2020
Purpose restricted:		
Peter O’Neil Fund	\$ 955,852	\$ 879,741
Disaster Relief Fund	822,549	680,967
Miami Memorial Fund	204,263	-
J. Edgar Hoover Fund	202,636	183,762
Martyrs/Remembrance Fund	133,294	106,038
Grove Foundation Fund	131,483	119,980
Weysan D. & Linda Fund	111,892	-
Lawler Fund	109,725	104,616
Janice & Michael Fedarcyk Fund	100,212	-
Zeiss Fund	76,085	69,597
Fran Keogh Memorial Fund	40,035	35,286
LA Chapter Retired Agents Fund	19,807	19,876
Skilled Trades Fund	3,938	6,949
Hashman Fund	2,421	11,104
	<u>2,914,192</u>	<u>2,217,916</u>
Total purpose restricted	<u>2,914,192</u>	<u>2,217,916</u>
Net assets with donor restrictions	<u>\$ 2,914,192</u>	<u>\$ 2,217,916</u>

Former Agents of the F.B.I. Foundation

Notes to Financial Statements
December 31, 2021 and 2020

9. Related Party Transactions

Society of Former Special Agents of the Federal Bureau of Investigation, Inc.

All functions necessary to perform the Foundation's mission are performed by the Society's employees. The Foundation reimburses the Society for these personnel costs, as well as other costs incurred by the Society in performing the Foundation's functions, such as depreciation of property. Also, during the year, in conjunction with membership billing, the Society collects contributions on behalf of the Foundation. The amounts reimbursed to the Society were \$354,467 and \$313,492 for the years ended December 31, 2021 and 2020, respectively. The Foundation had a payable of \$20,988 and \$58,678 to the Society at December 31, 2021 and 2020, respectively.

Board Member Contributions

The Foundation receives support from members of the Board of Trustees. During the years ended December 31, 2021 and 2020, the Foundation received contributions from Board members in the amount of \$13,722 and \$4,100, respectively.

Fettler Park, LLC

In 2009, the Foundation and the Society entered into an agreement to form Fettler Park, LLC ("the LLC"), of which the Foundation owns 25% and the Society owns 75%. The purpose of the entity is to purchase and hold office space that the Foundation and Society utilize for their day-to-day operations. The Foundation and Society share operating costs of this property based on the aforementioned ownership percentages. Per the terms of the operating agreement of the LLC, the members intend for the company to be treated as an unincorporated association excluded from Subchapter K of the Internal Revenue Code (IRC) pursuant to Section 761. Accordingly, they do not treat the company as a partnership for income tax purposes and each member agrees to separately report its proportionate share of all income, gains, deductions, and losses from the joint venture. The statements of financial position and activities reflect only the Foundation's share of the land and building, as well as income and expenses related to this investment.

10. Functionalized Expenses

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 professional fees, general office expenses, and travel and meetings expenses, which are allocated based on a weighted average of employees' time spent on these activities. Additionally, personnel costs are allocated on the basis of estimates of time and effort.

Former Agents of the F.B.I. Foundation

Notes to Financial Statements
December 31, 2021 and 2020

11. Income Taxes

The Foundation is recognized as a tax-exempt organization under IRC Section 501(c)(3) and is exempt from income taxes except for taxes on unrelated business activities. No tax expense was recorded in the accompanying financial statements for the years ended December 31, 2021 and 2020, as the Foundation engaged in no unrelated business activities. Contributions to the Foundation are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has evaluated the Foundation's tax positions and concluded that the financial statements do not include any uncertain tax positions.