



SJM CONSULTING, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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NATIONAL POLICE ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 & 2023



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NATIONAL POLICE ASSOCIATION, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
National Police Association Inc
Indianapolis, Indiana 46250

I have audited the accompanying financial statements of National Police Association Inc. (NPA) as of December 31, 2024 and 2023, and the related statements of activities, fund balances and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



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Unmodified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Police Association Inc. as of December 31, 2024 and 2023, 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.

S. J. M. Consulting, LLC

SJM Consulting, LLC
Certified Public Accountant
Naples, FL 34114
June 11, 2025



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NATIONAL POLICE ASSOCIATION, INC.

**STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 & 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 133,859	\$ 362,882
TOTAL ASSETS	<u>\$ 133,859</u>	<u>\$ 362,882</u>
LIABILITIES AND FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 212,068	\$ 340,491
FUND BALANCE		
Without donor restrictions	(78,209)	22,391
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 133,859</u>	<u>\$ 362,882</u>



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**NATIONAL POLICE ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN FUND BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2024 & 2023**

	<u>2024</u>	<u>2023</u>
REVENUE		
Bequests	\$ 32,267	\$ 64,509
Contributions	5,198,935	5,239,708
Miscellaneous	19	20
Contributed Services	<u>5,107,580</u>	<u>6,613,693</u>
Total Revenue	<u>10,338,801</u>	<u>11,917,930</u>
EXPENSES		
Program Services	<u>7,050,436</u>	<u>8,794,542</u>
Supporting Services:		
General and Administrative	1,405,210	1,548,116
Fundraising	<u>1,983,755</u>	<u>2,039,962</u>
Total Supporting Services	<u>3,388,965</u>	<u>3,588,078</u>
Total Expenses	<u>10,439,401</u>	<u>12,382,620</u>
Changes in net increase (decrease) in revenues less expenses	(100,600)	(464,690)
FUND BALANCE - Beginning of period	<u>22,391</u>	<u>487,081</u>
FUND BALANCE - End of period	<u><u>\$ (78,209)</u></u>	<u><u>\$ 22,391</u></u>



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NATIONAL POLICE ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Supporting Services</u>				
	Program Services	General and Administrative	Fundraising	Total Supporting Services	Total Expenses
ACCOUNTING	\$ -	\$ 52,545	\$ -	\$ 52,545	\$ 52,545
BANK CHARGES	-	11,377	-	11,377	11,377
CAGING & CASHIERING	-	195,185	-	195,185	195,185
CONSULTANTS	136,192	38,912	214,016	252,928	389,120
DATA PROCESSING	98,124	61,627	154,196	215,823	313,947
DIGITAL FUNDRAISING	-	-	1,107	1,107	1,107
EDUCATIONAL & OUTREACH PROGRAMS	5,107,580	-	-	-	5,107,580
GIFTS	44,416	29,010	69,797	98,807	143,223
GRAPHIC DESIGN	8,507	2,431	13,368	15,799	24,306
INSURANCE	-	4,424	-	4,424	4,424
LEGAL EXPENSE	-	19,287	-	19,287	19,287
MAIL HOUSE FEES	80,177	24,784	125,994	150,778	230,955
MAIL LIST RENTALS	131,182	49,990	206,144	256,134	387,316
OFFICE SUPPLIES	-	3,186	-	3,186	3,186
POSTAGE & DELIVERY	521,278	648,101	819,151	1,467,252	1,988,530
PRINT & TYPESET	241,806	69,251	379,982	449,233	691,039
PROGRAM EXPENSES	649,894	-	-	-	649,894
SUBCONTRACTOR	-	195,100	-	195,100	195,100
WEBSITE EXPENSES	31,280	-	-	-	31,280
	<u>\$ 7,050,436</u>	<u>\$ 1,405,210</u>	<u>\$ 1,983,755</u>	<u>\$ 3,388,965</u>	<u>\$ 10,439,401</u>



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**NATIONAL POLICE ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Supporting Services				Total Expenses
	Program Services	General and Administrative	Fundraising	Total Supporting Services	
ACCOUNTING	\$ -	\$ 48,437	\$ -	\$ 48,437	\$ 48,437
EDUCATIONAL & OUTREACH PROGRAMS	6,613,693	-	-	-	6,613,693
BANK CHARGES	-	21,363	-	21,363	21,363
CAGING & CASHIERING	-	202,527	-	202,527	202,527
CONSULTANTS	157,449	44,985	247,419	292,404	449,853
DATA PROCESSING	93,316	52,355	146,640	198,995	292,311
FUNDRAISING EXPENSES	-	-	4,059	4,059	4,059
G/A GEN PRIZE EXPENSE/WINNERS	-	15,300	13,338	28,638	28,638
GIFTS	46,682	6,329	73,358	79,687	126,369
GRAPHIC DESIGN	13,368	3,819	21,006	24,825	38,193
INSURANCE	-	3,184	-	3,184	3,184
LEGAL EXPENSE	-	99,871	-	99,871	99,871
MAIL HOUSE FEES	82,196	25,205	129,164	154,369	236,565
MAIL LIST RENTALS	141,218	84,197	221,914	306,111	447,329
OFFICE SUPPLIES	-	1,378	-	1,378	1,378
POSTAGE & DELIVERY	527,008	675,637	828,156	1,503,793	2,030,801
PRINT & TYPESET	225,851	64,529	354,908	419,437	645,288
PROGRAM SERVICES	857,296	-	-	-	857,296
SUBCONTRACTOR	-	199,000	-	199,000	199,000
WEBSITE EXPENSES	36,465	-	-	-	36,465
	\$ 8,794,542	\$ 1,548,116	\$ 2,039,962	\$ 3,588,078	\$ 12,382,620



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NATIONAL POLICE ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 & 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net increase (decrease) in revenues less expenses	\$ (100,600)	\$ (464,690)
Adjustments to reconcile changes in net deficit to net cash provided by operating activities:		
Increase (Decrease) in:		
Accounts Payable	<u>(128,423)</u>	<u>135,397</u>
Net cash provided (used) by operating activities	<u>(229,023)</u>	<u>(329,293)</u>
Net increase (decrease) in cash and cash equivalents	(229,023)	(329,293)
Cash and cash equivalents at beginning of period	<u>362,882</u>	<u>692,175</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 133,859</u>	<u>\$ 362,882</u>



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NATIONAL POLICE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 & 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The National Police Association (NPA) is a non-profit organization incorporated in Delaware on February 27, 2017. NPA was founded to educate supporters of law enforcement on how to help police departments accomplish their goals.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted for the year ended December 31, 2018 and applied retrospectively.

Cash and cash equivalents -

NPA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, NPA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Income taxes -

NPA is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. NPA is not a private foundation.

Net asset classification –

The net assets are reported in two self-balancing groups as follows:

1. **Without Donor Restrictions** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of NPA and include both internally designated and undesignated resources.
2. **With Donor Restrictions** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of NPA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Deficit as net assets released from restrictions. There were no donor restricted net assets as of December 31, 2024 and 2023.



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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 & 2023

Contributions and grants –

Contributions and grants received without donor restrictions and with donor restrictions are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restriction in the accompanying financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Use of estimates –

The preparation of the 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Deficit. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributed to a specific functional area of NPA are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or another reasonable basis.

New accounting pronouncement (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is the year beginning after December 15, 2018. Early adoption is permitted.



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 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024 & 2023

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. NPA has decided on a modified prospective basis. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2018.

Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach. NPA currently does not have any operating leases.

2. CONTRIBUTED SERVICES AND MATERIALS

During the years ended December 31, 2024 and 2023, NPA was the beneficiary of radio time, Google ads and TV Access for public service announcements which allowed NPA to provide greater resources toward various programs. To properly reflect total program expenses, the following in-kind contributions have been included in revenue and expense for the years ended December 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Donated Radio Time	<u>5,107,580</u>	<u>\$ 6,613,693</u>

3. ALLOCATION OF JOINT COSTS

NPA conducts fundraising campaigns that include appeals for contributions as well as program components. As required by FASB ASC 958, *Not-for-Profit Entities*, NPA allocates the joint costs of the campaigns to the supported functional categories.



NATIONAL POLICE ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 & 2023

The joint costs of the campaign expenses are allocated as follows:

	<u>2024</u>	<u>2023</u>
Programs	\$ 1,911,576	\$ 1,311,941
Fundraising	1,982,648	2,035,903
Management and General	<u>1,167,259</u>	<u>1,229,324</u>
TOTAL CAMPAIGN EXPENSES	<u>\$ 5,061,483</u>	<u>\$4,577,168</u>

4. LIQUIDITY

Financial assets available for use within one year of the Statements of Financial Position, comprise the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash	<u>\$ 133,859</u>	<u>\$ 362,882</u>

NPA has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2024 and 2023, NPA does have financial assets to meet operating expenditures within one year. Management believes NPA will continue to increase the amount of contributions as well as develop other revenues that will establish reserves for future operating expenditures.

5. CONSULTING AGREEMENT

NPA has an agreement dated June 1, 2017, with Direct Response Consulting Services (DRCS) to have them act as a professional fundraising services firm. The agreement allows for NPA to receive services, including management, marketing and staffing services, and other specified administrative and overhead costs. The consultant's fees for the year ended December 31, 2024 was \$389,120 and for the year ended December 31, 2023 was \$449,853.

6. SUBSEQUENT EVENTS

In preparing these financial statements, NPA has evaluated events and transactions for potential recognition or disclosure through June 11, 2025, the date the financial statements were issued.