



FINANCIAL STATEMENTS

Year Ended December 31, 2017

With Report of Independent Auditors

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Independent Auditor's Report

To the Board of Directors
Friends of Firefighters, Inc.

We have audited the accompanying financial statements of Friends of Firefighters, Inc. a Not-for-Profit Corporation, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the organization as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

John Vazzana CPAPLLC

Brooklyn, New York

November 9, 2018

Friends of Firefighters, Inc.
Statement of Financial Position
December 31, 2017

ASSETS

Cash and cash equivalents	\$ 13,398
Pledges receivable	4,575
Prepaid expenses	2,777
Property and equipment (net)	5,361
Donated property - held for sale	<u>815,950</u>
Total Assets	<u>\$ 842,061</u>

LIABILITIES & NET ASSETS

Accrued expenses	\$ 221,089
Loan payable	<u>40,000</u>
Total Liabilities	<u>261,089</u>
Net Assets	
Unrestricted	580,972
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total Net Assets	<u>580,972</u>
Total Liabilities and Net Assets	<u>\$ 842,061</u>

Friends of Firefighters, Inc.
Statement of Activities
For year ended December 31, 2017

	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Revenues and other support				
Government grants	\$ 32,401	\$ 32,401	\$ -	\$ -
General contributions	197,416	197,416	-	-
Program service revenue	435	435		
Special events revenue and contributions	218,363	218,363		
Direct event expenses	(19,642)	(19,642)		
Interest income	24	24		
In-kind support	27,428	27,428		
Total revenues and other support	<u>456,425</u>	<u>456,425</u>	-	-
Net assets released from restrictions				
Satisfaction of time and purpose restrictions	-	-	-	-
Total revenues, other support and net assets released from restrictions	<u>456,425</u>	<u>456,425</u>	-	-
Expenses				
Program services	356,113	356,113	-	-
Management and general	109,379	109,379	-	-
Fundraising	12,991	12,991	-	-
Total expenses	<u>478,483</u>	<u>478,483</u>	-	-
Changes in net assets	<u>(22,058)</u>	<u>(22,058)</u>	-	-
Net assets at beginning of year	<u>603,030</u>	<u>603,030</u>	-	-
Net assets at end of year	<u>\$ 580,972</u>	<u>\$ 580,972</u>	\$ -	\$ -

Friends of Firefighters, Inc.
Statement of Cash Flows
For year ended December 31, 2017

CASH FLOW FROM OPERATING ACTIVITIES:	
Changes in Net Assets	\$ (22,058)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Depreciation	2,623
Changes in operating assets and liabilities	
Decrease/(increase) in assets:	
Pledges receivable	(4,575)
Prepaid expenses	(681)
(Decrease)/increase in liabilities:	
Accrued expenses	53,169
Net cash provided by/(used in) operating activities	<u>28,478</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Decrease in security deposit	870
Purchase of fixed assets	(15,950)
	-
Net cash provided by/(used in) investing activities	<u>(15,080)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Change in loan payable	-
Net cash provided by/(used in) financing activities	<u>-</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	13,398
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 13,398</u>
 SUPPLEMENTAL CASH FLOWS INFORMATION:	
	None

Friends of Firefighters, Inc.
Statement of Functional Expenses
For year ended December 31, 2017

	Total	Program Services	Management and General	Fundraising
Compensation and benefits	\$ 303,207	\$ 236,441	\$ 62,555	\$ 4,211
Professional fees	13,000	1,000	12,000	-
Advertising and promotion	653	653	-	-
Office expense and supplies	1,295	-	1,295	-
Computer and technology	190	-	190	-
Occupancy	76,747	62,943	13,804	-
Travel and local transportation	1,127	493	634	-
Conference and meeting	477	226	251	-
Depreciation	2,623	-	2,623	-
Insurance	17,744	15,969	1,775	-
Telephone and internet	9,787	7,340	2,447	-
Postage and delivery	436	109	109	218
Outreach	6,895	6,895	-	-
Processing and other fees	14,656	857	5,481	8,318
Printing and copying	2,218	987	987	244
Expenses before in-kind	451,055	333,913	104,151	12,991
Consultant (in-kind)	6,000	6,000	-	-
Facilities (in-kind)	16,200	16,200	-	-
Legal (in-kind)	5,228	-	5,228	-
Total Expenses	\$ 478,483	\$ 356,113	\$ 109,379	\$ 12,991

Friends of Firefighters, Inc.
Notes to Financial Statements
December 31, 2017

Note 1 - Description of Organization

Friends of Firefighters, Inc. (“FOF” or the “Organization”) is a not-for-profit organization incorporated on February 22, 2002 in New York State. The Organization’s mission is to provide long-term support and services through confidential counseling, wellness services, and other assistance required by FDNY firefighters (active and retired) and their families. The organization’s programs to support FDNY firefighters (active and retired) and their families include: individual, marriage, and family counseling, a crisis hotline, an internet counseling program, peer support programs, yoga, acupuncture, training with biofeedback, financial and budget guidance, disaster relief, and referral services. Support for the organization’s programs is derived from government grants and general contributions. The Organization is exempt from federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Organization within Internal Revenue Code requirements.

Note 2 - Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations on an accrual basis. The significant accounting and reporting policies used by the organization are described below.

Unrestricted Net Assets: Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting, from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Board-designated funds represent unrestricted funds which may, from time to time, be designated by the board of directors for specific purposes.

Temporarily Restricted Net Assets: Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets: Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being

Friends of Firefighters, Inc.
Notes to Financial Statements
December 31, 2017

used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets. Net losses on endowment investments reduce temporarily restricted net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses are classified as decreases in unrestricted net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decreases in unrestricted net assets.

Cash Equivalents: Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Contributions (Pledges) Receivable: Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Land, Buildings, Property and Equipment: Land, buildings, property and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of \$5,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Accounting for Contributions: Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and there-

Friends of Firefighters, Inc.
Notes to Financial Statements
December 31, 2017

fore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Gifts-in-Kind (Non-Cash Contributions): The organization periodically receives contributions in a form other than cash or investments. If the organization receives a non-cash contribution, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the organization's capitalization policy. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

Expense Recognition and Allocation: The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities.

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable; however, the actual results could differ from those estimates.

Note 3 - Pledges Receivable

Pledges receivable are expected by management to be collected during the next year. Management has determined that the pledges and grants receivable are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary at December 31, 2017.

Friends of Firefighters, Inc.
Notes to Financial Statements
December 31, 2017

Note 4 - Property and Equipment

The details of property and equipment for the year ending December 31, 2017 is as follows:

Furniture and equipment (5-10 years useful life)	\$ 22,108
Less: accumulated depreciation	<u>16,747</u>
Property and equipment, net	<u>\$ 5,361</u>

Note 5 - Donated Property - Held for Sale

On December 29, 2016, the organization received a donation of a condominium unit located in New York, New York. The carry amount of the property at December 31, 2017 was \$815,950. On October 28, 2017 the organization entered into a contract to sell the unit for a price of \$800,000. The sale closed on February 16, 2018 at the contract price.

Note 6 - Accrued expenses

Accrued expenses as of December 31, 2017 include accrued compensation in the amount of \$146,994.

Note 7 - Loan Payable

In 2017, the organization received a short-term loan from the Fund for the City of New York in the amount of \$40,000. The loan has an interest rate of prime plus 3%. The balance of the loan at December 31, 2017 was \$40,000.

Note 8 - Retirement Plan

The Organization has adopted a qualified deferred compensation plan under section 403(b) of the Internal Revenue Code. Under the plan, employees may elect to defer up to a maximum allowed under the terms of the plan and subject to Internal Revenue Code limits. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.

Note 9 - In-Kind support

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. For the year ending December 31, 2017, the Organization benefited from donated consulting services and in-kind facilities supporting program services which

Friends of Firefighters, Inc.
Notes to Financial Statements
December 31, 2017

were valued by the organization at \$6,000 and \$16,200 respectively. The organization also received Pro Bono legal services in the amount of \$5,228 which was related to a real estate closing. The Organization recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Note 10 - Volunteer Services

The volunteer services the Organization receives are essential to helping the Organization fulfill its mission. Although substantial, these services do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America.

Note 11 - Operating Lease Commitments

On May 1, 2018, the Organization entered into a 3-year operating lease for its administrative and program office at 199 Van Brunt Street, Brooklyn, NY, commencing on June 1, 2018. The difference between rent expense incurred by the Organization on the straight-line basis and cash paid basis was deemed immaterial by management and thus is reported on a cash paid basis. Rent expense under a previous lease, which is included in occupancy costs in the statement of functional expenses, was \$57,910 for the year ended December 31, 2017.

The following is a schedule of future minimum rental payments:

December	2018	31,496
December	2019	55,253
December	2020	57,464
December	2021	<u>24,333</u>
Total future minimum rental payments		<u><u>\$168,546</u></u>

The organization also rents various offices for program operations in which there are no lease commitments.

Note 12 - Advertising and Promotion

The Organization's direct advertising and promotion costs are charged to operations when incurred. Direct advertising and promotion expense for the year ended December 31, 2017 was \$653.

Friends of Firefighters, Inc.
Notes to Financial Statements
December 31, 2017

Note 13 - Concentrations of Risk

The Organization maintains its cash deposits with quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to limits set by law. As of December 31, 2017, there were no uninsured balances.

Note 14 - Subsequent Events

See subsequent event information included in *Note 5* regarding a major asset sale. Subsequent events have been evaluated through November 9, 2018, which is the date the financial statements were available to be issued.