



FINANCIAL STATEMENTS

Year Ended December 31, 2019

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, 2019, 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, 2019, 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

April 16, 2020



**Friends of Firefighters, Inc.**  
**Statement of Financial Position**  
**December 31, 2019**



**ASSETS**

Cash and cash equivalents	\$ 53,622
Pledge receivable	195,358
Prepaid expenses	2,390
Property and equipment (net)	5,082
Other assets	16,270
<b>Total Assets</b>	<b><u>\$ 272,722</u></b>

**LIABILITIES & NET ASSETS**

Accrued expenses	\$ 26,143
<b>Total Liabilities</b>	<b><u>26,143</u></b>
 Net Assets	
Without donor restrictions	46,579
With donor restrictions	200,000
<b>Total Net Assets</b>	<b><u>246,579</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 272,722</u></b>



**Friends of Firefighters, Inc.**  
**Statement of Activities**  
**For year ended December 31, 2019**



	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>
<b>Revenues and other support</b>			
Government grants	\$ 34,500	\$ 34,500	\$ -
General contributions	633,186	333,186	300,000
Program service revenue	15,021	15,021	-
Special events revenue and contributions	99,128	99,128	-
Direct event expenses	(38,757)	(38,757)	-
In-kind support	4,200	4,200	-
Total revenues and other support	<u>747,278</u>	<u>447,278</u>	<u>300,000</u>
<b>Net assets released from restrictions</b>			
Satisfaction of time and purpose restrictions	-	100,000	(100,000)
<b>Total revenues, other support and net assets released from restrictions</b>	<u>747,278</u>	<u>547,278</u>	<u>200,000</u>
<b>Expenses</b>			
Program services	521,160	521,160	-
Management and general	92,872	92,872	-
Fundraising	17,775	17,775	-
Total expenses	<u>631,807</u>	<u>631,807</u>	<u>-</u>
<b>Changes in net assets</b>	<u>115,471</u>	<u>(84,529)</u>	<u>200,000</u>
<b>Net assets at beginning of year</b>	<u>131,108</u>	<u>131,108</u>	<u>-</u>
<b>Net assets at end of year</b>	<u>\$ 246,579</u>	<u>\$ 46,579</u>	<u>\$ 200,000</u>



**Friends of Firefighters, Inc.**  
**Statement of Cash Flows**  
**For year ended December 31, 2019**



<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>	
Changes in Net Assets	\$ 115,471
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:	
Depreciation	3,243
Changes in operating assets and liabilities	
Decrease/(increase) in assets:	
Pledges receivable	(195,358)
Prepaid expenses	2,847
Other assets	(8,923)
(Decrease)/increase in liabilities:	
Accrued expenses	(26,749)
Net cash provided by/(used in) operating activities	<u>(109,469)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>	
None	-
Net cash provided by/(used in) investing activities	<u>-</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>	
None	-
Net cash provided by/(used in) financing activities	<u>-</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(109,469)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>163,091</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 53,622</u></b>
<b>SUPPLEMENTAL CASH FLOWS INFORMATION:</b>	None



**Friends of Firefighters, Inc.**  
**Statement of Functional Expenses**  
**For year ended December 31, 2019**



	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Compensation and benefits	\$ 430,325	\$ 376,228	\$ 47,135	\$ 6,962
Outside Consultants	67,931	38,078	21,621	8,232
Professional fees	10,500	-	10,500	-
Advertising and promotion	694	694	-	-
Office expense and supplies	1,732	1,141	521	70
Computer and technology	5,434	3,261	1,630	543
Occupancy	69,279	66,132	3,147	-
Depreciation	3,243	2,919	324	-
Insurance	12,793	7,285	5,428	80
Dues and license	50	-	50	-
Local transportation	2,523	2,423	100	-
Program supplies	5,168	5,168	-	-
Postage and delivery	633	190	190	253
Printing and copying	8,147	6,517	815	815
Processing and other fees	591	-	591	-
Professional development	370	370	-	-
Telephone and internet	8,194	6,554	820	820
<b>Expenses before in-kind</b>	<b>627,607</b>	<b>516,960</b>	<b>92,872</b>	<b>17,775</b>
Facilities (in-kind)	4,200	4,200	-	-
<b>Total Expenses</b>	<b>\$ 631,807</b>	<b>\$ 521,160</b>	<b>\$ 92,872</b>	<b>\$ 17,775</b>



**Friends of Firefighters, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**



**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.

*Net Assets:* Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions: Net assets subject to donor 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.

All revenues and net gains are reported as increases in *Net Assets Without Donor Restrictions* 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 *Net Assets Without Donor Restrictions*.





**Friends of Firefighters, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**



*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.

*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 \$3,000 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.

*Functional 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 - Revenue, Revenue Recognition and Accounting for Contributions**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. At December 31, 2019 the organization had no conditional promises to give.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as



**Friends of Firefighters, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**



refundable advances in the statement of financial position. The Organization recognized revenue from all its cost-reimbursement grants because the qualifying expenditures were incurred by year-end.

The Organization recognizes revenue from fees programs during the year in which the related services are provided. The performance obligation of delivering these services is simultaneously received and consumed by the participants; therefore, the revenue is recognized immediately. Regarding special event fundraisers, the Organization recognizes revenue from ticket sales at the time of admission. There were no payments received in advance of the services (or event) date and therefore no amounts are recorded as deferred revenue.

*Accounting for Contributions:* Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in *Net Assets Without Donor Restrictions* 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 *Net Assets With Donor Restrictions*, 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 therefore 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 *Net Assets Without Donor Restrictions*.

*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.

*Promises to Give:* 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.



**Friends of Firefighters, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**



**Note 4 - Liquidity**

In addition to financial assets available to meet general expenditures over the next 12 months, the organization operates with a balanced budget for each fiscal year based on anticipated revenues and expenses. The organization's working capital and cash flows have cyclical variations during the year attributable to the timing of cash receipts of contributions and grants, and special event revenue. The organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administration and fundraising activities undertaken to support those services.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$53,622
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**Note 5 - Pledge Receivable**

At December 31, 2019, pledge receivable consisted of a multi-year pledge, totaling \$200,000, to be received over the next 2 years. The pledge has been discounted at a 1.58% annual rate of interest. Management has determined that the pledge is fully collectible; therefore, no allowance for uncollectible accounts is considered necessary. The unamortized discount on the pledge is \$4,642 as of December 31, 2019.

**Note 6 - Property and Equipment**

The details of property and equipment for the year ending December 31, 2019 is as follows:

Furniture and equipment (5-10 years useful life)	\$ 28,604
Less: accumulated depreciation	<u>23,522</u>
Property and equipment, net	<u>\$ 5,082</u>

**Note 7 - 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.



**Friends of Firefighters, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**



**Note 8 - 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. 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. For the year ending December 31, 2019, the Organization benefited from in-kind facilities, supporting program services, which were valued by the organization at \$4,200.

**Note 9 - 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 10 - 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 \$ 55,253 for the year ended December 31, 2019.

The following is a schedule of future minimum rental payments:

December	2020	57,464
December	2021	<u>24,333</u>
Total future minimum rental payments		<u>\$ 81,797</u>

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



**Friends of Firefighters, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019**



**Note 11 - Net Assets**

The details for the donor restricted net assets for the year ending December 31, 2019 are as follows:

Name / Description	Details	Balance 01/01/2019	Donor restricted contributions	Net assets released from restrictions	Balance 12/31/2019
Gary Sinise Foundation Grant	The purpose of the grant is to support the organization's individual counseling program which provides a licensed counselor to address symptoms or struggles with trauma, anxiety, depression, retirement adjustment, anger management, relationships at home and other issues for first responders.	-	300,000	(100,000)	200,000

**Note 12 - Advertising and Promotion**

The Organization's advertising and promotion costs are recorded as an expense as they are incurred.

**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, 2019, there were no uninsured balances.

**Note 14 - Subsequent Events**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the organization expects this matter to negatively impact its operating revenue. However, the related financial impact and duration cannot be reasonably estimated at this time.

Subsequent events have been evaluated through April 16, 2020, which is the date the financial statements were available to be issued.