

**FRIENDS OF FIREFIGHTERS, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**

**FRIENDS OF FIREFIGHTERS, INC.**

**DECEMBER 31, 2010**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Friends of Firefighters, Inc.  
Brooklyn, New York

We have audited the accompanying statement of financial position of Friends of Firefighters, Inc. (the "Organization") (a nonprofit organization) as of December 31, 2010, and the related statement of activities and changes in net assets, statement of functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Firefighters, Inc. as of December 31, 2010, and the changes in its net assets and in its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
Certified Public Accountants

April 25, 2011  
Livingston, New Jersey

Member of



North  
America

An association of legally independent firms

Incorporating the firm of M. I. Grossman Company, L.L.C.

**FRIENDS OF FIREFIGHTERS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**

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**ASSETS**

CURRENT ASSETS:

Cash	\$	876
Accounts receivable		250,000
Prepaid expenses		947
Deposits		350
Total Current Assets		<u>252,173</u>

PROPERTY AND EQUIPMENT, Net		<u>18,634</u>
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\$ 270,807

**LIABILITIES AND NET ASSETS**

LIABILITIES:

Accounts payable and accrued expenses	\$	81,610
Accrued payroll		96,212
Loans payable		43,500
Total Liabilities		<u>221,322</u>

COMMITMENTS AND CONTINGENCIES

NET ASSETS:

Unrestricted		(182,604)
Temporarily restricted		232,089
Total Net Assets		<u>49,485</u>

\$ 270,807

**FRIENDS OF FIREFIGHTERS, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2010**

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	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>PUBLIC SUPPORT AND REVENUE:</b>			
Grants from foundations, trusts and local government	\$ 53,310	\$ 232,089	\$ 285,399
General public support	99,685	-	99,685
Program service revenue	920	-	920
Interest income	11	-	11
Other revenue	920	-	920
Total Public Support and Revenue	<u>154,846</u>	<u>232,089</u>	<u>386,935</u>
<b>EXPENSES:</b>			
Program services	240,352	-	240,352
Management and general	16,544	-	16,544
Fundraising	17,920	-	17,920
Total Expenses	<u>274,816</u>	<u>-</u>	<u>274,816</u>
<b>CHANGES IN NET ASSETS</b>	<b>(119,970)</b>	<b>232,089</b>	<b>112,119</b>
Net Assets, Beginning of year	<u>(62,634)</u>	<u>-</u>	<u>(62,634)</u>
Net Assets, End of year	<u>\$ (182,604)</u>	<u>\$ 232,089</u>	<u>\$ 49,485</u>

**FRIENDS OF FIREFIGHTERS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2010**

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	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Officer Salaries	\$ 99,102	\$ 6,821	\$ -	\$ 105,923
Office Salaries and Wages	29,092	2,003	-	31,095
Payroll taxes	10,526	725	-	11,251
Employee benefits	5,623	387	-	6,010
Equipment rental and maintenance expense	6,487	447	1,137	8,071
Bank and interest charges	1,675	115	924	2,714
Conference and meetings	1,496	103	-	1,599
Insurance	5,575	384	-	5,959
Office expense	6,760	465	9,990	17,215
Printing	2,625	180	5,682	8,487
Professional fees	7,072	487	187	7,746
Rent	39,295	2,705	-	42,000
Telephone	3,317	228	-	3,545
Utilities	9,785	674	-	10,459
Depreciation	11,921	821	-	12,742
	<b>\$ 240,352</b>	<b>\$ 16,544</b>	<b>\$ 17,920</b>	<b>\$ 274,816</b>

**FRIENDS OF FIREFIGHTERS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2010**

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CASH FLOWS PROVIDED BY (USED FOR):

OPERATING ACTIVITIES:

Changes in net assets	\$ 112,119
Adjustments to reconcile changes in net assets to net cash used for operating activities:	
Depreciation	12,742
Changes in certain assets and liabilities:	
Accounts receivable	(250,000)
Prepaid expenses	479
Accounts payable and accrued expenses	36,928
Accrued payroll	62,976
Loan payable	23,500
Net Cash Used For Operating Activities	<u>(1,256)</u>

NET DECREASE IN CASH (1,256)

CASH

Beginning of year	<u>2,132</u>
End of year	<u>\$ 876</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Cash paid during the year for interest	<u>\$ 2,049</u>
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**FRIENDS OF FIREFIGHTERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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**NOTE 1 - NATURE OF ORGANIZATION:**

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Friends of Firefighters, Inc. (the " Organization") was incorporated on February 22, 2002, under the not-for-profit corporation laws of New York State. The Organization began as a community-based response to the terrorist attacks on the World Trade Center on September 11, 2001. Friends of Firefighters, Inc. now provides individual, couples, group, peer and family counseling for active and retired FDNY firefighters and their families.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***Basis of Accounting:***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America under the *FASB Accounting Standards Codification*.

***Financial Statement Presentation:***

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

***Accounts Receivable:***

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization charges uncollectible accounts receivable to operations when determined to be uncollectible. At December 31, 2010, an allowance was not deemed necessary.



**FRIENDS OF FIREFIGHTERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***Property and Equipment:***

Fixed assets are recorded at cost on the date of acquisition. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 20 years. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred; significant renewals or maintenance and repairs are capitalized when they increase the useful life of the asset.

***Contributions:***

The Organization recognizes contribution revenue upon receipt of acknowledgement with the donor. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

***Donated Property, Goods and Services:***

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. No amounts were recognized in the financial statements for donated services for the yearend December 31, 2010.

***Functional Allocation of Expenses:***

Program services, management and general and fundraising expenses have been recorded in the statement of activities and changes in net assets and on the statement of functional expenses based on both a direct costing method for those expenses directly attributable to a particular program or on an allocation basis based on the salary percentage of each program to total salaries for joint costs attributable to all functions. The Organization's management allocated general and administrative expenses based upon management's best estimates.

***Income Taxes:***

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

**FRIENDS OF FIREFIGHTERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

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***Income Taxes: (Continued)***

The Organization follows accounting standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. Tax returns for certain years are subject to audit by federal and state jurisdictions. At December 31, 2010, there are no significant income tax uncertainties that are expected to have a material impact on the Organization's financial statements

***Use of Estimates:***

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Actual results could differ from those estimates.

***Subsequent Events:***

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2010 through April 12, 2011, the date that the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

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**NOTE 3 - PROPERTY AND EQUIPMENT:**

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Equipment consists of the following at December 31, 2010:

	<b>December 31, 2010</b>
Office equipment	\$ 5,769
Leasehold improvements	21,145
	<u>26,914</u>
Less: Accumulated depreciation	8,280
Property and Equipment, Net	<u>\$ 18,634</u>

**FRIENDS OF FIREFIGHTERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2010**

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**NOTE 4 - RENT EXPENSE:**

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The Organization rents space located at 199 Van Brunt Street, Brooklyn, New York. The landlord is a former director of the organization. The term of the lease is currently on a month to month basis at \$3,500 per month. The Organization is currently negotiating a long-term lease. At December 31, 2010, \$38,500 of accrued rent is included in account payables and accrued expenses.

**NOTE 5 - LOANS PAYABLE:**

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As of December 31, 2010, the Organization has two non-interest bearing demand loans payable amounting to \$23,500 and \$20,000, which have no fixed repayment terms.

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS:**

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The restriction on net assets at December 31, 2010 is related to the funds contributed by The American Red Cross. This grant is to be used for expenses related to providing mental health, counseling, therapeutic massage, and peer support services for New York City's Firefighters and retired firefighters and their families suffering from 9/11 related stress. The grant period is from December 1, 2010 through July 1, 2012.

**NOTE 7 - CONCENTRATIONS OF RISK:**

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Approximately 65% of the Organization's public support and revenues for the year ended December 31, 2010, is from The American Red Cross. In addition, 100% of accounts receivable for the year ended December 31, 2010 is due from The American Red Cross.