



**FRIENDS OF FIREFIGHTERS, INC.**

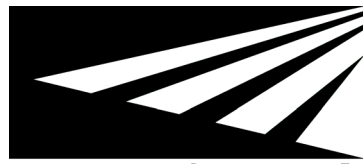
**FINANCIAL STATEMENTS  
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021**

**FRIENDS OF FIREFIGHTERS, INC.  
INDEX TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021**

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**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Friends of Firefighters, Inc.:

***Opinion***

We have audited the accompanying financial statements of Friends of Firefighters, Inc. (the "Organization", a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

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, 2021, 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.

***Basis for Opinion***

We conducted our audit 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 Friends of Firefighters, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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.

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 Friends of Firefighters, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

# NawrockiSmith

## ***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 Friends of Firefighters, Inc.'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 Friends of Firefighters, Inc.'s ability to continue as a going concern for a reasonable period of time.

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.

Hauppauge, New York  
March 3, 2023

*Nawrocki Smith LLP*

**FRIENDS OF FIREFIGHTERS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021**

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ASSETS	
Cash and cash equivalents	\$ 793,620
Other assets	<u>8,413</u>
Total assets	<u><u>\$ 802,033</u></u>
LIABILITIES AND NET ASSETS	
LIABILITIES:	
Accounts payable and accrued expenses	<u>\$ 22,804</u>
Total liabilities	<u>22,804</u>
NET ASSETS:	
Without donor restrictions	<u>779,229</u>
Total net assets	<u>779,229</u>
Total liabilities and net assets	<u><u>\$ 802,033</u></u>

The accompanying notes to financial statements are an  
integral part of this statement.

**FRIENDS OF FIREFIGHTERS, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Special events	\$ 43,907	\$ -	\$ 43,907
Less: direct costs	(318)	-	(318)
Special events, net	43,589	-	43,589
Government grants	214,338	-	214,338
Contributions	851,210	70,412	921,622
Program service	21,919	-	21,919
Interest	1	-	1
Miscellaneous	4,664	-	4,664
Net assets released from restriction	170,412	(170,412)	-
Total revenues and support	1,306,133	(100,000)	1,206,133
EXPENSES:			
Program services	577,123	-	577,123
Supporting services:			
Administration	100,635	-	100,635
Fundraising	25,006	-	25,006
Total expenses	702,764	-	702,764
Changes in net assets	603,369	(100,000)	503,369
NET ASSETS, BEGINNING OF YEAR	175,860	100,000	275,860
NET ASSETS, END OF YEAR	\$ 779,229	\$ -	\$ 779,229

The accompanying notes to financial statements are an  
integral part of this statement.

**FRIENDS OF FIREFIGHTERS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Program Services	Administration	Fundraising	Total
Compensation and benefits	\$ 409,987	\$ 53,444	\$ 5,290	\$ 468,721
Occupancy	74,480	3,710	-	78,190
Outside consultants	18,512	6,573	4,028	29,113
Computer and technology	12,883	1,600	11,167	25,650
Professional fees	-	22,500	-	22,500
Program supplies	20,909	-	-	20,909
Printing and copying	15,393	1,925	1,925	19,243
Insurance	4,085	7,969	38	12,092
Telephone and internet	6,915	1,296	432	8,643
Advertising and promotion	4,770	-	-	4,770
Local transportation	2,776	-	-	2,776
Office expense and supplies	1,659	829	276	2,764
Miscellaneous	1,272	25	615	1,912
Depreciation	1,656	184	-	1,840
Postage and delivery	542	542	271	1,355
Processing and other fees	-	38	964	1,002
Grants	1,000	-	-	1,000
Meeting	284	-	-	284
	<u>\$ 577,123</u>	<u>\$ 100,635</u>	<u>\$ 25,006</u>	<u>\$ 702,764</u>
Total expenses	<u>\$ 577,123</u>	<u>\$ 100,635</u>	<u>\$ 25,006</u>	<u>\$ 702,764</u>

The accompanying notes to financial statements are an  
integral part of this statement.

**FRIENDS OF FIREFIGHTERS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ 503,369
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	1,840
Decrease in accounts receivable	30,344
Decrease in prepaid expenses	998
Decrease in other assets	44,368
Increase in accounts payable and accrued expenses	5,283
Decrease in deferred revenue	<u>(79,722)</u>
Net cash provided by operating activities	<u>506,480</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	506,480
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>287,140</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 793,620</u></u>

The accompanying notes to financial statements are an  
integral part of this statement.



**FRIENDS OF FIREFIGHTERS, INC.  
NOTES TO FINANCIAL STATEMENTS**

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**(1) Organization and operation:**

Friends of Firefighters, Inc. (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 the Fire Department of New York ("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.

**(2) Summary of significant accounting policies:**

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Organization which are presented under the accrual basis of accounting. The following is a summary of significant accounting policies followed by the Organization:

**Basis of accounting and financial statement presentation -**

The accompanying financial statements include the accounts of the Organization's programs, administration and fundraising. The Organization presents its financial statements in accordance with U.S. generally accepted accounting principles which require that the Organization's financial statements distinguish net assets and changes in net assets between those with and without donor restrictions. The Organization's net assets may consist of the following:

Without donor restrictions - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

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.

As of December 31, 2021, the Organization did not possess any net assets with donor restrictions.

As required by U.S. generally accepted accounting principles, the Organization has also presented a Statement of Cash Flows for the year ended December 31, 2021.

**FRIENDS OF FIREFIGHTERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**Cash and cash equivalents -**

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents.

**Fixed assets -**

Fixed assets are recorded at cost or at the estimated fair value at the date of the donation, net of accumulated depreciation. Donations are reported as without restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is calculated using the straight-line method. The Organization's management has estimated the useful lives of furniture and equipment to be between two and ten years. It is the Organization's policy to capitalize fixed assets over \$3,000. Expenditures for maintenance and repairs which do not add to the economic life of the asset are expensed as incurred.

**Impairment of long-lived assets and long-lived assets to be disposed of -**

The Organization follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for the impairment or disposal of long-lived assets which requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. These provisions did not have a material impact on the Organization's financial position, results of activities or liquidity during the year ended December 31, 2021.

**Revenue recognition -**

The Organization complies with and accounts for its revenues in accordance with FASB ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASC 606, *Revenue from Contracts with Customers*.

The following are the significant revenue recognition accounting policies of the Organization:

**Contributions** - The Organization records contributions and unconditional promises to give that are received as with or without donor restrictions. Unconditional promises to give, including contributions, are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Government grants** - 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 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.

**FRIENDS OF FIREFIGHTERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**Program service** - The Organization recognizes revenue from program fees 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.

**Donated services** -

A number of volunteers have donated significant amounts of their time in the Organization's program services, administration and fundraising. However, since these services do not meet the criteria for recognition under U.S. generally accepted accounting principles, they are not reflected in the accompanying financial statements.

**Functional expenses** -

Expenses are recognized when incurred. The Statement of Functional Expenses report certain categories of expenses that are attributable to program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The significant expenses that are allocated include compensation and benefits which are allocated on the basis of estimates of time and effort. Occupancy and depreciation are allocated on the basis of square footage and use, and all other expenses are allocated on a systematic and rational basis.

**Liquidity considerations** -

Quantitative

As of December 31, 2021, the Organization has \$793,620 of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Statement of Financial Position date. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within the ensuing fiscal year.

Qualitative

As of December 31, 2021, the Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses.

**Income taxes** -

The Organization qualifies as a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income taxes is required.

**FRIENDS OF FIREFIGHTERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**Uncertainty in income taxes -**

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. The Organization is no longer subject to examination by the applicable taxing jurisdictions for tax years prior to 2018.

**The use of estimates in the preparation of financial statements -**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period. Significant estimates include the useful lives of fixed assets. Actual results may differ from those estimates.

**(3) Fixed assets:**

Fixed assets as of December 31, 2021 consisted of the following:

	<u>2021</u>
Furniture and equipment	<u>\$ 28,604</u>
Less: accumulated depreciation	<u>(28,604)</u>
	<u><u>\$ -</u></u>

Depreciation expense for the year ended December 31, 2021 was \$1,840.

**(4) Paycheck Protection Program:**

During the year ended December 31, 2020, the Organization received loan proceeds in the amount of \$79,722 to fund payroll and benefits, through the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which was enacted on March 27, 2020. In accordance with U.S. generally accepted accounting principles, the Organization has opted to account for its PPP loan as an in-substance conditional government grant, which should be recognized in income when all conditions or measurable barriers have been substantially met. The Organization believes all conditions and measurable barriers have been met during the fiscal year ended December 31, 2021. Accordingly, the Organization has recorded the proceeds as revenue, which is reflected in government grants in the accompanying Statement of Activities and Changes in Net Assets.

On February 23, 2021, the Organization received a second draw loan in the amount of \$80,617. In accordance with generally accepted accounting principles, the Organization has also opted to account for its PPP loan as an in-substance conditional government grant, which should be recognized in income when all conditions or measurable barriers have been substantially met. The Organization believes all conditions and measurable barriers have been met during the fiscal year ended December 31, 2021. Accordingly, the Organization has recorded the proceeds as revenue, which is reflected in government grants in the accompanying Statement of Activities and Changes in Net Assets.

**FRIENDS OF FIREFIGHTERS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**(5) 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.

**(6) Commitments and contingencies:**

**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. On June 1, 2021, the agreement was renewed for a year. Rent expense, which is included in occupancy costs in the Statement of Functional Expenses, was \$66,267 for the year ended December 31, 2021.

Future minimum payments under the office space operating lease is as follows:

For The Year Ended December 31,

2022	<u>\$ 25,305</u>
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**(7) Concentrations of credit risk:**

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. As of December 31, 2021, cash in excess of federally insured limits amounted to \$543,620.

**(8) Subsequent events:**

The Organization has evaluated subsequent events through March 3, 2023, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined there are no matters which require disclosure in the financial statements.