



**ORANGE COUNTY FIRE AUTHORITY  
FOUNDATION**

**Financial Statements**

**Year ended June 30, 2016  
(With Independent Auditors' Report Thereon)**

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Financial Statements

Year ended June 30, 2016

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Orange County Fire Authority Foundation  
Irvine, California

We have audited the accompanying financial statements of the Orange County Fire Authority Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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 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, 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 Orange County Fire Authority Foundation as of June 30, 2016, 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.

*Lance, Soll & Loughard, LLP*

Brea, California  
September 20, 2016



**ORANGE COUNTY FIRE AUTHORITY FOUNDATION**  
**Statement of Financial Position**  
**June 30, 2016**  
**(With Summarized Information for Prior Year)**

	Total	
	2016	2015
<b><u>Assets</u></b>		
Cash and cash equivalents (Note 2)	\$ 108,718	\$ 108,720
Prepaid expenses and other assets (Note 3)	7,105	723
Total assets	\$ 115,823	\$ 109,443
<b><u>Liabilities and Net Assets</u></b>		
Liabilities:		
Accounts payable	\$ 142	\$ 4,529
Unearned revenue (Note 4)	6,000	-
Total liabilities	6,142	4,529
Net assets:		
Unrestricted	62,233	52,331
Temporarily restricted (Note 5)	47,448	52,583
Total net assets	109,681	104,914
Total liabilities and net assets	\$ 115,823	\$ 109,443

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY FOUNDATION**  
**Statement of Activities**  
**Year ended June 30, 2016**  
**(With Summarized Information for Prior Year)**

		Temporarily	Total	
	Unrestricted	Restricted	2016	2015
<b>Support and revenues:</b>				
General contributions	\$ 10,888	\$ 47,309	\$ 58,197	\$ 44,638
Other revenue	-	11,800	11,800	17,400
In-kind contributions (Note 1f)	<u>226,346</u>	<u>-</u>	<u>226,346</u>	<u>231,977</u>
Subtotal support and revenues	237,234	59,109	296,343	294,015
Net assets released from restrictions (Note 5)	<u>64,244</u>	<u>(64,244)</u>	<u>-</u>	<u>-</u>
Total support and revenues	<u>301,478</u>	<u>(5,135)</u>	<u>296,343</u>	<u>294,015</u>
<b>Expenses:</b>				
Program services:				
Community risk reduction:				
Smoke Alarm Outreach Program	96,587	-	96,587	117,799
Drowning Prevention	9,708	-	9,708	11,780
Fire F.R.I.E.N.D.S.	2,030	-	2,030	-
Spark of Love	2,102	-	2,102	5,148
Community Emergency Response Program	7,613	-	7,613	-
PulsePoint	22,000	-	22,000	-
Training:				
Fire Exploring Academy	<u>150,550</u>	<u>-</u>	<u>150,550</u>	<u>158,625</u>
Total program services	<u>290,590</u>	<u>-</u>	<u>290,590</u>	<u>293,352</u>
Supporting services:				
Administration	<u>986</u>	<u>-</u>	<u>986</u>	<u>258</u>
Total supporting services	<u>986</u>	<u>-</u>	<u>986</u>	<u>258</u>
Total expenses	<u>291,576</u>	<u>-</u>	<u>291,576</u>	<u>293,610</u>
Increase (decrease) in net assets	9,902	(5,135)	4,767	405
Net assets at beginning of year	<u>52,331</u>	<u>52,583</u>	<u>104,914</u>	<u>104,509</u>
Net assets at end of year	<u>\$ 62,233</u>	<u>\$ 47,448</u>	<u>\$ 109,681</u>	<u>\$ 104,914</u>

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY FOUNDATION**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2016**  
**(With Summarized Information for Prior Year)**

	Total	
	2016	2015
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 4,767	\$ 405
Adjustments:		
Change in assets and liabilities:		
Prepaid expenses and other assets	(6,382)	14,445
Accounts payable	(4,387)	4,529
Unearned revenue	6,000	(6,000)
Net cash provided by (used for) operating activities	(2)	13,379
Net increase (decrease) in cash and cash equivalents	(2)	13,379
Cash and cash equivalents at beginning of year	108,720	95,341
Cash and cash equivalents at end of year	\$ 108,718	\$ 108,720

For the year ended June 30, 2016, there were no cash items generated from investing or financing activities.

See Notes to the Financial Statements

# ORANGE COUNTY FIRE AUTHORITY FOUNDATION

## Notes to the Financial Statements

Year ended June 30, 2016

### (1) Summary of Significant Accounting Policies

#### (a) Organization

The Orange County Fire Authority (OCFA) was established in 1995 as a joint powers authority in order to provide fire suppression, protection, prevention, and related services to twenty-three cities and the unincorporated areas in Orange County, California. Emergency response services are provided to a community of over 1.8 million residents in a 576 square mile area.

In July 2010, OCFA established the Orange County Fire Authority Foundation (Foundation), which qualifies as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The purpose of the Foundation is to support OCFA with the additional resources needed to provide an enhanced level of fire prevention, suppression, and emergency medical services to the citizens of Orange County. The Foundation assists OCFA by conducting fundraising activities and securing non-government grant funds, services, materials, and contributions that support OCFA's mission. The inaugural meeting of the Foundation Board was held on April 28, 2011.

The Foundation's Board of Directors consists of no less than three and no more than seven members, the exact number determined by resolution of the Foundation Board. Foundation Board members must have been active in or had significant prior experience in governmental or community organizations, or the fire service. The Foundation Board may consist of any combination of members of the public, OCFA employees, and/or past or current OCFA Board members. Initially, the Chair of the OCFA's Board appointed the first three Foundation Directors. As of June 30, 2016, there were five non-OCFA Board members on the Foundation's Board. Additional members may be appointed by the Foundation Board via a simple majority vote.

The Board of Directors has elected the following officers to manage the day-to-day activities of the Foundation: Chief Executive Officer (OCFA Fire Chief); Chief Financial Officer (OCFA Finance Manager/Auditor); Secretary (OCFA Clerk of the Authority).

The Foundation is considered a component unit of OCFA, because the nature and significance of its relationship with OCFA is such that its exclusion would cause OCFA's financial statements to be misleading or incomplete. As such, the Foundation is reported as a discrete component unit within OCFA's government-wide financial statements. However, these separate component unit financial statements report only the stand-alone activity of the Foundation and do not represent the complete financial activities of the OCFA.

# ORANGE COUNTY FIRE AUTHORITY FOUNDATION

## Notes to the Financial Statements

Year ended June 30, 2016

(b) Initiatives and Programs

The Foundation's Board of Directors has identified the following initiative and programs for which it intends to provide services and support:

**Community Risk Reduction (CRR)** – This initiative includes activities which educate the community on the importance of reducing risks in order to help protect their families and save lives. Specific programs include the following:

- The ***Smoke Alarm Outreach Program*** markets the importance for Orange County residents to take responsibility for installing and inspecting their smoke alarms in order to help protect their families from fires.
- The county-wide ***Drowning Prevention*** program markets the importance of water safety and drowning prevention through the distribution of educational materials, and through public safety announcements in movie theaters and print publications.
- ***Fire F.R.I.E.N.D.S.*** is a comprehensive intervention and education program that serves as an alternative to criminal prosecution of juveniles for fire-setting behavior. The program seeks to prevent future fire-setting behavior through the collaboration of fire professionals, mental health professionals, and the juvenile justice system.
- The ***OCFA Open House*** is an annual community education event hosted by OCFA in conjunction with National Fire Prevention Week.
- The ***Spark of Love*** toy drive fund was created in 2004 at the California Community Foundation to provide toys and sports equipment for underserved children in Southern California during the holiday season. Fire stations serve as a toy drop-off location, providing an opportunity for interaction and educational opportunities between firefighters and community members.
- The Foundation seeks to apply for and secure other non-government grants as needs are identified and funding opportunities arise. During Fiscal Year 2015/16, the Foundation obtained a grant from Fireman's Fund in support of the ***Community Emergency Response Program***, which purchased iPads to aid fire crews in tracking community education programs. The data will be used to evaluate how community education programs correlate to emergency response incidents. The Foundation also obtained a grant from the Hoag Memorial Hospital Presbyterian Community Benefits program to purchase ***PulsePoint***, a pre-arrival software designed to improve cardiac arrest survival rates through improved bystander performance and active citizenship. The free mobile app guides lifesaving cardio-pulmonary resuscitation (CPR) response for registered



# ORANGE COUNTY FIRE AUTHORITY FOUNDATION

## Notes to the Financial Statements

Year ended June 30, 2016

users within its service area and is designed for use by citizens or off-duty professionals trained in CPR.

**Training** – This initiative includes activities which provide or enhance the education and training needs of OCFA. Specific programs include the following:

- The Fire Exploring program, in conjunction with Boy Scouts of America Learning for Life, offers young adults real life experiences, training, and exposure to career opportunities available in the fire service. The annual one-week *Fire Exploring Academy* is an approved Learning for Life class that is coordinated by OCFA volunteers.

**September 11<sup>th</sup> Memorial Project** – This initiative is intended to construct a September 11<sup>th</sup> Memorial on the grounds of the Regional Fire Operations and Training Center (RFOTC) to serve as a tribute to acknowledge the sacrifice and heroism of the FDNY, the City of New York, and the roles of OCFA members who assisted in the recovery. The memorial will permanently display a five-foot structural beam from the World Trade Center Tower 1 that was received from the New York City Port Authority.

### (c) Basis of Accounting and Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

The Foundation follows the financial statement presentation recommended by the Financial Accounting Standards Board, Financial Statements of Not-for-Profit Organizations. The Foundation’s financial position and activities are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

- **Unrestricted net assets** – Net assets that are not subject to donor-imposed stipulations. These assets are available to support the Foundation’s activities and operations at the discretion of the Board of Directors.
- **Temporarily restricted net assets** – Net assets subject to donor-imposed stipulations that will be met either by actions of the donor or the Foundation, and/or by the passage of time.
- **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that the corpus be maintained permanently by the Foundation. As of June 30, 2016, the Foundation did not report any permanently restricted net assets.

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2016

(d) Restricted and Unrestricted Revenue and Support

Unconditional promises to give are recognized as revenues 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 when the conditions on which they depend are substantially met.

The Foundation records contributions received as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Expenses are reported as decreases in unrestricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(e) Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs may be allocated among the programs and supporting services benefited.

(f) Contribution of In-Kind Goods and Services

Contribution of in-kind goods and services are reported at the estimated fair value at the time of receipt, and are reported as both revenues and expenses in the Statement of Activities. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2016, the Foundation recognized the following in-kind goods and services:

Description	Smoke Alarm Outreach Program	Fire Exploring Academy	Total
Smoke and carbon monoxide alarms Academy No. 17	\$96,587	\$ -	\$ 96,587
volunteer instructor hours	-	129,759	129,759
	<u>\$96,587</u>	<u>129,759</u>	<u>\$226,346</u>

# ORANGE COUNTY FIRE AUTHORITY FOUNDATION

## Notes to the Financial Statements

Year ended June 30, 2016

(g) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(h) Income Taxes

The Foundation is a tax-exempt organization (“other than a private foundation”) under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

The Foundation recognizes the financial statement effects from a tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBIT). The assessment of the technical merits of a tax position is a matter of judgment. The Foundation believes that all of its tax positions are more likely than not to be sustained upon examination. The Foundation files informational tax returns in the U.S. federal jurisdiction (Form 990 or 990-N) and the State of California (Form 199 or 199N). The Foundation is generally not subject to examination by the Internal Revenue Service for years before 2009.

(i) Prior Year Data

The information included in these financial statements for the prior year has been presented for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Certain minor reclassifications of prior year data have been made in order to enhance their comparability with current year figures.

(j) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

(2) Cash and Cash Equivalents

As of June 30, 2016, cash and cash equivalents totaling \$108,718 consisted of demand deposits, which are pooled with the deposits of the OCFA.

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2016

(3) Prepaid Expenses and Other Assets

As of June 30, 2016, prepaid expenses and other assets consisted of the following:

Description	Service Through	Amount
PulsePoint licensing fee	November 2016	\$6,000
Firefriends.org website maintenance and hosting fee	January 2017	331
Post office box rental	March 2017	180
Firefriends.org SSL certificate	March 2019	62
Web site domain names	June 2020	442
Contributions in transit from the OCFA	N/A	<u>90</u>
		<u>\$7,105</u>

(4) Unearned Revenue

As of June 30, 2016, unearned revenue totaling \$6,000 consisted of grant revenue received from the Hoag Memorial Hospital Presbyterian Community Benefits program for PulsePoint licensing fee expenses that will be incurred during the period July 2016 through November 2016.

(5) Temporarily Restricted Net Assets

Temporarily restricted net asset activity for the year ended June 30, 2016, was as follows:

Description	Beginning Balances	Support and Revenues	Net Assets Released from Restrictions	Ending Balances
Smoke Alarm Outreach Program	\$ 5,813	\$ 371	\$ -	\$ 6,184
Drowning Prevention	10,479	387	(9,708)	1,158
Fire F.R.I.E.N.D.S.	5,000	-	(2,030)	2,970
Spark of Love	1,352	750	(2,102)	-
Community Emergency Response Program	-	7,613	(7,613)	-
PulsePoint	-	22,000	(22,000)	-
Other CRR Programs	1,000	-	-	1,000
Fire Exploring Academy	20,651	27,142	(20,791)	27,002
September 11 <sup>th</sup> Memorial Project	<u>8,288</u>	<u>846</u>	<u>-</u>	<u>9,134</u>
	<u>\$52,583</u>	<u>\$59,109</u>	<u>\$(64,244)</u>	<u>\$47,448</u>

(6) Insurance

The Foundation is insured under the OCFA's policy.

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2016

(7) Transaction with Orange County Fire Authority

During Fiscal Year 2015/16, the Foundation accepted a \$28,000 grant from the Hoag Memorial Hospital Presbyterian Community Benefits program that was used to purchase the PulsePoint software and pay for a portion of the first year's licensing fee. In September 2015, the OCFA's Board of Directors agreed to supplement the project by providing an additional \$10,000 toward the balance of the first year's licensing fee. Thirty days after the software application became operational, the PulsePoint software was transferred from the Foundation to OCFA. OCFA is responsible for funding the software's ongoing annual license renewal.

(8) Date of Management's Review

The Foundation's management has evaluated subsequent events through September 20, 2016, in connection with the preparation of these financial statements, which is the date the financial statements were available to be issued. No subsequent events were identified by management.

SUPPLEMENTAL INFORMATION

**ORANGE COUNTY FIRE AUTHORITY FOUNDATION**  
**Statement of Functional Expenses**  
**Year ended June 30, 2016**  
**(With Summarized Information for Prior Year)**

	Program Services							Supporting Services		Total		
	Community Risk Reduction						Training	Administration	Subtotal	2016	2015	
	Smoke Alarm Outreach Program	Drowning Prevention	Fire F.R.I.E.N.D.S.	Spark of Love	Community Emergency Response Program	PulsePoint	Fire Exploring Academy					Subtotal
Clothing and personal supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,832	\$ 1,832	\$ -	\$ -	\$ 1,832	\$ 2,131
Equipment rental and maintenance	-	-	-	-	-	-	387	387	-	-	387	-
Fees	-	-	-	-	-	-	-	-	45	45	45	25
Food	-	-	-	-	-	-	11,820	11,820	-	-	11,820	7,052
Housing	-	-	-	-	-	-	-	-	-	-	-	25,006
Miscellaneous	-	-	-	-	-	-	-	-	113	113	113	9
Office supplies	-	-	-	-	7,613	-	854	8,467	-	-	8,467	1,170
Postage and delivery	-	-	-	-	-	-	-	-	228	228	228	224
Printing and copying	-	-	-	-	-	-	2,032	2,032	-	-	2,032	2,457
Professional services	-	-	530	-	-	-	-	530	-	-	530	-
Program specific expenses	-	9,708	1,500	-	-	22,000	1,270	34,478	-	-	34,478	13,190
Transportation	-	-	-	2,102	-	-	2,596	4,698	600	600	5,298	10,369
Subtotal	-	9,708	2,030	2,102	7,613	22,000	20,791	64,244	986	986	65,230	61,633
In-kind expenses	96,587	-	-	-	-	-	129,759	226,346	-	-	226,346	231,977
Total expenses	\$96,587	\$9,708	\$2,030	\$2,102	\$7,613	\$22,000	\$150,550	\$290,590	\$986	\$986	\$291,576	\$293,610