

**Orange County Fire Authority
Foundation**

Financial Statements

**For the Years Ended June 30, 2024, and
June 30, 2023**

1 FIRE AUTHORITY ROAD
IRVINE CA 92602-0125

Prepared By:

Tahim & Associates, a Professional Corporation

INDEX TO FINANCIAL STATEMENTS

Independent Auditors' Report	1
Comparative Statement of Financial Position	3
Comparative Statement of Activities	4
Comparative Statement of Functional Expenses	5
Comparative Statement of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Orange County Fire Authority Foundation
1 Fire Authority Road
Irvine, CA 92602-0125

Opinion

We have audited the financial statements of The Orange County Fire Authority Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2024, and June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and June 30, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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

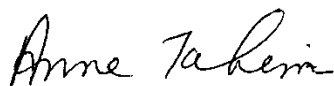
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation 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, which raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date the financial statements are issued.

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 US GAAS 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 are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with US GAAS, 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 the Foundation'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 the Foundation'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.



Tahim and Associates,
A Professional Corporation
Santa Ana, California

October 20, 2024

Orange County Fire Authority Foundation
Statement of Financial Position
June 30, 2024, and June 30, 2023

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 311,508	\$ 328,218
Total Current Assets	\$ 311,508	\$ 328,218
PROPERTY AND EQUIPMENT		
Furniture and equipment	\$ 15,979	\$ 15,979
Accumulated depreciation	(5,660)	(4,861)
Total Fixed Assets	\$ 10,319	\$ 11,118
TOTAL ASSETS	\$ 321,827	\$ 339,336
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 8,000	\$ 21,542
Unearned revenue	5,130	14,850
Total Current Liabilities	\$ 13,130	\$ 36,392
Total Liabilities	\$ 13,130	\$ 36,392
NET ASSETS		
Without donor restrictions	\$ 234,482	\$ 199,197
With donor restrictions	74,215	103,747
Total Net Assets	308,697	302,944
TOTAL LIABILITIES AND NET ASSETS	\$ 321,827	\$ 339,336

Orange County Fire Authority Foundation
Statement of Activities
For the Years Ended June 30, 2024, and June 30, 2023

	<u>For the Year Ended June 30, 2024</u>			<u>For the Year Ended June 30, 2023</u>		
	Without		Total	Without		Total
	Donor Restrictions	With Donor Restrictions		Donor Restrictions	With Donor Restrictions	
OPERATING SUPPORT AND REVENUE						
Contributions	\$ 103,710	\$ 50,423	\$ 154,133	\$ 57,642	\$ 132,163	\$ 189,805
Program services	16,250		16,250	-	-	-
Nest assets released from restriction	79,955	(79,955)	-	111,493	(111,493)	-
Total Support and Revenue	<u>\$ 199,915</u>	<u>\$ (29,532)</u>	<u>\$ 170,383</u>	<u>\$ 169,135</u>	<u>\$ 20,670</u>	<u>\$ 189,805</u>
OPERATING EXPENSES						
Program services	\$ 146,912		146,912	\$ 206,564	\$ -	\$ 206,564
Management and general	17,718	-	17,718	23,751	-	23,751
Total Expenses	<u>\$ 164,630</u>	<u>\$ -</u>	<u>\$ 164,630</u>	<u>\$ 230,315</u>	<u>\$ -</u>	<u>\$ 230,315</u>
CHANGE IN NEST ASSETS						
Net income (loss) from operations	\$ 35,285	\$ (29,532)	\$ 5,753	\$ (61,181)	\$ 20,670	\$ (40,510)
Change in net assets	<u>\$ 35,285</u>	<u>\$ (29,532)</u>	<u>\$ 5,753</u>	<u>\$ (61,181)</u>	<u>\$ 20,670</u>	<u>\$ (40,510)</u>
NET ASSETS,						
Beginning of Year	\$ 199,196	\$ 103,747	\$ 302,944	\$ 260,377	\$ 83,077	\$ 343,454
NET ASSETS, END OF YEAR	<u><u>\$ 234,482</u></u>	<u><u>\$ 74,215</u></u>	<u><u>\$ 308,697</u></u>	<u><u>\$ 199,196</u></u>	<u><u>\$ 103,747</u></u>	<u><u>\$ 302,944</u></u>

Orange County Fire Authority Foundation
Statement of Functional Expenses
For the Years Ended June 30, 2024, and June 30, 2023

	<u>For the Year Ended June 30, 2024</u>			<u>For the Year Ended June 30, 2023</u>		
	<u>Program</u>	<u>Supporting</u>	<u>Total</u>	<u>Program</u>	<u>Supporting</u>	<u>Total</u>
<u>Services</u>	<u>Services,</u>	<u>Management</u>		<u>Services</u>	<u>Services,</u>	
		<u>and General</u>		<u>and General</u>		
Awards and recognition	\$ 6,733	\$ -	\$ 6,733	\$ -	\$ -	\$ -
Clothing	7,210	-	7,210	-	3,437	3,437
Computer repairs and maintenance	-	-	-	-	300	300
Depreciation	-	799	799	-	799	799
Household expenses	-	-	-	7,155	-	7,155
Office supplies	803	-	803	-	946	946
Others	75	-	75	798	-	798
Postage	-	-	-	510	-	510
Printing	-	-	-	7,562	-	7,562
Professional	1,200	10,775	11,975	739	5,532	6,271
Program specific	129,403	-	129,403	145,461	-	145,461
Small tools and Instruments	-	-	-	1,812	-	1,812
Training and meetings	-	6,144	6,144	38,420	12,737	51,157
Transportation	1,488	-	1,488	-	-	-
Uniform	-	-	-	4,108	-	4,108
TOTAL EXPENSE BY FUNCTION	<u>\$ 146,912</u>	<u>\$ 17,718</u>	<u>\$ 164,630</u>	<u>\$ 206,564</u>	<u>\$ 23,751</u>	<u>\$ 230,315</u>

Orange County Fire Authority Foundation
Statement of Cash Flows
June 30, 2024, and June 30, 2023

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 5,753	\$ (40,510)
Depreciation	799	799
Changes in:		
Accounts payable	(13,542)	\$ (1,677)
Unearned revenue	(9,720)	13,500
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (16,710)</u>	<u>\$ (27,888)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,710)	(27,888)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 328,218	356,106
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 311,508</u>	<u>\$ 328,218</u>

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 1: DESCRIPTION OF THE COMPANY

The Orange County Fire Authority Foundation (the Foundation) is a 501© (3) nonprofit organization and was formed in October of 2009. The Foundation was created to assist the Orange County Fire Authority (OCFA) in raising or securing funds, services, materials, and contributions to support the OCFA’s mission by providing additional resources to enhance the level of fire prevention, suppression, and emergency medical services to the citizens of Orange County. The Foundation is funded primarily from contributions for supporting OCFA’s fire service. The funds raised will allow the Foundation to provide additional level of technology, equipment, tools and training education, and community outreach to the citizens of Orange County that would not be available with the Foundation’s current budget.

The Foundation operates in Irvine, California.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation’s financial statements. The financial statements and notes are representations of the Foundation’s management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of presentation

Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The Board of Directors has discretionary control over these resources.
- *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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Foundation has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Accounting

The books and records of the Foundation are maintained on an accrual basis of accounting for financial statements purposes, whereby revenue is recognized when earned, and expenses are recognized when incurred.

Assumptions and estimation uncertainties

The Foundation prepares its financial statements in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of revenues and expenditure during the reporting periods.

Management periodically evaluates estimates used in the preparation of financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. Actual results may differ from these estimates and such differences could be material. The most significant estimates and assumptions relate to useful lives assigned to fixed assets.

Revenue Recognition

All contributions are considered without restrictions unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give, in substance and unconditionally. Donations that are not expended in the current year are classified as donor restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received and as increase of assets, decrease of liabilities, or increase 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.

Cash and Cash Equivalents

State of Summary #125 fund of the Foundation are maintained by the OCFA Treasurer. The Foundation also maintains an account with a local bank, in which receipts from donations are deposited to the local bank account. The Foundation considers all unrestricted short-term investments with an original maturity of three (3) months or less to be cash equivalents. Cash and

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

cash equivalents consisted of deposits with financial institutions and with OCFA in \$311,588 and \$328,218 at June 30, 2024, and June 30, 2023, respectively.

Deposits

The California Government Code requires California banks and savings and loan associations to secure a government entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure a government entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

The OCFA Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public District depositors.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository is considered to be held for, and in the name of, the local governmental agency.

Cash on deposit with OCFA

Cash on deposit with OCFA cannot be assigned a credit risk category because the Foundation does not own specific securities. However, the OCFA's investment policies and practices regarding the credit and market risks have been determined acceptable to the Foundation's investment policies.

Fair Value Cash on deposit with OCFA is \$65,530 and \$248,011 for the years ended June 30, 2024, and June 30, 2023, respectively.

Concentration of Credit Risk

The Foundation currently maintains substantially all its cash with a major financial institution except the #125 fund held by the OCFA. The Federal Deposit Insurance Corporation ("FDIC") insures each depositor for up to \$250,000. At June 30, 2024, and June 30, 2023, the Foundation had no funds in excess of FDIC insured limits for the local bank account. The Foundation has not experienced any losses in such an account.

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Accounts Receivable

Accounts receivable consist of amounts due from funding sources. There is no allowance for doubtful accounts because most of the receivables are from donations that are fully collectable. There are no accounts receivable for both years ended June 30, 2024, and June 30, 2023.

Long-Lived Assets

The Company reviews long-lived nonfinancial assets (including property and equipment and intangibles) for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The Company did not identify any long-lived nonfinancial assets as being impaired during 2024 and 2023.

Furniture and Equipment

Property and equipment are recorded at cost with depreciation provided using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Total depreciation expense for both years ended June 30, 2024, and June 30, 2023, was \$799. Repairs and maintenance to furniture and equipment are expensed as incurred.

When furniture and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are eliminated from the accounts, and any gain or loss on such disposition is reflected in income. It is the Foundation's policy to capitalize property and equipment over \$1,000.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Foundation's principal program is to support the fire service of OCFA. Such allocations are determined by management on an equitable basis.

New Accounting Pronouncement

- (1) In February 2016, FASB issued [ASU 2016-02](#), Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. The guidance was effective for the Foundation beginning in fiscal year ended June 30, 2022.

- (2) In March 2020, the FASB issued [ASU 2020-04](#), Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides an optional practical expedient and exceptions for a limited time to ease the potential burden in accounting for reference rate reform on financial reporting. This guidance is effective for all entities as of March 12, 2020, through December 31, 2022, for all existing hedging and contract modifications. The Foundation determined that [ASU 2020-04](#) had no impact on the financial statements.

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The three levels of the fair value hierarchy are described as follows:

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, directly i.e., derived from prices).

Level 3. Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The inputs used to measure the fair value of an asset, or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfer between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

The Company has several financial instruments, including cash, investments, accounts receivable, accounts payable, and accrued liabilities. Management estimates that the fair value of all financial instruments at December 31, 2024, and December 31, 2023, does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying balance sheet.

NOTE 4: CONTRIBUTIONS AND PROMISES TO GIVE

The Foundation's primary revenue sources are from donations, and material for events related to the Foundation's programs. Registration fees are reported at the estimated net realizable amount that reflects consideration to which the Foundation expects to be entitled in exchange for hosting certain events.

Program events are advanced funded through donations, as determined by the Foundation program balances. To plan for and operate the Foundation sponsored programs without interruption, the Foundation management may perform transfers from the Foundation unrestricted general funds to any given program, subject to approval of the Board of Directors. Also, the Board established preauthorized transfers of unrestricted general funds to specific programs.

There are no formal pledges received and/or recorded by the Foundation for the year ended June 30, 2024, and June 30, 2023, respectively.

NOTE 5: IN-KIND CONTRIBUTIONS

Contributions of services are recognized at fair value when received if the services require specialized skills, are provided by individuals or entities possessing those skills, and would typically need to be purchased if not donated. Contributions of program and other supplies are recorded at fair value upon receipt when there is an objective and reasonable basis upon which to value the in-kind contributions. These contributions are an integral part of the Foundation activities. The Foundation receives program supplies, shipping services, and event-related services from a variety of organizations.

Volunteers provide a variety of services to further the Foundation's mission. Volunteers serve as event

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 5: IN-KIND CONTRIBUTIONS - Continued

staff. The value of these services has not been recorded in the financial statements.

Donations of services are recognized in the financial statements if the service received: (1) create or enhance nonfinancial assets or require specialized skills; (2) are provided by individuals possessing those skills; and (3) would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis for deriving their value.

The Board members and other individuals volunteer their time and perform a variety of tasks that assist the Foundation. These services, such as community education, safety awareness, and employee health and welfare, include coordination and operation of programs financially supported by the Foundation. In addition, the Board members and other individuals staff perform administrative support including (a) supervision, direct and control the Foundation's day-to-day activities, business and affairs, including hiring and supervising all the employees of the Foundation; (b) administration of the Foundation's Board activities, including coordinating and preparing agendas, meeting materials and minutes for the Board meetings, and maintaining the Foundation's records; and (c) financial oversight and management, such as preparing financial reports, managing and coordinating all financial activities of the Foundation. These volunteer services have not been recorded in the financial statements, as they do not meet the criteria outlined above.

Utilization of OCFA facilities for operation and support of the Foundation's activities does not result in material measurable shared facility costs. Program events occur primarily outdoors (estimated footage not applicable) resulting in no measurable utility or other facility costs. Foundation management and support staff perform Foundation related activities tangentially which may occur within OCFA facilities provided for staff's primary duties in their respective regular positions with the OCFA.

Legal costs related specifically to the Foundation activity are de minimis. The OCFA legal team assigns legal counsel to the Foundation Board meetings, which is provided on a no cost basis to OCFA or the Foundation.

For fiscal years ended June 30, 2024, and June 30, 2023, no supplies, materials, or equipment were donated or received by the Foundation.

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 6 – LEASE COMMITMENTS

No equipment has been leased by the Foundation for fiscal years ending June 30, 2024, and June 30, 2023. Short-term rentals such as tables, chairs, stage platforms, have been used in support of program events. Total rent expenses for such items incurred under operating leases are included in the Program Specific Expenses.

Note 7: RELATED PARTY

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. Within these financial statements, the Foundation is reported as a discrete component unit on the government-wide financial statements.

NOTE 8: INCOME TAXES

No substantial part of the activities of this organization shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall this organization participate in or intervene in any political campaign (including publishing or distributing of statements) on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles, this organization shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from Federal income tax under section 501 (c) (3) of the Internal Revenue Code of 1986 and California Revenue and Taxation Code Section 23701(d), or (b) by an organization contribution to which are deductible under section 170 (c) (2) of the Internal Revenue Code of 1986.

NOTE 9: UNCERTAIN TAX POSITION

[ASC 740-10-25-7](#) and [ASC 740-10-30-7](#) require an entity to assume that an uncertain tax position will be discovered by a taxing authority and that the taxing authority will examine the position with access to all relevant facts and information using resources that have sufficient experience and expertise in the area of tax law creating the uncertainty. [ASC 740](#)'s recognition guidance requires entities to presume that a taxing authority has full knowledge of a position, even if the entity has no history of being examined by taxing authorities or the chance of the taxing authority actually identifying the issue (if it were to conduct an audit) is remote.

The Foundation follows guidance in Accounting Standards Codification (“ASC”) 740, Income Taxes, which clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 9: UNCERTAIN TAX POSITION - Continued

position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and, accordingly, is not subject to federal income taxes. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions.

The Company has evaluated the tax positions at October 7, 2024, and has concluded that the position does not meet the more-likely-than-not recognition threshold.

NOTE 10: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The following reflects the Foundation financial assets at June 30, 2024, and June 30, 2023, reduced by amounts that have donor-imposed restrictions within one year of the balance sheet date. The Foundation maintains cash on hand to the available for its general expenditures, liabilities, and other obligations for on-going operations.

Cash and cash equivalents as of June 30, 2024,	\$311,508
Pledges receivable	<u>zero</u>
Total financial assets	\$306,470
Less amounts not available to be use within one year:	
Accounts payable & unearned revenue as of June 30, 2024	(13,130)
Contributions restricted – purpose restrictions	<u>(50,423)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$247,955</u>
Cash and cash equivalents as of June 30, 2023,	\$328,218
Pledges receivable	<u>zero</u>
Total financial assets	\$328,218
Less amounts not available to be use within one year:	
Accounts payable & Unearned Revenue of June 30, 2023,	(36,392)
Contributions restricted – purpose restrictions	<u>(132,163)</u>
Financial assets available to meet cash needs in general. expenditures within one year	<u>\$159,663</u>

Orange County Fire Authority Foundation
Notes to the Financial Statements
June 30, 2024, and June 30, 2023

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 20, 2024, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.