



**ORANGE COUNTY FIRE AUTHORITY  
FOUNDATION**

**Financial Statements**

**Year ended June 30, 2017  
(With Independent Auditors' Report Thereon)**

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Financial Statements

Year ended June 30, 2017

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements:	
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Cash Flows .....	5
Notes to the Financial Statements.....	6
Other Information:	
Schedule of Functional Expenses .....	14



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

**VALUE THE** *difference*

## **INDEPENDENT AUDITORS' 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) (the Foundation), a discretely presented component unit of the Orange County Fire Authority, which comprise the statement of financial position as of June 30, 2017, and the related statement 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.

### ***Auditors' 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 Foundation as of June 30, 2017, 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.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Prior-Year Comparative Information*

We did not previously audit the 2016 financial statements of the Foundation. Those statements were audited by other auditors whose report has been furnished to us, and who expressed an unmodified opinion on the financial statements in their report dated September 30, 2016. The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2016, from which such summarized information was derived.



Laguna Hills, California

December 14, 2017

**ORANGE COUNTY FIRE AUTHORITY FOUNDATION**  
**Statement of Financial Position**  
**June 30, 2017**  
**(With Summarized Information for Prior Year)**

	2017	2016
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 122,585	\$ 108,718
Receivables	3,557	90
Prepaid expenses and other assets (Note 3)	564	7,015
Total current assets	126,706	115,823
Property and equipment, net of accumulated depreciation (Note 4)	15,912	-
Total assets	\$ 142,618	\$ 115,823
<b><u>Liabilities and Net Assets</u></b>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 1,038	\$ 142
Unearned revenue	-	6,000
Total liabilities	1,038	6,142
Net assets:		
Unrestricted	92,062	62,233
Temporarily restricted (Note 5)	49,518	47,448
Total net assets	141,580	109,681
Total liabilities and net assets	\$ 142,618	\$ 115,823

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY FOUNDATION**  
**Statement of Activities**  
**Year ended June 30, 2017**  
**(With Summarized Information for Prior Year)**

	Unrestricted	Temporarily Restricted	Total	
			2017	2016
Support and revenues:				
General contributions	\$ 22,330	\$ 31,194	\$ 53,524	\$ 58,197
Other revenue	-	9,625	9,625	11,800
In-kind contributions (Note 1g)	299,781	-	299,781	226,346
Subtotal support and revenues	322,111	40,819	362,930	296,343
Net assets released from restrictions (Note 5)	38,749	(38,749)	-	-
Total support and revenues	360,860	2,070	362,930	296,343
Expenses:				
Program services:				
Community risk reduction:				
Smoke Alarm Outreach Program	152,846	-	152,846	96,587
Drowning Prevention	-	-	-	9,708
Fire F.R.I.E.N.D.S.	1,554	-	1,554	2,030
Spark of Love	1,982	-	1,982	2,102
Community Emergency Response Program	-	-	-	7,613
PulsePoint	6,000	-	6,000	22,000
Training:				
Fire Exploring Academy	168,148	-	168,148	150,550
Fire Exploring Trailer	67	-	67	-
Total program services	330,597	-	330,597	290,590
Supporting services:				
Administration	434	-	434	986
Total supporting services	434	-	434	986
Total expenses	331,031	-	331,031	291,576
Increase in net assets	29,829	2,070	31,899	4,767
Net assets at beginning of year	62,233	47,448	109,681	104,914
Net assets at end of year	\$ 92,062	\$ 49,518	\$ 141,580	\$ 109,681

See Notes to the Financial Statements

**ORANGE COUNTY FIRE AUTHORITY FOUNDATION**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**  
**(With Summarized Information for Prior Year)**

	2017	2016
Cash flows from operating activities:		
Increase in net assets	\$ 31,899	\$ 4,767
Adjustments to reconcile increase in net assets to net cash:		
Provided by operating activities:		
Depreciation	67	-
Change in operating assets and liabilities:		
Receivables	(3,467)	(90)
Prepaid expenses and other assets	6,451	(6,292)
Accounts payable	896	(4,387)
Unearned revenue	(6,000)	6,000
Net cash provided by (used for) operating activities	29,846	(2)
Cash flows from investing activities:		
Purchase of property and equipment	(15,979)	-
Net cash provided by (used for) investing activities	(15,979)	-
Net increase (decrease) in cash and cash equivalents	13,867	(2)
Cash and cash equivalents at beginning of year	108,718	108,720
Cash and cash equivalents at end of year	\$ 122,585	\$ 108,718

For the year ended June 30, 2017, in-kind (non-cash) contributions and expenses totaled \$299,781.

See Notes to the Financial Statements

# ORANGE COUNTY FIRE AUTHORITY FOUNDATION

## Notes to the Financial Statements

Year ended June 30, 2017

### (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, 2017, 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, 2017

(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 ***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. Activities accounted for during the current fiscal year include 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 users within its service area and is designed for use by citizens or off-duty professionals trained in CPR.

# ORANGE COUNTY FIRE AUTHORITY FOUNDATION

## Notes to the Financial Statements

Year ended June 30, 2017

**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. In addition, during Fiscal Year 2016/17 the Foundation received a grant from the Kevin Woyjeck Explorers for Life Association, Inc., toward the purchase of a *Fire Exploring Trailer* that will be used in ongoing support of Orange County Fire Authority’s Fire Exploring program.

**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, 2017, the Foundation did not report any permanently restricted net assets.

# ORANGE COUNTY FIRE AUTHORITY FOUNDATION

## Notes to the Financial Statements

Year ended June 30, 2017

(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. Accordingly, certain costs may be allocated among the programs and supporting services benefited.

(f) Property and Equipment

Property and equipment are stated at historical cost. Donated assets are recorded at their fair market value when received. The Foundation capitalizes all property and equipment with an initial cost or fair market value of \$5,000 or more.

Property and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets, which range from three to forty years for equipment. Maintenance and repairs are charged to expense as incurred.

At the time of retirement or other disposition of property and equipment, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of activities.

(g) 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

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2017

purchased if not provided by donation. During the year ended June 30, 2017, the Foundation recognized the following in-kind goods and services:

<u>Description</u>	Smoke Alarm Outreach Program	Fire Exploring Academy	<u>Total</u>
Smoke and carbon monoxide alarms	\$152,846	\$ -	\$152,846
Ganahl Lumber gift card Academy No. 18	-	50	50
volunteer instructor hours	-	<u>146,885</u>	<u>146,885</u>
	<u>\$152,846</u>	<u>\$146,935</u>	<u>\$299,781</u>

(h) 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.

(i) 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), which are subject to examination after they are filed by the Internal Revenue Service for three years and by the State Franchise Tax Board for four years.

(j) 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.

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2017

(k) 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, 2017, cash and cash equivalents totaling \$122,585 consisted of demand deposits, which are pooled with the deposits of the OCFA.

(3) Prepaid Expenses and Other Assets

As of June 30, 2017, prepaid expenses and other assets consisted of the following:

<u>Description</u>	<u>Service Through</u>	<u>Amount</u>
Post office box rental	March 2018	\$197
Firefriends.org SSL certificate	March 2019	38
Web site domain names	June 2020	<u>329</u>
		<u>\$564</u>

(4) Property and Equipment, Net of Accumulated Depreciation

As of June 30, 2017, property and equipment, net of accumulated depreciation, consisted of the following:

<u>Description</u>	<u>Amount</u>
Equipment	\$15,979
Less: accumulated depreciation	<u>(67)</u>
	<u>\$15,912</u>

Depreciation expense for the year ended June 30, 2017, was \$67.

During Fiscal Year 2016/17, the Foundation purchased a trailer totaling \$15,979, which was funded in part by an \$8,000 grant from The Kevin Woyjeck Explorers for Life Association, Inc., a nonprofit association whose purpose is to assist young men and women in the Fire Explorer programs with financial support and material donations. The association was started by the parents, family, and friends of Kevin Woyjeck, a member of the Granite Mountain Hotshot Crew who lost his life during the Yarnell Fire in April 2013.

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2017

(5) Temporarily Restricted Net Assets

Temporarily restricted net asset activity for the year ended June 30, 2017, was as follows:

<u>Description</u>	<u>Beginning Balances</u>	<u>Support and Revenues</u>	<u>Net Assets Released from Restrictions</u>	<u>Ending Balances</u>
Smoke Alarm Outreach Program	\$ 6,184	\$ -	\$ -	\$ 6,184
Drowning Prevention	1,158	1,500	-	2,658
Fire F.R.I.E.N.D.S.	2,970	-	(1,554)	1,416
Spark of Love	-	2,000	(1,982)	18
PulsePoint	-	6,000	(6,000)	-
Other CRR Programs	1,000	-	-	1,000
Fire Exploring Academy	27,002	22,591	(21,213)	28,380
Fire Exploring Trailer	-	8,000	(8,000)	-
September 11 <sup>th</sup> Memorial Project	<u>9,134</u>	<u>728</u>	<u>-</u>	<u>9,862</u>
	<u>\$47,448</u>	<u>\$40,819</u>	<u>\$(38,749)</u>	<u>\$49,518</u>

(6) Insurance

The Foundation is insured under the OCFA's policy.

(7) Date of Management's Review

The Foundation's management has evaluated subsequent events through December 14, 2017, 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.

## OTHER INFORMATION

**ORANGE COUNTY FIRE AUTHORITY FOUNDATION**  
**Schedule of Functional Expenses**  
**Year ended June 30, 2017**  
**(With Summarized Information for Prior Year)**

	Program Services						Supporting Services		Total		
	Community Risk Reduction				Training		Administration	Subtotal	2017	2016	
	Smoke Alarm Outreach Program	Fire F.R.I.E.N.D.S.	Spark of Love	PulsePoint	Fire Exploring Academy	Fire Exploring Trailer					Subtotal
Clothing and personal supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,521	\$ -	\$ 1,521	\$ -	\$ -	\$ 1,521	\$ 1,832
Depreciation	-	-	-	-	-	67	67	-	-	67	-
Equipment rental and maintenance	-	-	-	-	1,672	-	1,672	-	-	1,672	387
Fees	-	-	-	-	-	-	-	25	25	25	45
Food	-	-	-	-	12,536	-	12,536	-	-	12,536	11,820
Miscellaneous	-	-	-	-	-	-	-	113	113	113	113
Office supplies	-	-	-	-	684	-	684	-	-	684	8,467
Postage and delivery	-	-	-	-	-	-	-	246	246	246	228
Printing and copying	-	-	-	-	1,490	-	1,490	-	-	1,490	2,032
Professional services	-	354	-	-	-	-	354	50	50	404	530
Program specific expenses	-	1,200	-	6,000	910	-	8,110	-	-	8,110	34,478
Transportation	-	-	1,982	-	2,400	-	4,382	-	-	4,382	5,298
Subtotal	-	1,554	1,982	6,000	21,213	67	30,816	434	434	31,250	65,230
In-kind expenses	152,846	-	-	-	146,935	-	299,781	-	-	299,781	226,346
Total expenses	<u>\$ 152,846</u>	<u>\$ 1,554</u>	<u>\$ 1,982</u>	<u>\$ 6,000</u>	<u>\$ 168,148</u>	<u>\$ 67</u>	<u>\$ 330,597</u>	<u>\$ 434</u>	<u>\$ 434</u>	<u>\$ 331,031</u>	<u>\$ 291,576</u>