



**ORANGE COUNTY FIRE AUTHORITY
FOUNDATION**

Financial Statements

**Year ended June 30, 2020
(With Independent Auditors' Report Thereon)**

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Financial Statements

Year ended June 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements.....	7



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Orange County Fire Authority Foundation, a not-for-profit organization and discretely presented component unit of the Orange County Fire Authority, which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, 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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.



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

Opinions

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, 2020 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

Prior Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2019, from which such partial information was derived.

Lance, Solt & Lughard, LLP

Brea, California
October 7, 2020

ORANGE COUNTY FIRE AUTHORITY FOUNDATION
Statement of Financial Position
June 30, 2020
(With Summarized Information for Prior Year)

	2020	2019
<u>Assets</u>		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 160,475	\$ 139,105
Prepaid expenses and other assets	-	104
Total current assets	160,475	139,209
Property and equipment, net of accumulated depreciation (Note 4)	13,515	14,314
Total assets	\$ 173,990	\$ 153,523
<u>Liabilities and Net Assets</u>		
Liabilities:		
Current liabilities:		
Accounts payable	\$ -	\$ 8,199
Unearned revenue	-	1,200
Total liabilities	-	9,399
Net assets:		
Without donor restrictions	134,500	110,599
With donor restrictions (Note 5)	39,490	33,525
Total net assets	173,990	144,124
Total liabilities and net assets	\$ 173,990	\$ 153,523

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY FOUNDATION
Statement of Activities
Year ended June 30, 2020
(With Summarized Information for Prior Year)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Support and revenues:				
General contributions	\$ 40,785	\$ 60,822	\$ 101,607	\$ 47,753
Other revenue	-	28,775	28,775	9,450
In-kind contributions (Note 1h)	375,824	-	375,824	268,600
Subtotal support and revenues	416,609	89,597	506,206	325,803
Net assets released from restrictions (Note 5)	83,632	(83,632)	-	-
Total support and revenues	500,241	5,965	506,206	325,803
Expenses:				
Program services:				
Community risk reduction:				
Smoke Alarm Outreach Program	175,298	-	175,298	95,491
Fire F.R.I.E.N.D.S.	900	-	900	1,215
OCFA Open House	3,755	-	3,755	2,126
Spark of Love	9,795	-	9,795	3,108
Other CRR Programs	2,591	-	2,591	2,897
Training:				
Fire Exploring Academy	225,820	-	225,820	207,311
Fire Exploring Trailer	799	-	799	799
Girls Empowerment Camp	7,305	-	7,305	6,119
Other Training Programs	1,812	-	1,812	165
September 11th Memorial Project	3,866	-	3,866	-
Best & Bravest Event	40,829	-	40,829	-
Total program services	472,770	-	472,770	319,231
Supporting services:				
Administration	3,570	-	3,570	1,671
Total supporting services	3,570	-	3,570	1,671
Total expenses	476,340	-	476,340	320,902
Increase in net assets	23,901	5,965	29,866	4,901
Net assets at beginning of year	110,599	33,525	144,124	139,223
Net assets at end of year	\$ 134,500	\$ 39,490	\$ 173,990	\$ 144,124

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY FOUNDATION
Statement of Functional Expenses
Year ended June 30, 2020
(With Summarized Information for Prior Year)

	Program Services											Supporting	Total		
	Community Risk Reduction					Training						Services	2020	2019	
	Smoke Alarm Outreach Program	Fire F.R.I.E.N.D.S.	OCFA Open House	Spark of Love	Other CRR Programs	Fire Exploring Academy	Fire Exploring Trailer	Girls Empowerment Camp	Other Training Programs	September 11th Memorial Project	Best & Bravest Event	Subtotal	Administration		
Clothing and personal supplies	\$ -	\$ -	\$ -	\$ -	\$ 26	\$ 812	\$ -	\$ 2,558	\$ 1,325	\$ -	\$ -	\$ 4,721	\$ -	\$ 4,721	\$ 8,068
Depreciation	-	-	-	-	-	-	799	-	-	-	-	799	-	799	799
Equipment rental and maintenance	-	-	-	-	-	1,759	-	-	-	-	-	1,759	-	1,759	1,591
Fees	-	-	-	-	-	-	-	-	-	-	1,237	1,237	146	1,383	25
Food	178	-	3,755	-	-	19,113	-	3,471	438	126	-	27,081	-	27,081	25,861
Marketing and public relations	-	-	-	-	-	-	-	-	-	-	-	-	1,764	1,764	-
Miscellaneous	-	-	-	-	-	17	-	-	-	-	-	17	104	121	114
Office supplies	-	-	-	-	-	927	-	719	-	-	307	1,953	-	1,953	1,483
Postage and delivery	-	-	-	-	-	-	-	-	-	-	66	66	318	384	525
Printing and copying	-	-	-	-	1,250	-	-	431	-	-	5,009	6,690	-	6,690	4,789
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	1,238	1,238	15
Program specific expenses	-	900	-	5,475	1,315	-	-	126	49	3,740	34,081	45,686	-	45,686	3,352
Small tools and instruments	-	-	-	-	-	58	-	-	-	-	129	187	-	187	312
Transportation	-	-	-	4,320	-	2,430	-	-	-	-	-	6,750	-	6,750	5,368
Subtotal	178	900	3,755	9,795	2,591	25,116	799	7,305	1,812	3,866	40,829	96,946	3,570	100,516	52,302
In-kind expenses	175,120	-	-	-	-	200,704	-	-	-	-	-	375,824	-	375,824	268,600
Total expenses	\$ 175,298	\$ 900	\$ 3,755	\$ 9,795	\$ 2,591	\$ 225,820	\$ 799	\$ 7,305	\$ 1,812	\$ 3,866	\$ 40,829	\$ 472,770	\$ 3,570	\$ 476,340	\$ 320,902

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY FOUNDATION
Statement of Cash Flows
For the Year Ended June 30, 2020
(With Summarized Information for Prior Year)

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 29,866	\$ 4,901
Adjustments to reconcile increase in net assets to net cash:		
Provided by operating activities:		
Depreciation	799	799
Change in operating assets and liabilities:		
Prepaid expenses and other assets	104	342
Accounts payable	(8,199)	8,021
Unearned revenue	(1,200)	(1,600)
Net cash provided by (used for) operating activities	21,370	12,463
Net increase in cash and cash equivalents	21,370	12,463
Cash and cash equivalents at beginning of year	139,105	126,642
Cash and cash equivalents at end of year	\$ 160,475	\$ 139,105

For the year ended June 30, 2020, in-kind (non-cash) contributions and expenses totaled \$375,824.

For the year ended June 30, 2019, in-kind (non-cash) contributions and expenses totaled \$268,600.

See Notes to the Financial Statements

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2020

(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 member 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, 2020, 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 Assistant Chief of Logistics); Secretary (Vacant).

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, 2020

(b) Initiatives and Programs

The Foundation's Board of Directors has identified the following major 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.

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, the Foundation utilizes a ***Fire Exploring Trailer*** in ongoing support of the Orange County Fire Authority's Fire Exploring program.

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2020

- **Girls Empowerment Camp** – The Girls Empowerment Camp is a free, two-day camp open to teens ages fourteen to eighteen that introduces them to the fire service and provides a realistic, hands-on overview of firefighting. The camp exposes teens to all aspects of a fire service career and empowers them with the life skills and professional guidance to pursue a career in public safety. OCFA hosts the camp and the Foundation provides support by purchasing items such as t-shirts, water bottles, food, and other supplies.

September 11th Memorial Project – This initiative is to construct a September 11th 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 displays a five-foot structural beam from the World Trade Center Tower 1 that was received from the New York City Port Authority. The display was installed and dedicated in the RFOTC lobby area in September 2019.

Best & Bravest Event – Best & Bravest is an annual dinner and OCFA employee recognition event. The Foundation began providing sponsorship and event oversight with the February 2020 event.

(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.

(d) Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of restrictions imposed by donors or grantors. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- **Net Assets With Donor Restrictions** – Net assets subject to restrictions imposed by donors or grantors. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. 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.

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2020

(e) 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.

(f) Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(g) 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.

(h) 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

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2020

provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2020, the Foundation recognized the following in-kind goods and services:

Description	Smoke Alarm Outreach Program	Fire Exploring Academy	Total
6,000 smoke alarms and 680 fire extinguishers Academy No. 21	\$175,120	\$ -	\$175,120
volunteer instructor hours	-	200,704	200,704
	<u>\$175,120</u>	<u>\$200,704</u>	<u>\$375,824</u>

(i) 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.

(j) 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 (Fiscal Year 2016/17 through 2018/19) and by the State Franchise Tax Board for four years (Fiscal Year 2015/16 through Fiscal Year 2018/19).

(k) Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting

ORANGE COUNTY FIRE AUTHORITY FOUNDATION

Notes to the Financial Statements

Year ended June 30, 2020

principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

(l) 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.

(m) Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

(2) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consist of cash and cash equivalents totaling \$134,500.

The Foundation's cash and cash equivalents are pooled with the total deposits of the OCFA. OCFA manages its liquidity and risk under the direction of its Treasurer, subject to an Investment Policy that is updated annually and approved by its Board of Directors. The Foundation's Board has not established any internal designations that would further limit its liquidity.

(3) Cash and Cash Equivalents

As of June 30, 2020, cash and cash equivalents totaling \$160,475 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, 2020

(4) Property and Equipment, Net of Accumulated Depreciation

As of June 30, 2020, property and equipment, net of accumulated depreciation, consisted of the following:

Description	Amount
Equipment	\$15,979
Less: accumulated depreciation	<u>(2,464)</u>
	<u>\$13,515</u>

Depreciation expense for the year ended June 30, 2020, was \$799.

(5) Net Assets With Donor Restrictions

Activity for net assets with donor restrictions for the year ended June 30, 2020, was as follows:

Description	Beginning Balances	Support and Revenues	Net Assets Released from Restrictions	Ending Balances
Smoke Alarm Outreach Program	\$ 6,483	\$ -	\$ (178)	\$ 6,305
Drowning Prevention	2,001	50	-	2,051
Spark of Love	-	6,330	(6,330)	-
Fire Exploring Academy	10,096	29,740	(25,116)	14,720
Girls Empowerment Camp	-	10,000	(7,278)	2,722
Other Training Programs	35	-	(35)	-
September 11 th Memorial Project	10,710	302	(3,866)	7,146
Best & Bravest Event	<u>4,200</u>	<u>43,175</u>	<u>(40,829)</u>	<u>6,546</u>
	<u>\$33,525</u>	<u>\$89,597</u>	<u>\$(83,632)</u>	<u>\$39,490</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 October 7, 2020, 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.