

**FIRST RESPONDER CENTER FOR EXCELLENCE
FOR REDUCING OCCUPATIONAL ILLNESS,
INJURIES AND DEATHS, INC.**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

Year Ended December 31, 2017

TABLE OF CONTENTS

DESCRIPTION	PAGE
Independent Auditors' Report	1 – 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 – 10
Supplementary Information	
Schedule of Expenses by Natural Classification and Function	11

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
First Responder Center for Excellence for Reducing
Occupational Illness, Injuries and Deaths, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of First Responder Center for Excellence for Reducing Occupational Illness, Injuries and Deaths, Inc. (the Center) which comprise the statement of financial position as of December 31, 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 the 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 First Responder Center for Excellence for Reducing Occupational Illness, Injuries and Deaths, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended are in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the First Responder Center for Excellence for Reducing Occupational Illness, Injuries and Deaths, Inc. is a controlled affiliate of the National Fallen Firefighters Foundation. The accompanying financial statements as of and for the period ended December 31, 2017 reflect the results and operations retained within the Center.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of schedule of expenses by natural classification and function is presented for purposes of additional analysis, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

The image shows a handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style. The word "Rubins" is written in a large, rounded script, followed by an ampersand "&" and the word "Company" in a similar but slightly smaller script.

August 20, 2018
Bethesda, Maryland

**FIRST RESPONDER CENTER FOR EXCELLENCE FOR REDUCING
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(AN AFFILIATE OF THE NATIONAL FALLEN FIREFIGHTERS FOUNDATION)
STATEMENT OF FINANCIAL POSITION
December 31, 2017**

ASSETS

Current assets	
Cash and cash equivalents	\$ 66,686
Grants and contributions receivable	106,396
Prepaid expenses	<u>1,354</u>
Total assets	<u><u>\$ 174,436</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	<u>\$ 262,804</u>
Total liabilities	<u>262,804</u>
Net assets (deficit)	
Unrestricted	(153,368)
Temporarily restricted	15,000
Permanently restricted	<u>50,000</u>
Total net deficit	<u>(88,368)</u>
Total liabilities and net assets	<u><u>\$ 174,436</u></u>

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF ACTIVITIES
Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue and support				
Grants	\$ 25,000	\$ 36,296	\$ -	\$ 61,296
Contributions	58,537	19,500	50,000	128,037
Released from restrictions	<u>40,796</u>	<u>(40,796)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>124,333</u>	<u>15,000</u>	<u>50,000</u>	<u>189,333</u>
Expenses				
Program services				
Occupational Cancer Symposium	38,390	-	-	38,390
Cancer Tool Box	18,750	-	-	18,750
Trade shows	11,831	-	-	11,831
Department of Homeland Security				
Line-of-Duty Death and Prevention (Fire Act)	5,724	-	-	5,724
Other	<u>5,304</u>	<u>-</u>	<u>-</u>	<u>5,304</u>
Total program expenses	<u>79,999</u>	<u>-</u>	<u>-</u>	<u>79,999</u>
Support expenses				
Management and general	205,399	-	-	205,399
Marketing	6,530	-	-	6,530
Fundraising	8,733	-	-	8,733
Program development	<u>1,661</u>	<u>-</u>	<u>-</u>	<u>1,661</u>
Total support expenses	<u>222,323</u>	<u>-</u>	<u>-</u>	<u>222,323</u>
Total expenses	<u>302,322</u>	<u>-</u>	<u>-</u>	<u>302,322</u>
Change in net assets	(177,989)	15,000	50,000	(112,989)
Net assets, beginning of year	<u>24,621</u>	<u>-</u>	<u>-</u>	<u>24,621</u>
Net assets, end of year	<u>\$ (153,368)</u>	<u>\$ 15,000</u>	<u>\$ 50,000</u>	<u>\$ (88,368)</u>

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF CASH FLOWS
Year Ended December 31, 2017**

Cash flows from operating activities	
Change in net assets	\$ (112,989)
Reconciling adjustments:	
Depreciation	1,500
Changes in operating assets and liabilities:	
Grants and contributions receivable	(56,396)
Prepaid expenses and other current assets	(1,354)
Accounts payable and accrued expenses	<u>206,961</u>
Net cash provided by operating activities	<u>37,722</u>
Net change in cash and cash equivalents	37,722
Cash and cash equivalents, beginning of year	<u>28,964</u>
Cash and cash equivalents, end of year	<u><u>\$ 66,686</u></u>

The accompanying notes are an integral part of these financial statements.

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(AN AFFILIATE OF THE NATIONAL FALLEN FIREFIGHTERS FOUNDATION)
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017**

1. Organization

The National Fallen Firefighters Foundation (the Foundation) created the First Responder Center for Excellence for Reducing Occupational Illness, Injuries and Deaths, Inc. (the Center) in 2016 to become the leading resource for first responders and their family members in addressing physical, emotional, and psychological health issues and to promote research in relevant fields to increase awareness of first responder health issues, as well as prevent first responder deaths and injuries related primarily to occupational illnesses. The First Responder Center for Excellence is organized under the laws of the state of Maryland. The Center is a controlled affiliate of the Foundation.

During 2017, the First Responder Center for Excellence started managing the daily activities related to cancer and behavior health programs as well as the physical initiative. The transfer of these complimentary behavioral programs from National Fallen Firefighter Foundation to the First Responder Center for Excellence allows for additional coordination and focus on research and prevention strategies.

The accompanying financial statements reflect the financial status and results of operations for the Center.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Center prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when the obligations are incurred.

Use of Estimates

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

Cash and Cash Equivalents

The Center maintains cash balances which, at times, may exceed federally insured limits. The Center has not experienced any losses related to these accounts and management does not consider this to be a significant concentration of credit risk.

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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017**

2. Summary of Significant Accounting Policies (continued)

Income Tax Status

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, though they are subject to tax on income unrelated to its exempt purpose unless that income is otherwise excluded by the Code. No provision for income taxes is required for 2017. The tax year ended December 31, 2016 remains open for review for both federal and state purposes, and they have not been extended beyond the applicable statute of limitations.

Uncertainty in Income Taxes

The Center has processes in place to ensure the maintenance of its respective tax-exempt status; to identify and report unrelated income; to determine filing and tax obligations in jurisdictions for which they have nexus; and to identify and evaluate other matters that may be considered tax positions. The Center has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Net Assets

Net assets are classified as either unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions. The purpose of each net asset group is as follows:

- Unrestricted Net Assets (including amounts designated by the board) represent resources of the Center available to support its general operations. Board designated unrestricted net assets represent assets whose use by the Center has been designated by the board of directors for internal use.
- Temporarily Restricted Net Assets represent resources restricted by donors and grantors for use in funding donor specified programs.
- Permanently Restricted Net Assets represent resources restricted by donors and must be held by the Center.

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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017**

2. Summary of Significant Accounting Policies (continued)

Contributions and Grants

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor or grantor restrictions. Support that is restricted by the donor or grantor is reported as an increase in temporarily restricted 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.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standard Board (FASB) issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which makes changes to the not-for-profit financial reporting model. The new standard clarifies net asset reporting, requires presentation of expenses in both natural and functional classifications, and provides for additional disclosure requirements related to an entity's liquidity, financial performance, and availability of resources. The ASU is effective for the Foundation beginning January 1, 2018.

In May 2014, the FASB issued a new standard, ASU 2014-09, *Revenue from Contracts with Customers*, which outlines a single comprehensive standard for revenue recognition across all industries and supersedes most existing revenue recognition guidance. The core principle of the standard is that an entity should recognize revenue when it satisfies a performance obligation at an amount that reflects the consideration the entity expects to receive in exchange for transferring goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard will be effective for the Foundation beginning January 1, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires a lessee to recognize a right-of-use ("ROU") asset and lease liability on the balance sheet for most lease contracts (which include those leases that are currently classified as operating leases under the current accounting standard). Additional disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from lease contracts. The standard will be effective for the Foundation beginning January 1, 2020.

The Center is currently evaluating the impact of the new standards on the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017**

2. Summary of Significant Accounting Policies (continued)

Subsequent Events

Management has evaluated subsequent events through August 20, 2018, the date that the financial statements were available to be issued.

3. Grants and Contributions Receivable

Grants and contributions receivable at December 31, 2017, consists of the following:

Contributions	\$ 100,000
Department of Homeland Security	6,296
Other	<u>100</u>
Total grants and contributions receivable	<u>\$ 106,396</u>

Contributions receivable includes unrestricted and permanently restricted amounts that will be collected in 2018.

4. Endowment Funds

The Center established an endowment in 2017 that consists of a fund to honor individuals who make exceptional contributions to first responder fitness. The endowment includes permanently restricted net assets of \$50,000 at December 31, 2017. The Center will invest the funds at their sole discretion. A management fee of 1.5% of the endowment will be assessed on the prior year balance.

5. Temporarily Restricted Net Assets

At December 31, 2017, net assets were temporarily restricted for the following purposes:

Purpose restrictions	
Cancer Tool Box	<u>\$ 15,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017**

6. Affiliated Organization

The Center is affiliated with National Fallen Firefighters Foundation (the Foundation). During 2017, the Center received administrative and other supporting services from the Foundation. For the year ended December 31, 2017, the Foundation provided services totaling \$256,525. The Center has recorded a payable to the Foundation for the value of these services.

7. Management Evaluation

At December 31, 2017, the Center has an unrestricted net deficit of \$153,368. The deficit is primarily the result of costs incurred to establish the organization and the related infrastructure. In addition, as noted in note 6, the Foundation has provided substantial support to the Center. Management and the Board of Directors is actively pursuing new sources of unrestricted contributions to establish and maintain autonomous operations.

SUPPLEMENTARY INFORMATION

**FIRST RESPONDER CENTER FOR EXCELLENCE FOR REDUCING
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SCHEDULE OF EXPENSES BY NATURAL CLASSIFICATION AND FUNCTION
Year Ended December 31, 2017**

	<u>Occupational Cancer Symposium</u>	<u>Cancer Tool Box</u>	<u>Trade Shows</u>	<u>Department of Homeland Security</u>	<u>Other</u>	<u>Management and General</u>	<u>Marketing</u>	<u>Fundraising</u>	<u>Program Development</u>	<u>Total</u>
Salaries	\$ 3,377	\$ -	\$ 6,692	\$ 3,483	\$ -	\$ 91,854	\$ 2,952	\$ 5,291	\$ 1,375	\$ 115,024
Employee benefits and taxes	859	-	1,674	637	-	19,167	666	1,132	286	24,421
Depreciation	-	-	-	-	-	1,497	-	-	-	1,497
Professional fees	-	18,750	-	1,320	-	31,776	-	2,310	-	54,156
Travel	918	-	3,465	284	3,075	537	-	-	-	8,279
Rent	30,669	-	-	-	-	-	-	-	-	30,669
Office supplies	2,567	-	-	-	-	321	2,912	-	-	5,800
Insurance	-	-	-	-	-	451	-	-	-	451
Communications	-	-	-	-	-	2,114	-	-	-	2,114
Meetings	-	-	-	-	2,217	314	-	-	-	2,531
Bank fees	-	-	-	-	-	113	-	-	-	113
Other	-	-	-	-	12	-	-	-	-	12
Indirect allocation	-	-	-	-	-	57,255	-	-	-	57,255
Total	<u>\$ 38,390</u>	<u>\$ 18,750</u>	<u>\$ 11,831</u>	<u>\$ 5,724</u>	<u>\$ 5,304</u>	<u>\$ 205,399</u>	<u>\$ 6,530</u>	<u>\$ 8,733</u>	<u>\$ 1,661</u>	<u>\$ 302,322</u>