

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

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

Years Ended December 31, 2019, and 2018

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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, 2019, and 2018, and the related statement of activities and cash flows for the years 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, 2019, and 2018, and the changes in its net assets and its cash flows for the years then ended are in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

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 periods ended December 31, 2019, and 2018, reflect the results and operations retained within the Center.

As discussed in Note 2 to the financial statements, the Center adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* and Accounting Standards Update No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, during the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

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.

A handwritten signature in black ink that reads "Rubins & Company". The signature is written in a cursive, flowing style.

September 8, 2020
Bethesda, Maryland

**FIRST RESPONDER CENTER FOR EXCELLENCE FOR REDUCING
OCCUPATIONAL ILLNESS, INJURIES AND DEATHS, INC.
(AN AFFILIATE OF THE NATIONAL FALLEN FIREFIGHTERS FOUNDATION)
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 49,227	\$ 227,199
Grants and contributions receivable	50,076	246,391
Prepaid expenses	<u>2,466</u>	<u>3,760</u>
Total current assets	101,769	477,350
Other noncurrent assets		
Investments, segregated to meet restrictions by donors for 2019 and 2018	<u>56,921</u>	<u>48,780</u>
Total assets	<u>\$ 158,690</u>	<u>\$ 526,130</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	<u>\$ 166,732</u>	<u>\$ 565,040</u>
Total liabilities	<u>166,732</u>	<u>565,040</u>
Net assets (deficit)		
Without donor restrictions		
General	(119,418)	(138,260)
With donor restrictions		
Purpose restricted	61,376	49,350
Endowment fund	<u>50,000</u>	<u>50,000</u>
Total net (deficit)	<u>(8,042)</u>	<u>(38,910)</u>
Total liabilities and net assets	<u>\$ 158,690</u>	<u>\$ 526,130</u>

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

**FIRST RESPONDER CENTER FOR EXCELLENCE FOR REDUCING
OCCUPATIONAL ILLNESS, INJURIES AND DEATHS, INC.
(AN AFFILIATE OF THE NATIONAL FALLEN FIREFIGHTERS FOUNDATION)
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Grants	\$ 306,573	\$ 106,869	\$ 413,442	\$ -	\$ 747,356	\$ 747,356
Contributions	122,909	10,000	132,909	86,114	36,138	122,252
Event sponsors & registrations	21,166	55,250	76,416	-	-	-
Contributed goods & services	3,500	-	3,500	-	-	-
Royalties	-	-	-	81,454	-	81,454
Released from restrictions	168,234	(168,234)	-	749,144	(749,144)	-
Total revenue and support	622,382	3,885	626,267	916,712	34,350	951,062
Expenses						
Program services						
Health programs	241,532	-	241,532	11,250	-	11,250
Fire Act	60,738	-	60,738	745,151	-	745,151
Trade shows	51,342	-	51,342	32,768	-	32,768
Public safety outreach	26,451	-	26,451	13,911	-	13,911
Other FRCE programs	2,341	-	2,341	4,202	-	4,202
Total program costs	382,404	-	382,404	807,282	-	807,282
Support services						
NFFF support	118,188	-	118,188	-	-	-
Program development	48,086	-	48,086	17,922	-	17,922
Marketing & fundraising	35,780	-	35,780	8,817	-	8,817
Management & general	12,205	-	12,205	13,754	-	13,754
Board	6,478	-	6,478	1,061	-	1,061
Indirect costs	399	-	399	49,939	-	49,939
Lobbying (Grassroots)	-	-	-	1,607	-	1,607
Total support costs	221,136	-	221,136	93,100	-	93,100
Total expenses	603,540	-	603,540	900,382	-	900,382
Change in operating net assets	18,842	3,885	22,727	16,330	34,350	50,680
Non-operating activity						
Investment income (loss), net <i>(Note 5)</i>	-	8,141	8,141	(1,222)	-	(1,222)
Change in net assets	18,842	12,026	30,868	15,108	34,350	49,458
Net assets, beginning of year	(138,260)	99,350	(38,910)	(153,368)	65,000	(88,368)
Net assets, end of year	\$ (119,418)	\$ 111,376	\$ (8,042)	\$ (138,260)	\$ 99,350	\$ (38,910)

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

**FIRST RESPONDER CENTER FOR EXCELLENCE FOR REDUCING
OCCUPATIONAL ILLNESS, INJURIES AND DEATHS, INC.
(AN AFFILIATE OF THE NATIONAL FALLEN FIREFIGHTERS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019**

	<u>Program Services</u>	<u>NFFF Support</u>	<u>Program Development</u>	<u>Bids and Proposals</u>	<u>Marketing</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Board</u>	<u>Indirect Costs</u>	<u>Total</u>
Salaries	\$ 81,254	\$ 29,450	\$ 16,811	\$ 5,787	\$ 1,837	\$ 1,894	\$ 10,382	\$ 2,842	\$ 55,577	\$ 205,834
Employee benefits and taxes	13,869	5,971	3,404	1,050	374	433	1,803	572	11,014	38,490
Professional fees	93,231	-	19,250	-	10,800	423	-	-	7,839	131,543
Travel	145,112	52	1,198	-	-	3,647	-	1,935	3,097	155,041
Rent	17,582	-	-	-	-	-	-	-	-	17,582
Office supplies	72	-	-	-	6,634	5,051	-	43	1,656	13,456
Insurance	-	-	-	-	-	-	-	1,086	2,170	3,256
Communications	14,445	-	540	-	87	-	-	-	1,913	16,985
Member fees and subscriptions	10,657	-	46	-	-	450	-	-	1,211	12,364
Meetings	31	-	-	-	-	-	-	-	100	131
Repair and maintenance	-	-	-	-	-	-	-	-	2,761	2,761
Bank fees	23	-	-	-	-	343	20	-	249	635
Contributed goods and services	-	-	-	-	-	3,500	-	-	-	3,500
Other	1,506	-	-	-	-	307	-	-	149	1,962
Support services	-	82,715	-	-	-	-	-	-	(82,715)	-
Indirect allocation	4,622	-	-	-	-	-	-	-	(4,622)	-
Total	<u>\$ 382,404</u>	<u>\$ 118,188</u>	<u>\$ 41,249</u>	<u>\$ 6,837</u>	<u>\$ 19,732</u>	<u>\$ 16,048</u>	<u>\$ 12,205</u>	<u>\$ 6,478</u>	<u>\$ 399</u>	<u>\$ 603,540</u>

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STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018**

	<u>Program Services</u>	<u>Program Development</u>	<u>Bids and Proposals</u>	<u>Marketing</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Board</u>	<u>Indirect Costs</u>	<u>Lobbying (Grassroots)</u>	<u>Total</u>
Salaries	\$ 116,576	\$ 1,811	\$ 6,209	\$ 461	\$ 1,274	\$ 9,505	\$ -	\$ 40,860	\$ 1,361	\$ 178,057
Employee benefits and taxes	22,234	367	476	78	282	1,765	-	8,071	246	33,519
Professional fees	336,652	2,202	2,420	400	-	1,057	-	15,421	-	358,152
Travel	249,483	2,267	1,094	926	-	1,384	-	908	-	256,062
Rent	2,089	1,076	-	-	-	-	-	-	-	3,165
Office supplies	11,793	-	-	4,596	-	-	-	4,907	-	21,296
Insurance	-	-	-	-	-	-	1,061	1,104	-	2,165
Communications	2,254	-	-	250	-	-	-	1,403	-	3,907
Member fees and subscriptions	8,200	-	-	-	150	-	-	-	-	8,350
Meetings	308	-	-	-	-	43	-	102	-	453
Repair and maintenance	-	-	-	-	-	-	-	6,290	-	6,290
Bank fees	-	-	-	-	-	-	-	58	-	58
Other	4,604	-	-	-	400	-	-	1,096	-	6,100
Support services	-	-	-	-	-	-	-	22,808	-	22,808
Indirect allocation	<u>53,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,089)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 807,282</u>	<u>\$ 7,723</u>	<u>\$ 10,199</u>	<u>\$ 6,711</u>	<u>\$ 2,106</u>	<u>\$ 13,754</u>	<u>\$ 1,061</u>	<u>\$ 49,939</u>	<u>\$ 1,607</u>	<u>\$ 900,382</u>

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STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Cash receipts from grants and contributions	\$ 819,082	\$ 729,613
Cash receipts from royalties	-	81,454
Cash paid to suppliers	(752,680)	(388,867)
Cash paid to employees	<u>(244,324)</u>	<u>(211,576)</u>
Net cash (used) provided by operating activities	<u>(177,922)</u>	<u>210,624</u>
Cash flows from investing activities		
Purchases of investments	-	(50,288)
Redemptions of investments	<u>-</u>	<u>177</u>
Net cash used by investing activities	<u>-</u>	<u>(50,111)</u>
Net change in cash and cash equivalents	(177,922)	160,513
Cash and cash equivalents, beginning of year	<u>227,199</u>	<u>66,686</u>
Cash and cash equivalents, end of year	<u>\$ 49,277</u>	<u>\$ 227,199</u>

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**FIRST RESPONDER CENTER FOR EXCELLENCE FOR REDUCING
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NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018**

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 Center is organized under the laws of the state of Maryland. The Center is a controlled affiliate of the Foundation.

During 2017, the Center 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 the Foundation to the Center 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 of America 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
Years Ended December 31, 2019 and 2018**

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable is recorded at net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

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 2019 and 2018. The 2017 and 2018 tax year remain open for review for both federal and state purposes, and they have not been extended beyond the applicable statute of limitations.

Fair Value of Financial Instruments

The Center measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The Center uses valuation techniques consistent with the market, income and cost approaches to measure fair value. If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument in its entirety. Assessing the significance of the particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities.

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NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018**

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments (continued)

The standards emphasize that fair value is a market-based measurement determined based on the assumptions that market participants would use in pricing the asset or liability. The standard establishes a fair value hierarchy that distinguishes between market participant assumptions based on sources of market data that are independent from the reporting entity (observable inputs are classified as Level 1 and 2 of the hierarchy) or on the reporting entity's own assumptions about market participant assumptions (unobservable inputs are classified as Level 3 of the hierarchy). The determination of fair value is based on the level inputs described below:

- Level 1 inputs use unadjusted quoted prices in active markets for identical assets or liabilities and that are accessible as of the measurement date.
- Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the assets or liabilities;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as the investments do not trade in an active market.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Assessing the significance of the particular input to the fair value measurement in its entirety requires judgment, and the consideration of factors specific to the assets or liabilities.

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NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018**

2. Summary of Significant Accounting Policies (continued)

Net Assets

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

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. The Center's board may designate assets without restrictions for specific operational purposes from time to time.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue Recognition

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Grants

Grants with donor restrictions are recognized as support without restriction only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018**

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grants (continued)

Conditional grants – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Special Events Revenue

Event registration and sponsorship fees are collected by the Foundation in exchange for providing professional development and training opportunities through conferences and workshops and other miscellaneous activities for the benefit of the first responders community.

These fees are recognized as revenue once the conferences, workshops, and other performance obligations take place. Income received in advance for these fees is deferred to the period to which the fees relate.

Cost-Reimbursable Awards

A portion of the Center's revenue is derived from a cost-reimbursable awards, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. For the years ended December 31, 2019 and 2018, \$56,869 and \$707,356, respectively, was recognized as revenue and included with contributions, gifts and grants on the statement of activities.

Contributed Goods and Services

Contributed property and equipment is recorded at fair value at the date of the contribution. If donors stipulate the use of the assets, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restrictions. As of December 31, 2019 and 2018, the value the Center placed on contributed goods and services was \$3,500 and \$0, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018**

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Measure of Operations

The statements of activities report changes in net assets from operating and nonoperating activities. Operating activities consist of the Center's mission-related programs and the associated supporting functions but exclude returns from investment, which are considered as non-operating activities. The Center had no other non-operating activities during the years ended December 31, 2019 and 2018.

New Accounting Pronouncements - Adopted

In 2019, the Center adopted Accounting Standards Update, (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 Center has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. The purpose of the ASU is to address long-standing diversity in practice and the difficulties in determining whether grants and similar contracts are exchange transactions or contributions. In addition, the ASU addresses the evaluation of whether a contribution is conditional or unconditional, which affects the timing of revenue recognition. Finally, the ASU addresses the issue of when a contribution is restricted.

Analysis of various provisions of these standards resulted in no significant changes in the manner the Association recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

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NOTES TO THE FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018**

2. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements – Future Periods

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 Center beginning January 1, 2022.

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

Subsequent Events

Management has evaluated subsequent events through September 8, 2020, the date that the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact net income and future operations. The Center is closely monitoring its operations, liquidity, and net assets and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the Center’s financial position is not known.

3. Grants and Contributions Receivable

Grants and contributions receivable at December 31, 2019 and 2018, consists of the following:

	<u>2019</u>	<u>2018</u>
Department of Homeland Security	\$ 18,832	\$ 171,935
Contributions	30,000	74,456
Other	1,244	-
	<u>50,076</u>	<u>246,391</u>
Total grants and contributions receivable	<u>\$ 50,076</u>	<u>\$ 246,391</u>

Contributions receivable includes donor restricted and unrestricted amounts that will be collected in 2020.

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4. Availability and Liquidity of Financial Assets

The following reflects the Center's financial assets at December 31, 2019 and 2018, reduced by amounts not available for general use within one year of the statement of financial position date because of donor imposed restrictions.

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 49,227	\$ 227,199
Investments	56,921	48,780
Grants and contributions receivable	<u>50,076</u>	<u>246,391</u>
Total financial assets	156,224	522,370
Net assets with donor restriction	<u>(111,874)</u>	<u>(99,350)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 44,350</u>	<u>\$ 423,020</u>

The Center's goal is generally to maintain financial assets to meet one year of operating expenses.

5. Investments

The following table presents the Center's fair value hierarchy for assets measured at fair value on a recurring basis as of December 31, 2019 and 2018:

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$10,245	\$ -	\$ -	\$10,245
Diversified bond exchange traded fund	22,433	-	-	22,433
Large blend equity exchange traded fund	<u>24,243</u>	<u>-</u>	<u>-</u>	<u>24,243</u>
Total investments	<u>\$56,921</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$56,921</u>
<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$10,032	\$ -	\$ -	\$10,032
Diversified bond exchange traded fund	19,877	-	-	19,877
Large blend equity exchange traded fund	<u>18,871</u>	<u>-</u>	<u>-</u>	<u>18,871</u>
Total investments	<u>\$48,780</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$48,780</u>

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5. Investments (continued)

Investments are reported at fair value and are classified as available for sale. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is recognized in the statements of activities as an increase in net assets without donor restrictions, unless restricted by donor or law. The investment portfolio generated returns as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends		
Net unrealized gain (loss)	\$ 8,639	\$ (1,045)
Expenses	<u>(498)</u>	<u>(177)</u>
Investment return, net	<u>\$ 8,141</u>	<u>\$ (1,222)</u>

These investments are subject to credit, market and interest rate risks that cannot be predicted at this time. However, management has attempted to mitigate these risks by maintaining a diversified portfolio.

6. Net Assets with Donor Restrictions

At December 31, 2019 and 2018, net assets with donor restrictions were restricted for the following purposes:

	<u>2019</u>	<u>2018</u>
Purpose restrictions		
Cancer Programs	\$ 46,218	\$ 49,350
Apgar Endowment	8,141	-
Program Development	<u>7,515</u>	<u>-</u>
	61,874	49,350
Endowment Fund - First Responder Fitness	<u>50,000</u>	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 111,874</u>	<u>\$ 99,350</u>

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6. Net Assets with Donor Restrictions (continued)

The following net assets with donor restrictions were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors, or the passage of time during the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Purpose and time:		
Fire Act	\$ 56,869	\$ 737,894
Behavioral Health Programs	55,250	-
Cancer Programs	53,132	11,250
Other	2,983	-
	<u>\$ 168,234</u>	<u>\$ 749,144</u>

7. 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 net assets with donor restrictions of \$50,000 at December 31, 2019 and 2018. 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.

8. Affiliated Organization

The Center is affiliated with National Fallen Firefighters Foundation (the Foundation). During 2019 and 2018, the Center received administrative and other supporting services from the Foundation. For the years ended December 31, 2019 and 2018, the Foundation provided services of \$153,596 and \$466,524, respectively. The Center has recorded a payable to the Foundation for the value of these services.

9. Management Evaluation

At December 31, 2019 and 2018, the Center has an unrestricted net deficits of \$119,418 and \$138,260. The deficit is primarily the result of costs incurred to establish the organization and the related infrastructure. In addition, as noted in Note 8, the Foundation has provided substantial support to the Center. Management and the Board of Directors is actively pursuing new sources of contributions without donor restrictions to establish and maintain autonomous operations.

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	Public						
	Fire Act	Safety Outreach	Trade Shows	Cancer Programs	Behavioral Health	Other FRCE Programs	Total Programs
Salaries	\$ 20,858	\$ 19,139	\$ 12,209	\$ 7,069	\$ 20,243	\$ 1,736	\$ 81,254
Employee benefits and taxes	3,870	3,391	2,206	1,216	3,001	185	13,869
Professional fees	31,388	1,040	1,688	21,424	37,691	-	93,231
Travel	-	2,802	20,896	24,562	96,852	-	145,112
Rent	-	-	3,518	-	14,064	-	17,582
Office supplies	-	48	-	24	-	-	72
Insurance	-	-	-	-	-	-	-
Communications	-	-	3,204	-	11,241	-	14,445
Member fees and subscriptions	-	-	7,528	744	2,385	-	10,657
Meetings	-	31	-	-	-	-	31
Repair and maintenance	-	-	-	-	-	-	-
Bank fees	-	-	-	-	23	-	23
Contributed goods and services	-	-	-	-	-	-	-
Other	-	-	93	142	851	420	1,506
Support services	-	-	-	-	-	-	-
Indirect allocation	4,622	-	-	-	-	-	4,622
Total	\$ 60,738	\$ 26,451	\$ 51,342	\$ 55,181	\$ 186,351	\$ 2,341	\$ 382,404

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Year Ended December 31, 2019**

	NFFF Support	Program Development	Bids and Proposals	Marketing	Fundraising	Management and General	Board	Indirect Costs	Total
Salaries	\$ 29,450	\$ 16,811	\$ 5,787	\$ 1,837	\$ 1,894	\$ 10,382	\$ 2,842	\$ 55,577	\$ 205,834
Employee benefits and taxes	5,971	3,404	1,050	374	433	1,803	572	11,014	38,490
Professional fees	-	19,250	-	10,800	423	-	-	7,839	131,543
Travel	52	1,198	-	-	3,647	-	1,935	3,097	155,041
Rent	-	-	-	-	-	-	-	-	17,582
Office supplies	-	-	-	6,634	5,051	-	43	1,656	13,456
Insurance	-	-	-	-	-	-	1,086	2,170	3,256
Communications	-	540	-	87	-	-	-	1,913	16,985
Member fees and subscriptions	-	46	-	-	450	-	-	1,211	12,364
Meetings	-	-	-	-	-	-	-	100	131
Repair and maintenance	-	-	-	-	-	-	-	2,761	2,761
Bank fees	-	-	-	-	343	20	-	249	635
Contributed goods and services	-	-	-	-	3,500	-	-	-	3,500
Other	-	-	-	-	307	-	-	149	1,962
Support services	82,715	-	-	-	-	-	-	(82,715)	-
Indirect allocation	-	-	-	-	-	-	-	(4,622)	-
Total	\$ 118,188	\$ 41,249	\$ 6,837	\$ 19,732	\$ 16,048	\$ 12,205	\$ 6,478	\$ 399	\$ 603,540

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	Cancer Tool Box	Fire Act	Trade Shows	Public Safety Outreach	Other	Total Program Costs	Program Development	Bids and Proposals	Marketing	Fundraising	Management and General Board	Indirect Costs	Lobbying (Grassroots)	Total	
Salaries	\$ -	\$ 100,503	\$ 6,280	\$ 9,793	\$ -	116,576	\$ 1,811	\$ 6,209	\$ 461	\$ 1,274	\$ 9,505	\$ -	\$ 40,860	1,361	\$ 294,633
Employee benefits and taxes	-	19,234	1,156	1,844	-	22,234	367	476	78	282	1,765	-	8,071	246	55,753
Professional fees	11,250	321,132	3,310	960	-	336,652	2,202	2,420	400	-	1,057	-	15,421	-	683,554
Travel	-	236,992	11,177	1,314	-	249,483	2,267	1,094	926	-	1,384	-	908	-	505,545
Rent	-	268	1,821	-	-	2,089	1,076	-	-	-	-	-	-	-	5,254
Office supplies	-	11,793	-	-	-	11,793	-	-	4,596	-	-	-	4,907	-	33,089
Insurance	-	-	-	-	-	-	-	-	-	-	-	1,061	1,104	-	2,165
Communications	-	1,430	824	-	-	2,254	-	-	250	-	-	-	1,403	-	6,161
Member fees and subscriptions	-	-	8,200	-	-	8,200	-	-	-	150	-	-	-	-	16,550
Meetings	-	308	-	-	-	308	-	-	-	-	43	-	102	-	761
Repair and maintenance	-	-	-	-	-	-	-	-	-	-	-	-	6,290	-	6,290
Bank fees	-	-	-	-	-	-	-	-	-	-	-	-	58	-	58
Other	-	402	-	-	4,202	4,604	-	-	-	400	-	-	1,096	-	10,704
Support services	-	-	-	-	-	-	-	-	-	-	-	-	22,808	-	22,808
Indirect allocation	-	53,089	-	-	-	53,089	-	-	-	-	-	-	(53,089)	-	53,089
Total	\$ 11,250	\$ 745,151	\$ 32,768	\$ 13,911	\$ 4,202	\$ 807,282	\$ 7,723	\$ 10,199	\$ 6,711	\$ 2,106	\$ 13,754	\$ 1,061	\$ 49,939	\$ 1,607	\$ 1,696,414