



NATIONAL FALLEN FIREFIGHTERS FOUNDATION

FINANCIAL STATEMENTS AND REPORTS
REQUIRED BY THE UNIFORM GUIDANCE

DECEMBER 31, 2022






NATIONAL FALLEN FIREFIGHTERS FOUNDATION

FINANCIAL STATEMENTS AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE

YEAR ENDED DECEMBER 31, 2022

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7501 WISCONSIN AVENUE | SUITE 1200 WEST
BETHESDA, MD 20814
T: 202.331.9880 | F: 202.331.9890

INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Fallen Firefighters Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of National Fallen Firefighters Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

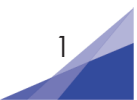
In our opinion, the financial statements present fairly, in all material respects, the financial position of National Fallen Firefighters Foundation as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the National Fallen Firefighters Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.






In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the National Fallen Firefighters Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Fallen Firefighters Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the National Fallen Firefighters Foundation's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended December 31, 2022, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 2022 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 2022 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023 on our consideration of the National Fallen Firefighters Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the National Fallen Firefighters Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the National Fallen Firefighters Foundation's internal control over financial reporting and compliance.

Calibre CPA Group, PLLC

Bethesda, MD
September 25, 2023

NATIONAL FALLEN FIREFIGHTERS FOUNDATION

STATEMENTS OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 584,309	\$ 1,236,030
Grants and contributions receivable	1,261,430	791,098
Prepaid expenses and other receivables	135,509	198,507
Right of use - operating lease	171,277	-
Right of use - finance leases	15,207	-
Total current assets	<u>2,167,732</u>	<u>2,225,635</u>
Investments	<u>8,857,903</u>	<u>11,000,099</u>
Property and equipment		
Walk of honor	250,690	250,690
Memorial park	1,440,137	1,421,166
Memorial chapel	1,105,987	1,105,987
Furniture and equipment	<u>165,664</u>	<u>165,664</u>
	2,962,478	2,943,507
Less: accumulated depreciation	<u>(1,789,234)</u>	<u>(1,697,943)</u>
Net property and equipment	<u>1,173,244</u>	<u>1,245,564</u>
Right-of-use - finance leases, net of current portion	<u>49,390</u>	<u>-</u>
Total assets	<u>\$ 12,248,269</u>	<u>\$ 14,471,298</u>

NATIONAL FALLEN FIREFIGHTERS FOUNDATION

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 271,841	\$ 381,718
Accrued expenses	309,710	378,246
Deferred compensation liability	160,410	159,340
Lease liability - operating lease	174,398	-
Lease liability - finance leases	<u>15,948</u>	<u>-</u>
Total current liabilities	<u>932,307</u>	<u>919,304</u>
Lease liability - finance leases, net of current portion	<u>51,675</u>	<u>-</u>
Total liabilities	<u>983,982</u>	<u>919,304</u>
Net assets		
Without donor restrictions		
Operating	7,106,334	8,940,519
Net investment in property and equipment	<u>1,173,244</u>	<u>1,245,564</u>
Total net assets without donor restrictions	<u>8,279,578</u>	<u>10,186,083</u>
With donor restrictions		
Temporary restrictions	2,959,709	3,340,911
Perpetual restrictions	<u>25,000</u>	<u>25,000</u>
Total net assets with donor restrictions	<u>2,984,709</u>	<u>3,365,911</u>
Total net assets	<u>11,264,287</u>	<u>13,551,994</u>
Total liabilities and net assets	<u>\$ 12,248,269</u>	<u>\$ 14,471,298</u>

NATIONAL FALLEN FIREFIGHTERS FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without	With Donor Restrictions			Total
	Donor Restrictions	Temporary	Perpetual	Total	
Support and revenue					
Contributions and grants					
Grants	\$ -	\$ 4,640,968	\$ -	\$ 4,640,968	\$ 4,640,968
Contributions	2,091,574	1,080,745	-	1,080,745	3,172,319
Contributed nonfinancial assets	388,081	-	-	-	388,081
Event sponsors and registrations	1,078,716	-	-	-	1,078,716
Other income (loss)	503,312	(157,125)	-	(157,125)	346,187
Net assets released from restrictions	<u>5,862,792</u>	<u>(5,862,792)</u>	<u>-</u>	<u>(5,862,792)</u>	<u>-</u>
Total support and revenue	<u>9,924,475</u>	<u>(298,204)</u>	<u>-</u>	<u>(298,204)</u>	<u>9,626,271</u>
Expenses					
Program services					
Fire service	1,788,300	-	-	-	1,788,300
Family programs	2,123,720	-	-	-	2,123,720
Events	967,319	-	-	-	967,319
Memorial weekend	981,941	-	-	-	981,941
Scholarships	481,105	-	-	-	481,105
Fire services outreach	897,282	-	-	-	897,282
Foundation education	444,297	-	-	-	444,297
Other programs	<u>1,215,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,215,971</u>
Total program services	<u>8,899,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,899,935</u>
Supporting services					
Management and general	620,117	-	-	-	620,117
Bids and proposals	19,027	-	-	-	19,027
Fundraising	<u>751,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>751,236</u>
Total supporting services	<u>1,390,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,390,380</u>
Total expenses	<u>10,290,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,290,315</u>
Change in net assets from operations	(365,840)	(298,204)	-	(298,204)	(664,044)
Net investment return	<u>(1,540,665)</u>	<u>(82,998)</u>	<u>-</u>	<u>(82,998)</u>	<u>(1,623,663)</u>
Change in net assets	(1,906,505)	(381,202)	-	(381,202)	(2,287,707)
Net assets					
Beginning of year	<u>10,186,083</u>	<u>3,340,911</u>	<u>25,000</u>	<u>3,365,911</u>	<u>13,551,994</u>
End of year	<u>\$ 8,279,578</u>	<u>\$ 2,959,709</u>	<u>\$ 25,000</u>	<u>\$ 2,984,709</u>	<u>\$ 11,264,287</u>

NATIONAL FALLEN FIREFIGHTERS FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions			Total
		Temporary	Perpetual	Total	
Support and revenue					
Contributions and grants					
Grants	\$ -	\$ 3,864,636	\$ -	\$ 3,864,636	\$ 3,864,636
Contributions	2,700,188	1,263,704	-	1,263,704	3,963,892
Contributed nonfinancial assets	193,487	-	-	-	193,487
Event sponsors and registrations	811,427	-	-	-	811,427
Other income	392,069	186,671	-	186,671	578,740
Net assets released from restrictions	<u>5,269,245</u>	<u>(5,269,245)</u>	<u>-</u>	<u>(5,269,245)</u>	<u>-</u>
Total support and revenue	<u>9,366,416</u>	<u>45,766</u>	<u>-</u>	<u>45,766</u>	<u>9,412,182</u>
Expenses					
Program services					
Fire service	1,051,302	-	-	-	1,051,302
Family programs	1,878,537	-	-	-	1,878,537
Events	932,685	-	-	-	932,685
Memorial weekend	1,061,819	-	-	-	1,061,819
Scholarships	477,913	-	-	-	477,913
Fire services outreach	581,011	-	-	-	581,011
Foundation education	403,027	-	-	-	403,027
Other programs	<u>1,117,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,117,838</u>
Total program services	<u>7,504,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,504,132</u>
Supporting services					
Management and general	787,132	-	-	-	787,132
Bids and proposals	23,319	-	-	-	23,319
Fundraising	<u>626,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>626,417</u>
Total supporting services	<u>1,436,868</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,436,868</u>
Total expenses	<u>8,941,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,941,000</u>
Change in net assets from operations	425,416	45,766	-	45,766	471,182
Net investment return	<u>643,657</u>	<u>48,783</u>	<u>-</u>	<u>48,783</u>	<u>692,440</u>
Change in net assets	1,069,073	94,549	-	94,549	1,163,622
Net assets					
Beginning of year	<u>9,117,010</u>	<u>3,246,362</u>	<u>25,000</u>	<u>3,271,362</u>	<u>12,388,372</u>
End of year	<u>\$ 10,186,083</u>	<u>\$ 3,340,911</u>	<u>\$ 25,000</u>	<u>\$ 3,365,911</u>	<u>\$ 13,551,994</u>

NATIONAL FALLEN FIREFIGHTERS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services								Supporting Services			2022 Total
	Fire Service	Family Programs	Events	Memorial Weekend	Scholarships	Fire Services Outreach	Foundation Education	Other Programs	Management and General	Bids and Proposals	Fundraising	
Salaries	\$ 147,971	\$ 454,793	\$ 114,660	\$ 124,634	\$ 19,479	\$ 116,263	\$ 110,232	\$ 163,659	\$ 841,963	\$ 4,196	\$ 365,127	\$ 2,462,977
Payroll taxes and employee benefits	27,975	87,617	22,619	22,290	3,865	20,224	22,065	30,171	163,401	817	73,496	474,540
Cost of goods sold	-	-	-	-	-	-	-	109,573	-	-	-	109,573
Depreciation	-	-	-	-	-	-	-	91,292	-	-	-	91,292
Professional fees	776,207	537,240	159,390	391,052	9,580	252,418	226,495	198,800	353,055	12,065	42,152	2,958,454
Travel	567,834	706,659	36,875	260,833	5,253	78,677	3,698	70,753	44,076	128	64,167	1,838,953
Rent	-	11,987	-	-	-	18,522	-	5,601	170,531	-	-	206,641
Office supplies	77,663	14,202	237,474	38,800	-	52,682	3,166	19,848	20,779	-	23,359	487,973
Insurance	-	-	13,161	-	-	131	-	478	15,770	-	(5,913)	23,627
Printing, postage and communication	9,907	77,205	1,966	2,607	600	6,333	503	4,804	45,801	-	5,591	155,317
Scholarships	-	-	-	-	429,334	188,564	-	197,538	-	-	-	815,436
Contributed nonfinancial assets	-	-	186,813	26,674	-	17,250	-	132,343	-	-	25,001	388,081
Member fees and subscriptions	12,193	6,321	1,483	10,649	3,966	11,451	1,171	2,135	15,145	-	14,603	79,117
Meetings	500	3,000	-	823	-	18,840	-	29	1,793	-	149	25,134
Repairs and maintenance	5,113	6,400	-	-	-	-	-	-	5,679	-	7,348	24,540
Bank fees	904	351	64,047	138	482	5,942	-	938	7,556	-	9,953	90,311
Other	-	-	556	538	-	1,143	400	38,546	11,561	-	5,605	58,349
Indirect cost allocation	162,033	217,945	128,275	102,903	8,546	108,842	76,567	149,463	(1,076,993)	1,821	120,598	-
	<u>\$ 1,788,300</u>	<u>\$ 2,123,720</u>	<u>\$ 967,319</u>	<u>\$ 981,941</u>	<u>\$ 481,105</u>	<u>\$ 897,282</u>	<u>\$ 444,297</u>	<u>\$ 1,215,971</u>	<u>\$ 620,117</u>	<u>\$ 19,027</u>	<u>\$ 751,236</u>	<u>\$ 10,290,315</u>

See accompanying notes to financial statements.

NATIONAL FALLEN FIREFIGHTERS FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services								Supporting Services			2021 Total
	Fire Service	Family Programs	Events	Memorial Weekend	Scholarships	Fire Services Outreach	Foundation Education	Other Programs	Management and General	Bids and Proposals	Fundraising	
Salaries	\$ 112,242	\$ 436,146	\$ 104,402	\$ 141,587	\$ 19,159	\$ 73,034	\$ 159,188	\$ 140,595	\$ 756,310	\$ 4,575	\$ 335,191	\$ 2,282,429
Payroll taxes and employee benefits	21,698	88,192	18,625	28,537	4,792	18,313	29,618	26,989	148,400	996	72,522	458,682
Cost of goods sold	-	-	-	-	-	-	-	109,945	-	-	-	109,945
Depreciation	-	-	-	-	-	-	-	93,446	-	-	-	93,446
Professional fees	658,026	784,037	200,029	419,491	1,920	217,041	168,560	52,441	213,146	15,403	40,855	2,770,949
Travel	154,832	335,719	36,253	257,146	40	39,819	1,055	16,725	31,560	-	43,250	916,399
Rent	-	-	7,500	-	-	17,884	-	3,398	167,775	-	-	196,557
Office supplies	7,793	8,882	274,926	46,970	55	46,208	905	17,804	21,006	-	15,248	439,797
Insurance	-	-	13,632	2,153	-	250	-	-	14,457	-	-	30,492
Printing, postage and communication	1,815	60,959	6,584	2,568	38	4,995	278	1,839	40,349	-	3,111	122,536
Scholarships	-	-	-	-	447,064	101,500	-	579,898	-	-	-	1,128,462
Contributed goods and services	-	-	95,684	71,710	-	-	-	9,305	-	-	16,789	193,488
Member fees and subscriptions	3,573	1,951	1,254	8,677	-	15,202	1,800	86	10,827	-	14,686	58,056
Meetings	-	-	-	503	1,041	62	-	1,526	1,231	-	-	4,363
Repairs and maintenance	-	6,400	-	-	-	-	-	-	-	-	6,400	12,800
Bank fees	289	366	77,730	113	389	69	-	4,216	2,067	-	14,100	99,339
Other	-	-	3,771	577	-	-	1,213	5,984	9,940	-	1,775	23,260
Indirect cost allocation	91,034	155,885	92,295	81,787	3,415	46,634	40,410	53,641	(629,936)	2,345	62,490	-
	<u>\$ 1,051,302</u>	<u>\$ 1,878,537</u>	<u>\$ 932,685</u>	<u>\$ 1,061,819</u>	<u>\$ 477,913</u>	<u>\$ 581,011</u>	<u>\$ 403,027</u>	<u>\$ 1,117,838</u>	<u>\$ 787,132</u>	<u>\$ 23,319</u>	<u>\$ 626,417</u>	<u>\$ 8,941,000</u>

See accompanying notes financial statements



NATIONAL FALLEN FIREFIGHTERS FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Grants and contributions received	\$ 7,342,970	\$ 7,850,847
Investment income received	(2,018,775)	59,434
Other operating receipts	1,424,903	1,727,494
Payments to vendors, suppliers and employees	<u>(9,972,268)</u>	<u>(8,387,554)</u>
Net cash provided by (used for) operating activities	<u>(3,223,170)</u>	<u>1,250,221</u>
Cash flows from investing activities		
Purchases of investments	(248,497)	(3,689,179)
Proceeds from sales of investments	2,838,917	2,838,917
Purchases of property and equipment	<u>(18,971)</u>	<u>(25,888)</u>
Net cash provided by (used for) investing activities	<u>2,571,449</u>	<u>(876,150)</u>
Net change in cash and cash equivalents	(651,721)	374,071
Cash and cash equivalents		
Beginning of year	<u>1,236,030</u>	<u>861,959</u>
End of year	<u>\$ 584,309</u>	<u>\$ 1,236,030</u>

See accompanying notes to financial statements.



NATIONAL FALLEN FIREFIGHTERS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1. ORGANIZATION AND TAX STATUS

The National Fallen Firefighters Foundation (the Foundation) was incorporated in Maryland on August 23, 1993, in accordance with Public Law 102-522, as amended. The Foundation's multi-faceted purpose encompasses honoring fallen firefighters, supporting their families and colleagues, and working within the fire service community to raise fire/life safety awareness and prevent future loss. The tasks within this overall mission to honor and remember the fallen include:

- Encouraging, accepting, and administering private gifts of property for the benefit of the National Fallen Firefighters Memorial and the associated annual Memorial Service;
- Planning, directing, and managing the National Fallen Firefighters Memorial Service and related activities in coordination with the federal government, fire service organizations, and fire hero families of fallen firefighters;
- Providing financial assistance to families of fallen firefighters for transportation to and lodging during the annual Memorial Service;
- Assisting federal, state, and local efforts to recognize firefighters who die in the line of duty;
- Providing scholarships and other financial assistance for education and job training for the spouses, life partners, children, and stepchildren of fallen firefighters;
- Promoting national, state, and local initiatives to increase public fire and life safety awareness; and
- Providing a national program to assist families and fire departments of fallen firefighters in dealing with line-of-duty deaths of those firefighters.

To accomplish these goals, the Foundation undertakes a range of programs and outreach, all of which serve to fulfill the mission to honor, support, and prevent. The following are examples of these initiatives.



NOTE 1. ORGANIZATION AND TAX STATUS (CONTINUED)

Memorial Weekend - National Fallen Firefighters Memorial Weekend is held annually at the National Fire Academy in Emmitsburg, Maryland to pay tribute to all firefighters who died in the line of duty during the previous year. The weekend features special services for families of fallen firefighters ("Fire Hero Families") and for colleagues/coworkers of the fallen along with public ceremonies taking place in Memorial Park.

Memorial Park - The Foundation maintains National Memorial Park, which contains the National Fallen Firefighters Memorial and features the brick Walk of Honor®. These engraved bricks connect the Memorial to the historic Fallen Firefighters Memorial Chapel and the 9/11 Memorial: *To Lift a Nation* Sculpture. The Walk of Honor® includes the names of American fallen firefighters dating back to the 1800s, making it the one place where every known firefighter who died in the line of duty is remembered.

Family Support - The Foundation creates and implements a variety of programs and services designed to support Fire Hero Families. Some examples of these include:

- *NFFF Scholarship Program*: Assistance for education and job training costs of spouses, life partners, children, and stepchildren of fallen firefighters.
- *Conferences, Retreats, and Camps*: Targeted gatherings and retreats designed either for the broader Fire Hero Family community (such as the Winter Retreat or Wellness Conference) or for specific demographic groups. This includes special retreats for spouses/life partners; adult men; and young adults (ages 18-25). There are also two age levels of "Kids Camps" for younger children/stepchildren of the fallen. As part of the effort to support fire hero families, the Foundation also provides resources for grieving.
- *Fire Hero Family Network*: This support network of volunteer fire hero families provides outreach to other families of similar circumstances through peer support, Remembrance Cards, and serving as family escorts during Memorial Weekend.

Fire Service Support - The Foundation supports the colleagues/coworkers of the fallen while also working within the fire service community throughout the United States to educate and prevent firefighter death and injury. Some examples of the Foundation's fire service programs include:

- *Line-of-Duty Death Prevention Programs*: There are several integrated initiatives to reduce firefighter deaths by providing training and sponsoring related research such as the Truman Fire Forum and the National Firefighter Life Safety Summit. Targeted programming initiatives include the "Everyone Goes Home" program based upon the firefighter life safety initiatives; the online Vulnerability Assessment Program to help identify potential risk issues; the Fire Hero Learning Network, with customized safety training courses for various members of the fire department, and the "Be a Hero, Save a Hero" community risk reduction program.



NOTE 1. ORGANIZATION AND TAX STATUS (CONTINUED)

- *Fire Department Support After Loss*: The Foundation's programs to aid colleagues of the fallen include *Local Assistance State Teams (LAST)*, which offers trained responders in each state who deploy immediately upon notification of a line-of-duty death; the *Uniformed Officer Peer Support Network* that connects incident commanders, fire chiefs, and company officers who recently experienced a line-of-duty death with a trained peer who previously lost a firefighter under their command; and the *Multiple Fatality Incident Program* that provides ongoing support services to benefit the families and coworkers after incidents with a higher number of fatalities such as New York City; West, Texas; and Yarnell Hill, Arizona.

The Foundation is exempt from Federal and Maryland income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization. The Foundation is, however, subject to tax on net profits generated by activities defined as unrelated business activities under applicable tax law. For the year ended December 31, 2022, such activities did not give rise to a significant tax liability. The Foundation's tax and information returns for the years ended December 31, 2019 through 2021 are subject to examination by the Internal Revenue Service (IRS) and the State of Maryland, generally for three years after they were filed.

The Foundation created the First Responder Center for Excellence for Reducing Occupational Illness, Injuries and Deaths, Inc. (the Center or FRCE) 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 Foundation's financial statements are also consolidated with those of the Center, and those consolidated financial statements are considered the basic financial statements of the Foundation. The stand-alone financial statements of the Foundation are presented for the purposes of additional analysis and for compliance with Federal laws and regulations related to the Foundation's administration of its federal award agreements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting - The Foundation's financial statements are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents - Cash consists of monies held in demand deposit and money market accounts, unless designated for long-term purposes. Cash equivalents are all highly liquid, short-term investments with initial maturities of three months or less when purchased, and are stated at cost which approximates market value.

Contributions and Accounts Receivable - Accounts receivable consists of amounts due from customers for which the Foundation has an unconditional right to receive payment and are carried at the amount management expects to be collected. Contributions receivable consist of unconditional promises received from donors. Management determines the allowance for doubtful accounts by regularly evaluating individual customer and donor receivables and considering their financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Interest is not recorded on any past due balances. As of December 31, 2022 and 2021, there was no allowance considered necessary.

Investments - Investments consist of amounts held in money market accounts and short-term investment funds and amounts invested in fixed income, equities, and mutual/exchange-traded funds, which are carried at fair value, generally as determined by published market prices. Income earned is derived from interest, dividends, and changes in fair value. Unrealized gains (losses) resulting from increases (decreases) in fair value of securities held as well as the net realized gains (losses) arising from sales of securities are included in investment income. Investment income is reported in the statement of activities net of all external and direct internal investment expenses.

Investment Risk - The Foundation maintains demand deposit with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portions of cash and money market accounts are backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Foundation. However, the Foundation has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Property and Equipment - Property and equipment are recorded at cost. Property and equipment with a cost of \$5,000 or greater and having an expected useful life of one year or longer are capitalized. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets or, where applicable, the terms of the respective capitalized lease agreements, whichever are shorter. Computer software and development costs are depreciated over a period of three years; furniture and equipment acquired under grant agreements are depreciated over the related grant term, generally 10 months to three years. The cost of property and equipment retired or disposed of is



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

removed from the accounts along with the related accumulated depreciation or amortization, and any gain or loss is reflected in income.

The Walk of Honor® and the Memorial Park were completed in October 2004, at which time they began to be depreciated on a straight-line basis over a period of 15 years. Chapel renovations were completed in September 2006, at which time these capitalized costs began to be depreciated on a straight-line basis over a period of 39 years.

The Walk of Honor®, Memorial Park and Chapel are located at the National Emergency Training Center campus, which is the property of the United States Government (see Note 11). The renovated Chapel houses the administrative headquarters of the Foundation, in addition to serving as the location for fire hero families to gather at the annual vigil during the Memorial Weekend.

Net Assets - Net assets are reported in two distinct classes as follows:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Foundation is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

Revenue Recognition - Revenue is derived from both exchange transactions and contribution transactions. Revenue from exchange transactions is recognized when control of promised goods or services is transferred to customers, in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those goods or services. All goods and services are transferred at a point in time. Payments are generally required in advance and are reported as deferred revenue until the related revenue is recognized, except for royalties, which are generally received after the period in which the related revenue is recognized. Unconditional contributions are recognized upon receipt of cash or other assets, or when a donor promises to transfer cash or other assets in the future. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions on which they depend have been substantially met.

Contributions - Contributions received are reported as increases in net assets without donor restrictions unless received with donor stipulations that require the assets be used for specific purposes or in specific time periods. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. 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 statements of activities as net assets released from restrictions.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Nonfinancial Assets - Donated services are recognized if they create or enhance a nonfinancial asset, or if the services require specialized skills, are provided by individuals possessing those skills, and would have to be purchased if they were not contributed to the Foundation. Contribution revenue is recognized at the fair value of the nonfinancial asset created or enhanced, or at the fair value of the donated services, whichever is applicable.

Grants and Similar Agreements - Most grant agreements are accounted for as contribution transactions. When an agreement includes both a barrier and either a right of return of assets to the resource provider or a right of release from obligation by the resource provider, the contribution is considered to be conditional. Amounts received under conditional transfers are reported as a liability (refundable advance) and recognized as contribution revenue only when the conditions are met. We also derive revenue from cost-reimbursable federal grants, contracts, and cooperative agreements, which are conditioned upon certain performance requirements, compliance with federal statutes, and the incurrence of allowable qualifying expenses. Those conditions are considered to have been met and revenue is recognized when we have incurred expenditures in compliance with specific grant or contract provisions.

Special Events Revenue - Most of the special events revenue is a result of the Foundation hosting golf tournaments and stair climbs throughout the United States. There are also some event registration and sponsorship fees 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. The fees are recognized as revenue once the golf tournaments, stair climbs, 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.

Royalties - The organization has licensed the use of its name, logo, and certain other intangible assets to third parties wishing to market products and services to our members and customers, in exchange for a royalty payment. Royalty revenue is generally based on underlying sales made by the licensee, calculated on a quarterly basis, and remitted to us within 90 days following the close of each calendar quarter.

Other Revenue - The Foundation engages in retail sales, sweepstakes and auctions, and royalty agreements for the purpose of generating cash flow to help support its operations. These sales revenues contain fees charged for shipping and handling and are recorded net of discounts. Retail sales and sweepstakes and auctions revenue are recorded at the point of sale.

Leases - In its statement of financial position, the Foundation records a right-of-use asset and lease liability, initially measured at the present value of total lease payments using a risk-free rate that approximates the remaining term of the lease. The Foundation considers the likelihood of exercising renewal or termination clauses (if any) in measuring its right-of-use assets and lease liabilities. A single lease cost calculated so that the cost of the lease is allocated over the lease term on straight-line basis. Short-term leases (those with an initial



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

term of twelve months or less and no purchase option) are expensed over their terms, with no corresponding right-of-use asset or lease liability recorded. The Foundation does not separate non-lease components (if any) from lease components in determining the lease payments for leases of office equipment.

Functional Allocation of Expenses - The costs of providing the various programs and other activities of the Foundation have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and fringe benefits are allocated based on employee time and effort. Common costs such as occupancy, depreciation and the like are allocated pro-rata based on total costs incurred.

Use of Estimates - The preparation of financial statements in conformity with U.S. 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.

New Accounting Pronouncements Adopted - During the year ended December 31, 2022, the Foundation adopted the provisions of Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). This guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. ASU 2016-02 requires lessees to report a right-of-use asset along with a lease liability. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842) – *Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Foundation adopted ASU 2016-02 and its related amendments as of January 1, 2022, which resulted in the recognition of operating and finance right of use asset totaling \$341,225 and \$80,936, as well as operating and finance lease liabilities totaling \$341,225 and \$80,936.

The foundation elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of January 1, 2022, without restating any prior-year amounts or disclosures. There was no cumulative effect adjustment to the opening balance of net assets required.

The Foundation elected the practical expedient package to not reassess at adoption 1) expired or existing contracts for whether they are or contain a lease; 2) the lease classification for any expired or existing leases; or 3) initial direct costs for any existing leases; and 4) risk-free interest rate. The Foundation also elected to apply the practical expedient to use hindsight in determining the lease term which in the year of implementation the Foundation has determined to be the remaining lease term.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the year ended December 31, 2022, the Foundation adopted the provisions of Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (the Update). The Update requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the consolidated statements of activities, apart from contributions of cash or other financial assets. The Update also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. The change in accounting principle resulting from ASU 2020-07 was adopted and applied retrospectively to each prior reporting period presented.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earnings with acceptable risk to investment principal.

The following table represents the Foundation's financial assets available to meet cash needs for general expenditures within one year of December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Total financial assets at end of year		
Cash and cash equivalents	\$ 584,309	\$ 1,236,030
Grants and contributions receivable	1,261,430	791,098
Accrued interest receivable	-	885
Investments	<u>8,857,903</u>	<u>11,000,099</u>
Total financial assets at end of year	10,703,642	13,028,112
Less: amounts unavailable for general expenditures		
Amounts held to fund deferred compensation	(160,410)	(159,340)
Amounts subject to donor restrictions	<u>(2,984,709)</u>	<u>(3,365,911)</u>
Total financial assets available for general expenditures within one year	<u>\$ 7,558,523</u>	<u>\$ 9,502,861</u>

NOTE 4. CONTRIBUTIONS, GRANTS, AND CONTRACTS RECEIVABLE

Grants, contracts, and unconditional promises receivable as of December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Department of Homeland Security	\$ 667,016	\$ 83,177
Department of Justice	345,934	473,497
Others	<u>248,480</u>	<u>234,424</u>
	<u>\$ 1,261,430</u>	<u>\$ 791,098</u>

Conditional promises receivable as of December 31, 2022 total approximately \$4,083,000, consisting of unexpended U.S. Government grant awards.

NOTE 5. INVESTMENTS

Investments consist of amounts held in cash and cash equivalents, debt securities, and mutual and exchange-traded funds. The fair values of investments as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Cash and money market funds	\$ 952,672	\$ 1,454,310
Corporate bonds	-	25,143
Mutual and exchange-traded funds		
Equities	5,341,382	6,174,093
Fixed income	<u>2,563,849</u>	<u>3,346,553</u>
	<u>\$ 8,857,903</u>	<u>\$ 11,000,099</u>
General Foundation investments	\$ 8,697,493	\$ 10,840,759
Investments held for deferred compensation	<u>160,410</u>	<u>159,340</u>
	<u>\$ 8,857,903</u>	<u>\$ 11,000,099</u>

NOTE 5. INVESTMENTS (CONTINUED)

Net investment return consisted of the following for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 444,466	\$ 297,328
Realized gains (loss)	(13,498)	335,995
Unrealized gains (loss)	(2,004,098)	112,229
Investment fees	<u>(50,533)</u>	<u>(53,112)</u>
	<u>\$ (1,623,663)</u>	<u>\$ 692,440</u>

NOTE 6. FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles related to fair value measurements establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as the Foundation would use in pricing the Foundation's assets or liabilities based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Foundation are traded.

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities.

Level 2 - Valuation based on quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3 - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use in estimating fair value.

All of the Foundation's financial investments were measured at fair value on a recurring basis as of December 31, 2022 and 2021 using Level 1 inputs, except for investments in fixed-income securities, for which the fair values were measured using Level 2 inputs. The fair values of short-term investment funds, mutual funds and exchange-traded funds were based on quoted market prices as of each December 31. The fair values of fixed-income securities were estimated based on yields and maturities of similar securities. There have been no changes to the valuation methodologies used at December 31, 2022 and 2021.

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

Inputs used to determine the fair values of investments measured on a recurring basis at December 31, 2022, by investment class, are as follows:

	Total at 12/31/22	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds	\$ 952,672	\$ 952,672	\$ -	\$ -
Corporate bonds	-	-	-	-
Mutual and exchange-traded funds				
Equities	5,341,382	5,341,382	-	-
Fixed income	<u>2,563,849</u>	<u>2,563,849</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,857,903</u>	<u>\$ 8,857,903</u>	<u>\$ -</u>	<u>\$ -</u>

Inputs used to determine the fair values of investments measured on a recurring basis at December 31, 2021, by investment class, are as follows:

	Total at 12/31/21	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds	\$ 1,454,310	\$ 1,454,310	\$ -	\$ -
Corporate bonds	25,143	-	25,143	-
Mutual and exchange-traded funds				
Equities	6,174,093	6,174,093	-	-
Fixed income	<u>3,346,553</u>	<u>3,346,553</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,000,099</u>	<u>\$ 10,974,956</u>	<u>\$ 25,143</u>	<u>\$ -</u>

NOTE 7. PAYCHECK PROTECTION PROGRAM LOANS

On April 21, 2020, the Foundation received a Paycheck Protection Program (PPP) loan in the amount of \$451,500, made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In January 2021, the Foundation received a second PPP loan in the amount of \$474,567. PPP loans and accrued interest are forgivable after a covered period (eight or 24 weeks), as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, primarily payroll, benefits, rent and utilities. Any unforgiven portion of a PPP loan is payable over two to five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

The Foundation initially recorded the notes payable as refundable advances and subsequently recognized contribution income related to the debt forgiveness in accordance with the guidance for recognizing conditional contributions. Because the Foundation shares staff with the First Responder Center for Excellence for Reducing



NOTE 7. PAYCHECK PROTECTION PROGRAM LOANS (CONTINUED)

Occupational Illness, Injuries and Deaths, Inc., a portion of each loan was allocated to the Center. Of the first PPP loan, \$13,596 loan was allocated to the Center. The remaining amount of the loan of \$437,904 was recognized as contribution revenue during the year ended December 31, 2020, and the loan was formally forgiven by the Small Business Administration on January 13, 2021. Of the second PPP loan, \$27,501 was allocated to the Center, and the remaining \$447,066 was recognized as contribution revenue during the year ended December 31, 2021. The second PPP loan was formally forgiven in January 2022.

NOTE 8. ENDOWMENT FUNDS

The Foundation has an endowment that consists of a fund to support the Hal Bruno Camp for Children of Fallen Firefighters. The endowment includes net assets with perpetual donor restrictions of \$25,000 as of December 31, 2022 and 2021, respectively. Net assets associated with the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

Investment returns are to be used for the Hal Bruno Camp for Children of Fallen Firefighters activities, as specified by the donor. The endowment fund is administered by an outside professional investment firm and resides in a co-mingled portfolio in order to maximize returns. Investment returns (loss) of \$(3,658) for the year ended December 31, 2022, were earned and appropriated for expenditure. The Foundation currently appropriates funds for the distribution of program support activities based upon the demand for these purposes and on the availability of funds during the particular year.

NOTE 9. RELATED PARTY TRANSACTIONS

The Foundation provides certain administrative support to the First Responder Center for Excellence for Reducing Occupational Illness, Injuries and Deaths, Inc. (the Center or FRCE), and the Center provides subcontract support to the Foundation. During the years ended December 31, 2022 and 2021, the Foundation provided administrative support in the total amounts of \$31,960 and \$172,222, respectively. As of December 31, 2021, the Foundation made a grant award to the Center in the amount of \$472,993 in lieu of requiring repayment of accumulated administrative support costs incurred through that date. The Foundation also provided the Center with unrestricted contributions of \$233,659 and \$6,905 during the years ended December 31, 2022 and 2021, respectively.

NOTE 10. NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS

The Foundation has net assets with temporary donor restrictions which are restricted for use in specific programmatic activities. A summary of the related net asset activity as of and for the year ended December 31, 2022 is as follows:

	12/31/21	Restricted Contributions and Investment Earnings	Net Assets Released	12/31/22
Alan Patrick Sondej Memorial Scholarship Fund	\$ 592,230	\$ 70,660	\$ 78,132	\$ 584,758
Other Scholarships	1,959,375	386,345	380,336	1,965,384
West, Texas	158,263	-	1,505	156,758
Memorial Weekend	267,929	233,943	501,872	-
Hal Bruno Camp for Children of Fallen Firefighters	100,013	14,429	542	113,900
Young Adults Retreat	44,877	800	-	45,677
Twisp River, WA	31,295	-	37	31,258
Fire Act	-	1,753,097	1,753,097	-
Yarnell, Arizona	11,781	-	1,031	10,750
Fire Hero Families Conference	14,478	-	-	14,478
Site Renovation/Chapel Renovation	-	86,518	86,518	-
Fire Service Outreach	25,000	69,004	65,004	29,000
U.S. Fire Academy	-	431,011	431,011	-
Community Risk Reduction	4,455	-	2,200	2,255
Department of Justice Grant Years 11/12	-	2,427,626	2,427,626	-
MUSC	1,802	-	1,802	-
Other	<u>129,413</u>	<u>8,157</u>	<u>132,079</u>	<u>5,491</u>
	<u>\$ 3,340,911</u>	<u>\$ 5,481,590</u>	<u>\$ 5,862,792</u>	<u>\$ 2,959,709</u>

NOTE 10. NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS (CONTINUED)

A summary of the related net asset activity as of and for the year ended December 31, 2021 is as follows:

	12/31/20	Restricted Contributions and Investment Earnings	Net Assets Released	12/31/21
Alan Patrick Sondej Memorial Scholarship Fund	\$ 566,378	\$ 46,695	\$ 20,843	\$ 592,230
Other Scholarships	1,659,681	733,586	433,892	1,959,375
West, Texas	273,833	-	115,570	158,263
Memorial Weekend	445,894	285,935	463,900	267,929
Hal Bruno Camp for Children of Fallen Firefighters	89,163	11,561	711	100,013
Young Adults Retreat	38,042	7,035	200	44,877
Twisp River, WA	31,295	-	-	31,295
Fire Act	-	1,065,968	1,065,968	-
Yarnell, Arizona	13,297	-	1,516	11,781
Fire Hero Families Conference	14,458	20	-	14,478
Site Renovation/Chapel Renovation	-	54,145	54,145	-
Fire Service Outreach	-	90,025	65,025	25,000
U.S. Fire Academy	-	430,552	430,552	-
Community Risk Reduction	10,000	-	5,545	4,455
Department of Justice Grant Years 11/12	-	2,006,132	2,006,132	-
Line-of-Duty Death Prevention	-	11,563	11,563	-
MUSC	71,744	-	69,942	1,802
Vulnerability Assessment	30,000	-	30,000	-
Paycheck Protection Program loan	-	447,066	447,066	-
Other	2,577	173,511	46,675	129,413
	<u>\$ 3,246,362</u>	<u>\$ 5,363,794</u>	<u>\$ 5,269,245</u>	<u>\$ 3,340,911</u>

NOTE 11. CONTRIBUTED NONFINANCIAL ASSETS

The Foundation's headquarters are located on the campus of the National Emergency Training Center in Emmitsburg, Maryland. The United States government provides the Foundation with this office space free of charge indefinitely. Given the remote location and uniqueness of the property, the value of this in-kind contribution cannot be readily determined. Management of the Foundation believes such amount, if determinable, would be immaterial to the financial statements of the Foundation. Thus, no amount has been reported in accompanying financial statements for the use of this facility. The Foundation records contributed goods and services received at their estimated fair value, except for volunteer hours received in administrative support and for program events, which do not meet the criteria for recognition in the financial statements.

NOTE 11. CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)

The fair value of goods received and recognized in the financial statements during the years ended December 31, 2022 and 2021 benefited the following:

	<u>2022</u>	<u>2021</u>
Supplies for firefighters	\$ 388,081	\$ 193,487
	<u>2022</u>	<u>2021</u>
Program services		
Events	\$ 186,813	\$ 95,684
Memorial Weekend	26,674	71,710
Foundation Education	17,250	-
Other programs	132,343	9,304
Supporting services		
Management and general	-	-
Fundraising	<u>25,001</u>	<u>16,789</u>
	<u>\$ 388,081</u>	<u>\$ 193,487</u>

Supplies: Contributed supplies are valued at fair market value at the time of donation. Supplies are recorded as in-kind contributions only if the program would have otherwise purchased the items. Donated supplies include firefighters' tools and other items and based on fair values in line with store industry standards in the Washington, D.C. metropolitan area. Donated supplies were recorded within most program and supporting service areas, with the highest amounts recorded within events for and other programs that support the Foundation's mission. Unless otherwise noted, contributed nonfinancial assets did not have any donor-imposed restrictions.

NOTE 12. PENSION PLANS

Defined Contribution Plan

The Foundation sponsors a qualified Internal Revenue Code Section 401(k) retirement plan that covers all employees, who are eligible six months after employment. The participants may make voluntary contributions up to the maximum amount allowable by the Internal Revenue Code. The Foundation matches 100% of employees' contributions up to a maximum of 3% of an employee's gross salary, plus 50% of employee contributions up to 5% of an employee's gross salary. Total Foundation contributions to the Plan for the year ended December 31, 2022 was \$66,362.

NOTE 12. PENSION PLANS (CONTINUED)

Deferred Compensation Plan

The Foundation has an employment agreement with its Executive Director that provides for a base salary, certain benefits and bonuses, and includes a supplemental retirement income benefit under IRC Section 457(b). During 2017, the Board approved an 8% annual contribution percentage to the 457(b) plan. The investment account remains a corporate asset subject to general creditor claims with the benefit payout limited to the value of the underlying assets. The investment is comprised of mutual funds and money market accounts. Total deferred compensation and earnings as of and for the years ended December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 159,340	\$ 121,215
Employer contributions	20,274	20,093
Net investment earnings (loss)	<u>(19,204)</u>	<u>18,032</u>
Balance at end of year	<u>\$ 160,410</u>	<u>\$ 159,340</u>

NOTE 13. LEASES

The Foundation has entered into various non-cancellable operating lease agreements for certain equipment and office space with initial lease terms in excess of one year. The leases contain renewal provisions, escalation clauses, and provisions for payment by the Foundation of certain insurance, taxes, utilities, and maintenance costs. Rental expense on all leases for the year ended December 31, 2022 and 2021 was \$206,641 and \$196,557, respectively.

The Foundation is obligated under a copier lease, which started in November 2021 and expire in January 2027. A right-of-use asset along with a lease liability is recognized for the period covered by the lease. For the years ended December 31, 2022 and 2021, the lease expense was \$14,267 and \$-0-, respectively.

The Foundation is obligated under a postage machine lease, which started in November 2022 and expire in January 2028. A right-of-use asset along with a lease liability is recognized for the period covered by the lease. For the years ended December 31, 2022 and 2021, the lease expenses was \$214 and \$-0-, respectively.

The Foundation recognized a right of use asset and a related lease liability equal to the net present value of the expected future minimum base rent payments, discounted at 0.78%. The discount rate is based on the risk-free discount at December 31, 2022. The total amount of the right of use asset and the lease liability recognized as of the lease commencement date was approximately \$341,000 for operating lease and \$81,000 for finance leases, consisting of the new present value of the future base monthly rent payments.

NOTE 13. LEASES (CONTINUED)

Future minimum lease payments required under operating and finance leases are as follows:

Year Ending December 31,	Operating lease	Copier Finance lease	Postage Finance lease
2023	\$ 175,136	\$ 15,564	\$ 1,282
2024	-	15,564	1,282
2025	-	15,564	1,282
2026	-	15,564	1,282
2027	-	1,297	1,389
Undiscounted future cash flows	175,136	63,553	6,517
Less: discount to present value with a rate of 0.78%, 1.37% and 4.27%	(738)	(1,779)	(668)
Total lease liability	<u>\$ 174,398</u>	<u>\$ 61,774</u>	<u>\$ 5,849</u>

Supplemental qualitative information related to operating lease is as follows:

Operating Leases	Year Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows	\$ -
Right-of-use asset obtained in exchange for lease obligations	171,277
Weighted-average lease term (years)	2 years
Weighted-average discount rate	0.78%

Supplemental qualitative information related to finance lease - copier, is as follows:

Finance lease - Copier	Year Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows	\$ -
Right-of-use asset obtained in exchange for lease obligations	58,747
Weighted-average lease term (years)	4 years
Weighted-average discount rate	1.37%

NOTE 13. LEASES (CONTINUED)

Supplemental qualitative information related to finance lease - postage machine, is as follows:

Finance lease - Postage machine	Year Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows	\$ -
Right-of-use asset obtained in exchange for lease obligations	5,849
Weighted-average lease term (years)	5 years
Weighted-average discount rate	4.27%

NOTE 14. CONTINGENCIES

The Foundation may be exposed to potential legal claims encountered in the ordinary course of business. In the opinion of management, the resolution of such matters will not have a material adverse impact on the Foundation's December 31, 2022 statements of financial position or statements of activities for the year then ended.

The Foundation maintains professional liability coverage with a commercial insurer. The Foundation's professional liability insurance coverage is on a claims-made basis, with \$2 million per incident coverage, up to a maximum of \$2 million annually, and contains a \$5,000 per incident deductible. The Foundation also maintains a general commercial insurance policy with an aggregate limit of \$2 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, occurrences during its term, but asserted subsequently, will be uninsured. The current policy extends coverage through June 2023, at which time management intends to renew the policy. Management is of the opinion that its financial position, liquidity and future operating results will not be materially affected by the ultimate cost related to unasserted claims as of December 31, 2022.

NOTE 15. SIGNIFICANT CONCENTRATIONS

Cash Balances - The Foundation maintains its operating cash at three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. As of December 31, 2022, the Foundation's cash balances in excess of FDIC insurance coverage totaled approximately \$541,000.

Major Contributors - The Foundation receives revenue from U.S. Government funded grants and cooperative agreements, all of which are subject to audit by government agencies. The ultimate determination of amounts received is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amounts received in excess of allowed costs.



NOTE 15. SIGNIFICANT CONCENTRATIONS (CONTINUED)

During the years ended December 31, 2022 and 2021, approximately 49% and 40%, respectively, of the Foundation's total support and revenue that increased net assets without donor restrictions was provided through grants and similar agreements with the U.S. Government.

NOTE 16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 25, 2023, which is the date the financial statements were available to be issued. This review and evaluation revealed no events requiring adjustment to or disclosure in the accompanying financial statements.



SUPPLEMENTAL INFORMATION



NATIONAL FALLEN FIREFIGHTERS FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Award Number/Pass-Through Entity Identifying Number	Expenditures of Federal Awards
United States Department of Homeland Security (DHS)			
Federal Emergency Management Agency			
Direct Awards			
Assistance to Firefighters Grant	97.044	EMW-2021-FP-00775	\$ 48,726
Assistance to Firefighters Grant	97.044	EMW-2018-FP-00157	570,058
Assistance to Firefighters Grant	97.044	EMW-2019-FP-00048	845,571
Assistance to Firefighters Grant	97.044	EMW-2020-FP-00883	<u>288,742</u>
Total from United States Department of Homeland Security (DHS)			<u>1,753,097</u>
United States Department of Justice (DOJ)			
Direct Awards			
Public Safety Officers' Benefits Program	16.571	2020-PS-DX-K001	<u>2,427,626</u>
Total from United States Department of Justice (DOJ)			<u>2,427,626</u>
Total expenditures of federal awards			<u>\$ 4,180,723</u>



NATIONAL FALLEN FIREFIGHTERS FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of National Fallen Firefighters Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2. INDIRECT COSTS

National Fallen Firefighters Foundation did not elect to use the 10% de minimis indirect cost rate either in awards received directly or indirectly nor on any awards passed through to subrecipients.

NOTE 3. RECONCILIATION TO FINANCIAL STATEMENTS

Total grant revenue per audited financial statements	\$ 4,640,968
Less: Federal fixed price contract revenue and other	<u>(460,245)</u>
Total expenditures of federal awards	<u>\$ 4,180,723</u>



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
National Fallen Firefighters Foundation

We have audited, in accordance with the 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, the financial statements of National Fallen Firefighters Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered National Fallen Firefighters Foundation’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of National Fallen Firefighters Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the National Fallen Firefighters Foundation’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Fallen Firefighters Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Calibre CPA Group, PLLC

Bethesda, MD
September 25, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
National Fallen Firefighters Foundation

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

We have audited National Fallen Firefighters Foundation's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of National Fallen Firefighters Foundation's major federal programs for the year ended December 31, 2022. National Fallen Firefighters Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, National Fallen Firefighters Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of National Fallen Firefighters Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of National Fallen Firefighters Foundation's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

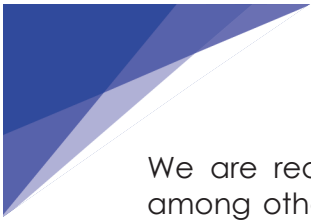
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to National Fallen Firefighters Foundation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on National Fallen Firefighters Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about National Fallen Firefighters Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding National Fallen Firefighters Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of National Fallen Firefighters Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of National Fallen Firefighters Foundation's internal control over compliance. Accordingly, no such opinion is expressed.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Calibre CPA Group, PLLC

Bethesda, MD
September 25, 2023



NATIONAL FALLEN FIREFIGHTERS FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of National Fallen Firefighters Foundation were prepared in accordance with U.S. generally accepted accounting principles.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of National Fallen Firefighters Foundation were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of internal control over major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for major federal award programs for National Fallen Firefighters Foundation expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with the Uniform Guidance.
7. The program tested as a major program was Assistance Listing Number 97.044, Assistance to Firefighters Grant.
8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. National Fallen Firefighters Foundation qualified as a low-risk auditee.

FINANCIAL STATEMENT FINDINGS

None

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None