

FRIENDS OF FIREFIGHTERS, INC.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

FRIENDS OF FIREFIGHTERS, INC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friends of Firefighters, Inc.

We have audited the accompanying statement of financial position of Friends of Firefighters, Inc. (a nonprofit organization) as of December 31, 2009, and the related statements of activities, functional expenses, and cash flows, for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Firefighters, Inc. as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

YSL & Associates LLC

New York, NY
October 25, 2010

FRIENDS OF FIREFIGHTERS, INC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

Cash	\$ 2,132
Prepaid expenses	1,776
Fixed assets, net of accumulated depreciation	<u>31,376</u>

TOTAL ASSETS \$ 35,284

LIABILITIES & ACCUMULATED DEFICIT

Liabilities	
Accounts payable and accrued expenses	\$ 44,682
Accrued payroll	33,236
Loan payable	<u>20,000</u>
	<u>97,918</u>

Accumulated Deficit (62,634)

TOTAL LIABILITIES & ACCUMULATED DEFICIT \$ 35,284

FRIENDS FIREFIGHTERS, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
REVENUE & SUPPORT			
Grants - Foundations	\$ 55,700	\$ 15,000	\$ 70,700
Grants - Government		3,000	3,000
General public support	99,115		99,115
Interest	49		49
			-
Net assets released from restrictions	18,000	(18,000)	-
			-
Total Revenue	<u>172,864</u>	<u>-</u>	<u>172,864</u>
Expenses			
Program Services	298,694		298,694
Management and General	29,539		29,539
			-
Total Expenses	<u>328,233</u>	<u>-</u>	<u>328,233</u>
Net Decrease In Net Assets	(155,369)		(155,369)
Net Assets, Beginning of Year	92,735		92,735
Accumulated Deficit, Ending of Year	<u>\$ (62,634)</u>		<u>\$ (62,634)</u>

FRIENDS FIREFIGHTERS, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Officer Salaries	\$ 71,007	\$ 7,023	\$ 78,030
Office Salaries and Wages	105,532	10,437	115,969
Payroll Taxes	15,233	1,507	16,740
Employee Benefits	14,906	1,474	16,380
Automobile Expenses	713	70	783
Bank & Finance Fees	937	93	1,030
Equip Rental & Repair Expenses	2,956	292	3,248
Depreciation	3,213	318	3,531
Insurance	6,911	683	7,594
Office Expenses	11,137	1,101	12,238
Printing Expenses	9,777	967	10,744
Professional Fees	14,926	1,476	16,402
Rent Expenses	33,989	3,361	37,350
Telephone	4,735	468	5,203
Utilities	2,722	269	2,991
Total Expenses	<u>\$ 298,694</u>	<u>\$ 29,539</u>	<u>\$ 328,233</u>

FRIENDS OF FIREFIGHTERS, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

Cash Flows From Operating Activities

Net Decrease in net assets	\$ (155,369)
Add: Depreciation expense	3,531
Adjustments to reconcile increase (decrease) in net assets to net cash provided in operating activities:	
Increase (decrease) in	
Accounts receivable	1,275
Prepaid expenses	2,013
Accounts payable and accrued expenses	68,461
Loan payable	20,000
Net Cash Used by Operating Activities	(60,089)

Cash Flows From Investing Activities

Purchase of fixed assets	(21,145)
Net Cash Used by Investing Activities	(21,145)

Net Decrease In Cash (81,234)

Cash, Beginning of Year 83,366

Cash, End of Year \$ 2,132

FRIENDS OF FIGHERFIGHTERS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

(1) Purpose and Organization

Friends of Firefighters, Inc. (the “Organization”) was incorporated on February 22, 2002, under the not-for-profit corporation laws of New York State. The organization began as a community-based response to the terrorist attacks on the World Trade Center on September 11, 2001. Friends of Firefighters now provides individual, couples, group, peer and family counseling for active and retired FDNY firefighters and their families.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial statement presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (ASC) No. 958, *Financial Statements of Not-for-Profit Organizations*.

Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at the amounts the Organization expects to collect on balances outstanding at year-end. Management does not consider an allowance necessary as all balances are substantially collected.

Concentrations of credit and market risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash. Cash is maintained at high-quality financial institutions, and credit exposure is limited to any one institution. The Organization has not experienced any losses on its cash.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FRIENDS OF FIGHERFIGHTERS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

(2) Summary of Significant Accounting Policies (Continues)

Property and equipment

Property and equipment are carried at cost. Expenditures for maintenance and repairs are expensed currently, while renewals and betterments that materially extend the life of an asset are capitalized. The cost of assets sold, retired, or otherwise disposed of, and the related allowance for depreciation, are eliminated from the accounts, and any resulting gain or loss is recognized.

Depreciation is provided using the straight-line and various accelerated methods over the estimated useful lives of the assets, which are as follows:

Vehicles	5 years
Computer and IT equipment	5 years
Equipment and tools	5 years
Furniture and fixtures	7 years
Leasehold improvements	20 years

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in ASC No. 958-605, *Accounting for Contributions Received and Contributions Made*. In accordance with ASC No. 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor-imposed restrictions.

Income tax status

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

(3) Fixed Assets

Property and equipment consisted of the following at December 31, 2009:

Vehicles	\$ 25,758
Furniture, Fixtures & equip	6,539
Computer equipment	9,302
Office Equipment	5,129
Leasehold improvements	31,471
	<hr/>
	\$ 78,199
Less: Accumulated Depreciation	(46,823)
	<hr/>
	\$ 31,376

FRIENDS OF FIGHERFIGHTERS, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2009

(4) Rental Expense

The Organization rents space located at 199 Van Brunt Street, Brooklyn, New York since April 1, 2009. The landlord is a former Director of the organization and currently served as board advisor. The term of the lease is currently on a month to month basis at \$3,500 per month.

(5) Going-Concern Issues Arising From Loss of Major Contributor

The organization's financial statements have been prepared assuming the organization will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The organization's program service contract with The American Red Cross, the major contributor in the past, was ended in 2008. As a result, the organization has incurred an operation loss in the year 2009, and as of December 31, 2009, the organization has a net deficit of \$62,634.