

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

FINANCIAL STATEMENTS

DECEMBER 31, 2020



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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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REPORT OF INDEPENDENT AUDITORS

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

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, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of First Responder Center for Excellence for Reducing Occupational Illness, Injuries and Deaths, Inc. as of and for the year ended December 31, 2019, were audited by other auditors whose report dated September 8, 2020 expressed an unmodified opinion on those statements.

CaliberCPAGroup, PLLC

Bethesda, MD
August 30, 2021

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

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 49,512	\$ 49,227
Grants and contributions receivable	187,329	50,076
Prepaid expenses and other receivables	2,475	2,466
Total current assets	239,316	101,769
INVESTMENTS	62,641	56,921
Total assets	\$ 301,957	\$ 158,690
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 352,657	\$ 166,732
Accrued expenses	305	-
Total current liabilities	352,962	166,732
NET ASSETS		
Without donor restrictions	(214,057)	(119,916)
With donor restrictions		
Temporary restrictions	113,052	61,874
Perpetual restrictions	50,000	50,000
Total net assets with donor restrictions	163,052	111,874
Total net assets	(51,005)	(8,042)
Total liabilities and net assets	\$ 301,957	\$ 158,690

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without	With Donor Restrictions			Total
	Donor Restrictions	Temporary	Perpetual	Total	
SUPPORT AND REVENUE					
Contributions and grants					
Grants	\$ -	\$ 420,580	\$ -	\$ 420,580	\$ 420,580
Contributions	68,206	46,741	-	46,741	114,947
Event sponsors and registrations	-	-	-	-	-
Other income	1,906	5,575	-	5,575	7,481
Net assets released from restrictions	427,438	(427,438)	-	(427,438)	-
Total support and revenue	<u>497,550</u>	<u>45,458</u>	<u>-</u>	<u>45,458</u>	<u>543,008</u>
EXPENSES					
Program services					
Fire service	409,175	-	-	-	409,175
Health programs	41,203	-	-	-	41,203
Events	3,624	-	-	-	3,624
Program development	3,086	-	-	-	3,086
Public safety outreach	7,439	-	-	-	7,439
Foundation support	24,751	-	-	-	24,751
Other programs	7,307	-	-	-	7,307
Total program services	<u>496,585</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,585</u>
Supporting services					
Management and general	67,513	-	-	-	67,513
Bids and proposals	8,254	-	-	-	8,254
Marketing	17,285	-	-	-	17,285
Fundraising	2,054	-	-	-	2,054
Total supporting services	<u>95,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,106</u>
Total expenses	<u>591,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,691</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(94,141)	45,458	-	45,458	(48,683)
NET INVESTMENT RETURN	-	5,720	-	5,720	5,720
CHANGE IN NET ASSETS	(94,141)	51,178	-	51,178	(42,963)
NET ASSETS					
Beginning of year	<u>(119,916)</u>	<u>61,874</u>	<u>50,000</u>	<u>111,874</u>	<u>(8,042)</u>
End of year	<u>\$ (214,057)</u>	<u>\$ 113,052</u>	<u>\$ 50,000</u>	<u>\$ 163,052</u>	<u>\$ (51,005)</u>

See accompanying notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services						Supporting Services				Total	
	Fire Service	Health Programs	Events	Program Development	Public Safety Outreach	Foundation Support	Other Programs	Management and General	Bids and Proposals	Marketing		Fundraising
Salaries	\$ 128,072	\$ 11,493	\$ 1,440	\$ 1,127	\$ 5,343	\$ 17,713	\$ 5,309	\$ 37,237	\$ 1,511	\$ 517	\$ 754	\$ 210,516
Payroll taxes and employee benefits	24,526	2,216	379	237	1,126	3,810	1,045	8,376	292	123	124	42,254
Cost of goods sold	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	200,972	12,540	423	1,320	-	-	-	6,120	5,375	14,319	37	241,106
Travel	1,111	8,352	909	-	-	-	-	341	-	-	-	10,713
Rent	-	-	-	-	-	-	-	-	-	-	-	-
Office supplies	811	-	-	-	-	-	-	423	-	72	-	1,306
Insurance	-	-	-	-	-	-	-	3,290	-	-	-	3,290
Printing, postage and communication	-	-	-	-	-	-	-	1,231	-	-	12	1,243
Scholarships	-	-	-	-	-	-	-	-	-	-	-	-
Contributed goods and services	-	-	-	-	-	-	-	-	-	-	-	-
Member fees and subscriptions	118	1,218	-	-	-	-	-	1,053	-	-	751	3,140
Meetings	-	-	-	-	-	-	-	245	-	-	108	353
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Bank fees	207	11	-	-	-	-	-	282	-	-	-	500
Other	-	-	-	-	-	-	-	111	-	-	-	111
Indirect cost allocation from NFFF	53,358	5,373	473	402	970	3,228	953	8,804	1,076	2,254	268	77,159
	<u>\$ 409,175</u>	<u>\$ 41,203</u>	<u>\$ 3,624</u>	<u>\$ 3,086</u>	<u>\$ 7,439</u>	<u>\$ 24,751</u>	<u>\$ 7,307</u>	<u>\$ 67,513</u>	<u>\$ 8,254</u>	<u>\$ 17,285</u>	<u>\$ 2,054</u>	<u>\$ 591,691</u>

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Grants and contributions received	\$ 398,274
Investment income received	1,289
Other operating receipts	7,481
Payments to vendors, suppliers and employees	<u>(405,484)</u>
Net cash provided by operating activities	<u>1,560</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(10,031)
Proceeds from sales of investments	8,756
Purchases of property and equipment	<u>-</u>
Net cash used for investing activities	<u>(1,275)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	285
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>49,227</u>
End of year	<u><u>\$ 49,512</u></u>

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE 1. ORGANIZATION AND TAX STATUS

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 behavioral 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 Center is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as a publicly supported organization. The Center is, however, subject to tax on net profits generated by activities defined as unrelated business activities under applicable tax law. To date, the Center has not engaged in such activities. The Center's Form 990, *Return of Organization Exempt from Income Tax*, for the years ended December 31, 2017 through 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The accompanying financial statements present only the accounts and activities of the Center. The Center's financial statements are also consolidated with those of the Foundation.

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 Center 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.

Basis of Accounting - The Center'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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Grants and Contributions Receivable - Grants and contributions receivable consist of unconditional promises received from donors. Management determines the allowance for doubtful accounts by regularly evaluating donor receivables and considering their financial condition, payment 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, 2020 and 2019, 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 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.

Revenue Recognition - Revenue is derived primarily from contribution transactions. 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 statement of activities as net assets released from restrictions.

Donated Services - 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 us. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The Center also derives 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 the Center has incurred expenditures in compliance with specific grant or contract provisions.

Special Events Revenue - Event registration and sponsorship fees are collected by the Center 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 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 Center 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.

Functional Allocation of Expenses - The costs of providing the various programs and other activities of the Center 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.

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following table represents the Center's financial assets available to meet cash needs for general expenditures within one year of December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Total financial assets at end of year		
Cash and cash equivalents	\$ 49,512	\$ 49,227
Grants and contributions receivable	187,329	50,076
Investments	<u>62,641</u>	<u>56,921</u>
Total financial assets at end of year	299,482	156,224
Less amounts unavailable for general expenditures		
Amounts subject to donor restrictions	<u>(163,052)</u>	<u>(111,874)</u>
Total financial assets available for general expenditures within one year	<u>\$ 136,430</u>	<u>\$ 44,350</u>

As part of the Center'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 Center 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.

NOTE 4. GRANTS AND CONTRIBUTIONS RECEIVABLE

All grants and contributions receivable are due within one year and consisted of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Department of Homeland Security	\$ 39,401	\$ 18,832
Medical University of South Carolina	62,928	-
Lion Group, Inc.	85,000	-
Others	<u>-</u>	<u>31,244</u>
	<u>\$ 187,329</u>	<u>\$ 50,076</u>

Conditional promises receivable as of December 31, 2020 total approximately \$1,613,000, consisting of unexpended U.S. Government grant awards.

NOTE 5. INVESTMENTS

Investments consist of amounts held in cash, money market funds, and mutual and exchange-traded funds. The fair values of investments as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash and money market funds	\$ 11,291	\$ 10,245
Mutual and exchange-traded funds		
Equities	28,155	24,243
Fixed income	<u>23,195</u>	<u>22,433</u>
	<u>\$ 62,641</u>	<u>\$ 56,921</u>

Net investment return consisted of the following for the year ended December 31, 2020:

Interest and dividends	\$ 1,289
Realized losses	(2)
Unrealized gains	4,447
Investment fees	<u>(14)</u>
	<u>\$ 5,720</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 Center would use in pricing the Center'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.

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

All of the Center’s financial investments were measured at fair value on a recurring basis as of December 31, 2020 and 2019 using Level 1 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. There have been no changes to the valuation methodologies used at December 31, 2020 and 2019. Inputs used to determine the fair values of investments measured on a recurring basis at December 31, 2020, by investment class, are as follows:

	Total at 12/31/20	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds	\$ 11,291	\$ 11,291	\$ -	\$ -
Mutual and exchange-traded funds				
Equities	28,155	28,155	-	-
Fixed income	23,195	23,195	-	-
	<u>\$ 62,641</u>	<u>\$ 62,641</u>	<u>\$ -</u>	<u>\$ -</u>

Inputs used to determine the fair values of investments measured on a recurring basis at December 31, 2019, by investment class, are as follows:

	Total at 12/31/19	Quoted Market Price for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and money market funds	\$ 10,245	\$ 10,245	\$ -	\$ -
Mutual and exchange-traded funds				
Equities	24,243	24,243	-	-
Fixed income	22,433	22,433	-	-
	<u>\$ 56,921</u>	<u>\$ 56,921</u>	<u>\$ -</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. 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. Because the Foundation and the Center share staff, a portion of the PPP loan was allocated to the Center in the amount of \$13,596. The Center initially recorded its share of the note payable as a refundable advance and subsequently recognized contribution income related to the debt forgiveness in accordance with the guidance for recognizing conditional contributions. The entire amount of the loan allocated to the Center of \$13,596 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.

NOTE 8. ENDOWMENT FUNDS

The Foundation established an endowment fund in 2017 that consists of a fund to honor individuals who make exceptional contributions to first responder fitness. The endowment includes net assets with perpetual donor restrictions in the amount of \$50,000 at December 31, 2020 and 2019. The endowment also includes net assets with temporary donor restrictions of \$13,861 at December 31, 2020 and \$8,141 at December 31, 2019, representing unexpended earnings on the endowment investments. No amounts were appropriated for expenditure during 2020.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

The Center has net assets restricted to certain programmatic activities in addition to the endowment fund described in Note 8. Following is a summary of the related net asset activity as of and for the year ended December 31, 2020:

	12/31/19	Restricted Contributions and Investment Earnings	Net Assets Released	12/31/20
Temporary donor restrictions (purpose)				
Apgar Endowment	\$ 8,141	\$ 5,720	\$ -	\$ 13,861
Health programs	46,218	31,950	23,992	54,176
Fire Service programs	-	387,350	387,350	-
Motorola SFA	-	40,000	2,500	37,500
Program development	7,515	-	-	7,515
PPP loan proceeds	-	13,596	13,596	-
	<u>61,874</u>	<u>478,616</u>	<u>427,438</u>	<u>113,052</u>
Perpetual donor restrictions				
Apgar Endowment (First Responder Fitness)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
	<u>\$ 111,874</u>	<u>\$ 478,616</u>	<u>\$ 427,438</u>	<u>\$ 163,052</u>

NOTE 10. RELATED PARTY TRANSACTIONS

The Foundation provides certain administrative support to the Center and the Center provides subcontract support to the Foundation. During the year ended December 31, 2020, the Foundation provided administrative support of \$101,668, and the cumulative amount owed to the Foundation at December 31, 2020 was \$337,327, which is included with accounts payable.

NOTE 11. SIGNIFICANT CONCENTRATIONS

Major Contributors - The Center 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.

During the year ended December 31, 2020, approximately 66% of the Center'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 12. SIGNIFICANT UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on the Center's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Center's donors, customers, sponsors, employees, and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Center's financial position, changes in net assets, and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 13. MANAGEMENT'S PLANS TO ADDRESS DEFICIT IN NET ASSETS

As of December 31, 2020, the Center has a deficit in net assets without donor restrictions of approximately \$214,000, an increase in such deficit of approximately \$94,000 over the end of the prior year. The need to address this deficit was identified in 2019 and as a result several steps to increase fundraising efforts were put into place. A Corporate Outreach Process was initiated, and several fundraising events were identified to include a Stair Climb at PNC Park in Pittsburgh and activities at the fire service trade shows. With the onset of the COVID-19 Pandemic, these events were cancelled and will be rescheduled once social distancing and other health restrictions are lifted. We plan to expand our Corporate Outreach Efforts with a target of raising \$250,000 annually to address the current needs of the FRCE and also help eliminate the existing deficit. In addition to this effort, the NFFF will be examining the amount of the indirect rate it charges back to the FRCE to bring it more in line with the allowable amount that has been established for FRCE activities. In the interim, the NFFF has committed to assist in funding FRCE to the extent necessary to continue operations.

NOTE 14. SUBSEQUENT EVENTS

All subsequent events have been evaluated through August 30, 2021, 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.