



**NOTICE AND CALL OF A SPECIAL MEETING  
OF THE  
ORANGE COUNTY FIRE AUTHORITY FOUNDATION  
BOARD OF DIRECTORS**

A Special Meeting of the  
Orange County Fire Authority Foundation Board of Directors  
has been scheduled for December 21, 2023  
at 12 noon

The meeting will be held at:  
Orange County Fire Authority  
Regional Fire Operations & Training Center  
Boardroom  
1 Fire Authority Road  
Irvine, CA

The business to be transacted at the meeting will be  
as shown on the attached Agenda.

Opportunity will be provided for members of the public to address the  
Orange County Fire Authority Foundation Board of Directors  
regarding any item of business as described on the Agenda.



Doug Davert, Chairman



**Orange County Fire Authority Foundation**  
**Special Meeting Agenda**  
**Thursday, December 21, 2023**  
**12 noon**

Orange County Fire Authority  
Regional Fire Operations and Training Center  
Boardroom  
1 Fire Authority Road  
Irvine, California 92602

**Board Members**

Doug Davert, Chair • Chris Lowe, Vice Chair  
Sherri Butterfield • Al Murray • Thomas Wilson

Brian Fennessy, Chief Executive Officer • Jim Ruane, Chief Financial Officer  
David Kendig, Legal Counsel • Maria Huizar, Secretary

**NOTICE REGARDING**  
**PUBLIC ACCESS AND PARTICIPATION**

This meeting is open to the public. Committee members will participate in person. There are several alternative ways to make comments including:

**In Person Comments at Meeting:** Resolution No. 97-024 established rules of decorum for public meetings held by the Orange County Fire Authority. Resolution No. 97-024 is available from the Clerk of the Authority.

Any member of the public may address the Committee on items within their subject matter jurisdiction, but which are not listed on this agenda during PUBLIC COMMENTS. However, no action may be taken on matters that are not part of the posted agenda. We request comments made on the agenda be made at the time the item is considered and that comments be limited to three minutes per person. Please address your comments to the Committee and do not engage in dialogue with individual Board Members, Authority staff, or members of the audience.

If you wish to speak, please complete a Speaker Form identifying which item(s) you wish to address. Please return the completed form to the Clerk of the Authority prior to item being considered. Speaker Forms are available at the entryway of meeting location.

**E-Comments:** Alternatively, you may email your written comments to [coa@ocfa.org](mailto:coa@ocfa.org). E-comments will be provided to the Committee members upon receipt and will be part of the meeting record as long as they are received during or before the Committee takes action on an item. Emails related to an item that are received after the item has been acted upon by the Committee will not be considered.

This Agenda contains a brief general description of each item to be considered. Except as otherwise provided by law, no action or discussion shall be taken on any item not appearing on the following Agenda. Unless legally privileged, all supporting documents, including staff reports, and any writings or documents provided to a majority of the Board of Directors after the posting of this agenda are available for review at the Orange County Fire Authority Regional Fire Operations & Training Center, 1 Fire Authority Road, Irvine, CA 92602 or you may contact the Clerk of the Authority at (714) 573-6040 Thursday through Thursday, and every other Friday from 8 a.m. to 5 p.m. and available online at <https://www.ocfa.org/aboutus/OCFAFoundation.aspx>

## **CALL TO ORDER**

## **PLEDGE OF ALLEGIANCE**

## **ROLL CALL**

## **PUBLIC COMMENTS**

### **1. CONSENT CALENDAR**

- A. Minutes from the OCFA Foundation Board of Directors Meeting held on March 2, 2023**  
Submitted by: Maria Huizar, Secretary

Recommended Action:  
Approve as submitted.

### **2. BUSINESS CALENDAR**

- A. Update on Foundation Supported Activity and Financial Status**  
Submitted by: Jim Ruane, Chief Financial Officer

Recommended Actions:

1. Receive and file financial summary report, audited financial statements for FY 2021/22 and 2022/23 with report on review of internal controls.
2. Approve staff recommendation that the Foundation continue to provide financial support for the programs as presented, approve and authorize the Foundation CFO to reimburse the OCFA for Foundation program operating expenditures, and confirm the Foundation officer's transfer of program funds as outlined in the staff report.

- B. Update on Consultant Services for OCFA Foundation Fundraising**  
Submitted by: Jim Ruane, Chief Financial Officer

Recommended Action:  
Receive and file status update.

**3. REPORTS**

**A Orange County Bomberos Program**

**B. Update on 2024 Best and Bravest**

**FOUNDATION MEMBER COMMENTS**

**ADJOURNMENT**

**AFFIDAVIT OF POSTING**

I hereby certify under penalty of perjury and as required by the State of California, Government Code § 54954.6, that the foregoing Agenda was posted in the lobby and front gate public display case of the Orange County Fire Authority, Regional Fire Operations and Training Center, 1 Fire Authority Road, Irvine, CA, not less than 24 hours prior to the meeting.

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Maria D. Huizar  
Secretary



# **Orange County Fire Authority Foundation Special Meeting Minutes**

**Monday, March 2, 2023  
10:00 a.m.**

**Orange County Fire Authority  
Regional Fire Operations and Training Center  
Boardroom  
1 Fire Authority Road  
Irvine, California 92602**

Doug Davert, Chair  
Chris Lowe, Vice Chair  
Sherri Butterfield, Director  
Thomas Wilson, Director  
Al Murray, Director (Absent)

Brian Fennessy, CEO  
Jim Ruane, CFO  
David E. Kendig, General Counsel  
Maria D. Huizar, Secretary

## **CALL TO ORDER**

The meeting was called to order at 10:01 a.m.

## **PLEDGE OF ALLEGIANCE**

Director Butterfield led the Foundation in the Pledge of Allegiance.

## **ROLL CALL**

Director Murray was absent.

## **PUBLIC COMMENTS**

The public offered no comments.

## **PRESENTATION**

Spark of Love – item deferred to a future meeting date.

## 1. CONSENT ITEMS

### A. Minutes from the OCFA Foundation Board of Directors Regular Meeting held on November 28, 2022

On motion of Director Butterfield, and seconded by Director Lowe the Board approved the Minutes as submitted by acclamation (Director Murray absent).

## 2. DISCUSSION CALENDAR

### A. Consulting Services Contract for Purposes of Expanding Foundation Fundraising Opportunities

On motion of Director Lowe and seconded by Director Butterfield, the Board approved by acclamation (Director Murray absent) to authorize the Chair, Chief Financial Officer, or Chief Executive Officer to negotiate the terms of a professional services agreement (PSA) with SF4 Flanigan Group for a one-year term, among other terms to include cap to only allocate funds currently available and return to the Board with final terms and conditions of agreement for consideration.

### B. Proposed Updates to Foundation Disbursement Policy Guidelines and Roles and Responsibilities Matrix

On motion of Director Wilson and seconded by Director Butterfield, the Board approved by acclamation (Director Murray absent) to approve the proposed amendments to the Disbursement Policy Guidelines and adopt the Procurement Roles and Responsibilities Matrix.

### C. Authorize and Approve Program Revenue Transfers for Support of the Open House and Best and Bravest Events, and Expenditure for Foundation Staff Training

On motion of Director Wilson and seconded by Director Lowe, the Board approved by acclamation (Director Murray absent) to:

- (a) Authorize and approve the transfer of \$10,000 of unrestricted/general funds to the Open House event.
- (b) Authorize and approve the transfer of \$40,000 of unrestricted/general funds to the Best and Bravest event.
- (c) Authorize and approve the expenditure of \$4,000 of Special Department Expenses for nonprofit management training program for Board Secretary.

## FOUNDATION MEMBERS COMMENTS

Director Wilson indicated that he would not be able to attend the Annual Open House due to a family commitment.

## ADJOURNMENT

Chair Davert adjourned the meeting at 10:35 a.m.

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Maria D. Huizar, CMC  
Foundation Secretary

**DISCUSSION CALENDAR - AGENDA ITEM NO. 2A**  
**OCFAF BOARD OF DIRECTORS MEETING**  
**December 21, 2023**

TO: Board of Directors, Orange County Fire Authority Foundation

FROM: Jim Ruane, Chief Financial Officer (OCFA Foundation)

SUBJECT: Update on Foundation Supported Activity and Financial Status

Summary:

This agenda item is submitted to provide an update on the Foundation's financial activity and standing as of fiscal year ending June 30, 2023, and an overview of the programs supported by the Foundation.

Recommended Actions:

1. Receive and file financial summary report, audited financial statements for FY 2021/22 and 2022/23 with report on review of internal controls.
2. Approve staff recommendation that the Foundation continue to provide financial support for the programs as presented, approve and authorize the Foundation CFO to reimburse the OCFA for Foundation program operating expenditures, and confirm the Foundation officer's transfer of program funds as outlined in the staff report.

Fiscal Impact:

Reimbursement to OCFA for Foundation program expenditures not to exceed \$100,000.

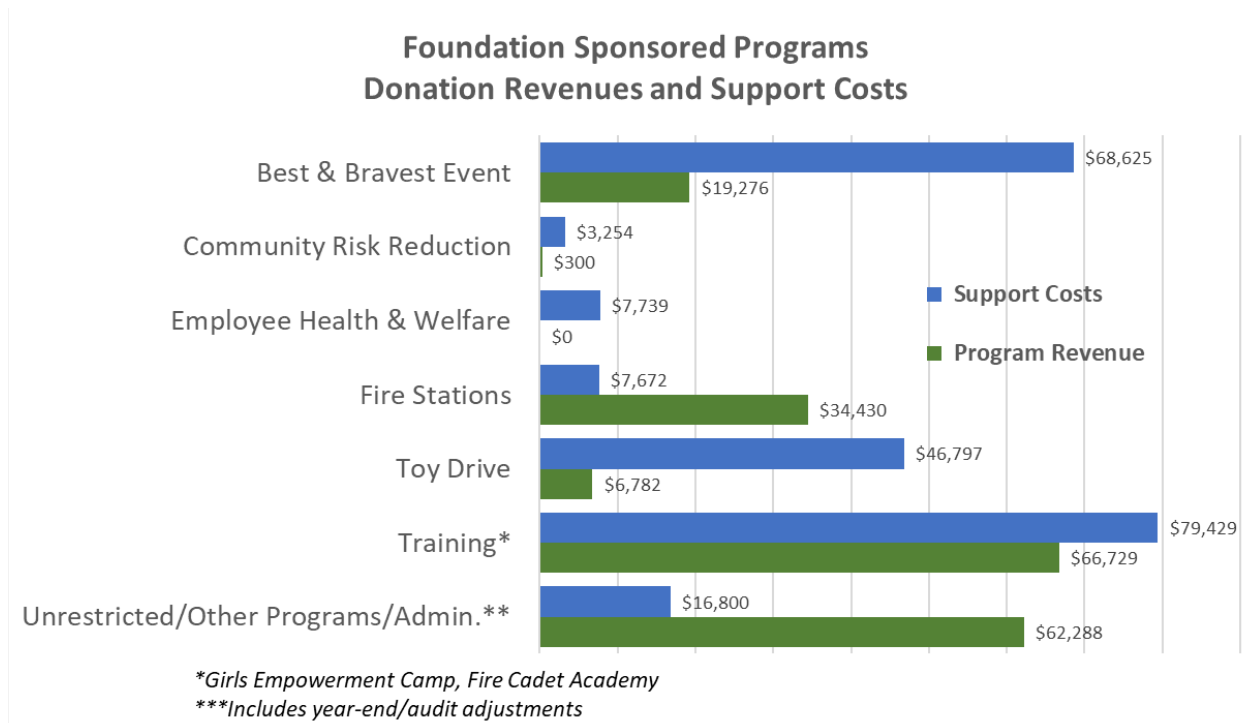
Background:

Staff is pleased to report that Foundation sponsored programs returned to normal activity for 2023, having been largely suspended during much of 2020, 2021 and into 2022 due to the impacts of the COVID pandemic. The following report sections provide an overview of this past year's activities, a financial summary of donation revenues and costs to support Foundation programs, and presentation of the Foundation financial statements and auditor's opinion letter for the year ending June 30, 2023. Finally, this report provides an update on the status of the Foundation's efforts to retain a firm to coordinate and assist with fundraising activities.

*Foundation Programs Activity and Financial Summary*

This past year, donations accepted by the foundation during the fiscal year, combined with available balances in the individual program and general/unrestricted account balances, were sufficient to allow operation of all Board approved programs. Most notable include the Best & Bravest event held in April 2023, which recognizes outstanding achievements by OCFA staff ranging from Reserve Firefighter to Battalion Chief, and the all-important outreach programs including the Fire Cadet academy and the Girls Empowerment Camp held in September 2023.

The below chart provides a summary of financial activity for the fiscal year ending June 30, 2023, broken down by Foundation programs.



Distribution and/or Transfer of Donated Funds

In order to effectively implement the programs of the Foundation, the Foundation bylaws (section 9.6.5.3) permit available unrestricted “general” purpose Foundation balance to be redistributed as needed, via inter-program transfer of funds, to cover program support costs, and due to the lead times necessary to prepare for Foundation events and programs, including procurement of related equipment and supplies. Inter-program transfers as of fiscal year-end for this purpose are represented in the below table:

**Foundation Sources, Support Costs, and Balances by Programs**

*Period Ending June 30, 2023\**

Program	Support Costs	Program Revenue	Transfers from Unrestricted	Program Balance	Comment
Best & Bravest Event	\$68,625	\$19,276	\$63,137	\$735	
Community Risk Reduction	\$3,254	\$300	\$10,000	\$36,825	Smoke Alarms
Employee Health & Welfare	\$7,739	\$0	\$38,714	\$30,975	Fitness Challenges
Fire Stations	\$7,672	\$34,430	\$0	\$26,757	
Toy Drive	\$46,797	\$6,782	\$45,882	\$1,962	
Training	\$79,429	\$66,729	\$26,762	\$69,164	Girls Empowerment Camp, Cadet Academy
Unrestricted/Other Programs/Admin.**	\$16,800	\$62,288	(\$184,495)	\$124,080	
<b>Total</b>	<b>\$230,315</b>	<b>\$189,805</b>	<b>\$0</b>	<b>\$290,498</b>	

\*Final of Expenditures; Encumbrance Obligations rolled to subsequent fiscal year; for total assets, see Attachment 1 Financial Statement

\*\*Includes Year-End Audit Adjustments



Reimbursement for Program Operating Costs

Steps taken to establish administrative self-reliance for the Foundation included implementation of a Foundation web platform for accepting and processing donations. These donations have been received by the Foundation Business account beginning November 2022. Expenditures in support of the Foundation sponsored programs continue to occur through the OCFA, using Foundation Fund 125. In order to maintain an ongoing positive balance in this fund, periodic reimbursements from donation revenue are necessary. Staff is recommending that the Foundation Board authorize and approve a funds transfer from the Foundation donations business account to the OCFA for reimbursement of Foundation program support costs for prior year expenditures, not to exceed \$100,000. Sufficient funds are available for this reimbursement transfer in the Foundation account.

Audited Financial Statements and Related Reports

The accounting firm for the Foundation, Tahim and Associates, has prepared the Foundation's financial statements and opinion letter inclusive of fiscal years ending June 30, 2022 and June 30, 2023. There were no audit findings or material internal control weaknesses. The statements are provided as Attachment 1.

Since the Foundation is reported as a discrete component unit within OCFA's Financial Statements, similar to the employee retirement system (OCERS), financial statements representing the Foundation's financial position were incorporated into the OCFA's Annual Comprehensive Financial Report (ACFR) by OCFA's accounting firm, Lance, Soll & Lunghard, LLP (LSL). As anticipated, variances were observed between the separately prepared audit reports, for which LSL concluded were immaterial.

Also, to maintain the tax-exempt status of the Foundation, forms RRF-1 Attorney General Registry of Charitable Trusts, and the necessary federal and state tax forms, prepared by Tahim & Assoc. and approved by CFO Chief Ruane, have been filed for 2022-23.

Recommendation

Receive financial summary report, and approve staff recommendation that the Foundation continue to provide financial support for the programs as presented, approve and authorize the Foundation CFO to reimburse the OCFA for Foundation program operating expenditures not to exceed \$100,000, and confirm the Foundation officers' transfer of program funds as outlined in the staff report.

Contact for Further Information:

Jim Ruane, OCFAF Chief Financial Officer

[JimRuane@ocfa.org](mailto:JimRuane@ocfa.org)

(714) 573-6801

Attachments:

1. Orange County Fire Authority Foundation Financial Statements for the Years ending June 30, 2022 and June 30, 2023
2. Tahim & Associates Communication of No Material Weaknesses

**Orange County Fire Authority  
Foundation**

**Financial Statements**

**For the Years Ended June 30, 2023, and  
June 30, 2022**

1 FIRE AUTHORITY ROAD  
IRVINE CA 92602-0125

**Prepared By:**

Tahim & Associates, a Professional Corporation

## INDEX TO FINANCIAL STATEMENTS

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Statement of Functional Expenses	6
Statement of Cash Flows	7
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**TAHIM AND ASSOCIATES**  
a professional corporation  
901W. Civic Center Drive #160  
Santa Ana, CA 92703-2383  
Tel: 714-772-4744  
Fax: 714-778-8907  
Web: [www.tahimcpas.com](http://www.tahimcpas.com)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Orange County Fire Authority Foundation  
1 Fire Authority Road  
Irvine, CA 92602-0125

### **Opinion**

We have audited the financial statements of The Orange County Fire Authority Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2023, and June 30, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2023, and June 30, 2022, 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 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 opinion.

### **Change in Accounting Principle**

As discussed in Note 2 to the financial statements, in 2022 the Foundation adopted Financial Accounting Standards Board Accounting Standards Update No. 2020-07, Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets. Our opinion is not modified with respect to this matter.

## **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 Foundation's ability to continue as a going concern for one year after the date the financial statements are 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 US GAAS 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with US GAAS, 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 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 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.

*Anne Tahim*

Tahim and Associates,  
A Professional Corporation  
Santa Ana, California

September 15, 2023

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**Orange County Fire Authority Foundation**  
**Statement of Financial Position**  
**June 30, 2023, and June 30, 2022**

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	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 328,218	\$ 356,106
<b>Total Current Assets</b>	<b>\$ 328,218</b>	<b>\$ 356,106</b>
<b>PROPERTY AND EQUIPMENT</b>		
Furniture and equipment	\$ 15,979	\$ 15,979
Accumulated depreciation	(4,861)	(4,062)
<b>Total Fixed Assets</b>	<b>\$ 11,118</b>	<b>\$ 11,917</b>
<b>TOTAL ASSETS</b>	<b>\$ 339,336</b>	<b>\$ 368,023</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 21,542	23,219
Unearned revenue	14,850	1,350
<b>Total Current Liabilities</b>	<b>\$ 36,392</b>	<b>\$ 24,569</b>
<b>Total Liabilities</b>	<b>\$ 36,392</b>	<b>\$ 24,569</b>
<b>NET ASSETS</b>		
Without donor's restrictions	\$ 239,706	\$ 274,655
With donor's restriction	103,747	83,077
Net loss	(40,510)	(14,278)
<b>Total Net Assets</b>	<b>\$ 302,944</b>	<b>\$ 343,454</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 339,336</b>	<b>\$ 368,023</b>

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**Orange County Fire Authority Foundation**  
**Statement of Activities**  
**For the Years Ended June 30, 2023, and June 30, 2022**

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	<u>For the Year Ended June 30, 2023</u>			<u>For the Year Ended June 30, 2022</u>		
	<u>Without Donor's</u>	<u>With Donor's</u>	<u>Total</u>	<u>Without</u>	<u>With</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>Donor's</u>	<u>Donor's</u>	
<b>OPERATING SUPPORT AND REVENUE</b>						
Contributions	\$ 57,642	\$ 132,163	\$ 189,805	\$ -	\$ 109,139	\$ 109,139
Nest assets released from restriction	111,493	(111,493)	-	108,618	(108,618)	-
<b>Total Support and Revenue</b>	<b>\$ 169,135</b>	<b>\$ 20,670</b>	<b>\$ 189,805</b>	<b>\$ 108,618</b>	<b>\$ 521</b>	<b>\$ 109,139</b>
<b>OPERATING EXPENSES</b>						
Program services	\$ 206,564	-	206,564	\$ 119,344	\$ -	\$ 119,344
Management and general	23,751	-	23,751	4,073	-	4,073
<b>Total Expenses</b>	<b>\$ 230,315</b>	<b>\$ -</b>	<b>\$ 230,315</b>	<b>\$ 123,417</b>	<b>\$ -</b>	<b>\$ 123,417</b>
<b>CHANGE IN NEST ASSETS</b>						
Net Loss From Operations	\$ (61,180)	\$ 20,670	\$ (40,510)	\$ (14,799)	\$ 521	\$ (14,278)
Change in Net Assets	\$ (61,180)	\$ 20,670	\$ (40,510)	\$ (14,799)	\$ 521	\$ (14,278)
<b>NET ASSETS,</b>						
Beginning of Year	\$ 260,377	\$ 83,077	\$ 343,454	\$ 275,176	\$ 82,556	\$ 357,732
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 199,197</b>	<b>\$ 103,747</b>	<b>\$ 302,944</b>	<b>\$ 260,377</b>	<b>\$ 83,077</b>	<b>\$ 343,454</b>



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**Orange County Fire Authority Foundation**  
**Statement of Functional Expenses**  
**For the Years Ended June 30, 2023, and June 30, 2022**

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	<u>For the Year Ended June 30, 2023</u>			<u>For the Year Ended June 30, 2022</u>		
	Supporting Services,			Supporting Services,		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Clothing	\$ -	\$ 3,437	\$ 3,437	\$ 7,235	\$ 1,973	\$ 9,208
Computer repairs and maintenance	-	300	300	-	-	-
Depreciation	-	799	799	-	799	799
Household expenses	7,155		7,155	-	-	-
Office supplies	-	946	946	3,775	338	4,113
Others	798		798	650	-	650
Postage	510		510	-	-	-
Printing	7,562		7,562	5,664	-	5,664
Professional	739	5,532	6,271	1,900	-	1,900
Program specific	145,461		145,461	100,120	963	101,083
Small tools and Instruments	1,812		1,812	-	-	-
Training and meetings	38,420	12,737	51,157	-	-	-
Uniform	4,108		4,108	-	-	-
<b>TOTAL EXPENSE BY FUNCTION</b>	<b>\$ 206,564</b>	<b>\$ 23,751</b>	<b>\$ 230,315</b>	<b>\$ 119,344</b>	<b>\$ 4,073</b>	<b>\$ 123,417</b>

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**Orange County Fire Authority Foundation**  
**Statement of Cash Flows**  
**June 30, 2023, and June 30, 2022**

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	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (40,510)	\$ (14,278)
Depreciation	799	799
Changes in:		
Accounts payable	(1,677)	\$ 16,338
Unearned revenue	13,500	1,350
<b>NET CASH USED IN (PROVIDED BY) OPERATING ACTIVITIES</b>	<u>\$ (27,888)</u>	<u>\$ 4,209</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(27,888)	4,209
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	\$ 356,106	351,897
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 328,218</u>	<u>\$ 356,106</u>

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## **Orange County Fire Authority Foundation**

### **Notes to Financial Statements**

### **June 30, 2023, and June 30, 2022**

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#### **NOTE 1: DESCRIPTION OF THE COMPANY**

The Orange County Fire Authority Foundation (the Foundation) is a 501© (3) nonprofit organization and was formed in October of 2009. The Foundation was created to assist the Orange County Fire Authority (OCFA) in raising or securing funds, services, materials, and contributions to support the OCFA's mission by providing additional resources to enhance the level of fire prevention, suppression, and emergency medical services to the citizens of Orange County. The Foundation is funded primarily from contributions for supporting OCFA's fire service. The funds raised will allow the Foundation to provide additional level of technology, equipment, tools and training education, and community outreach to the citizens of Orange County that would not be available with the Foundation's current budget.

#### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of the Foundation is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

##### **Basis of Accounting**

The books and records of the Foundation are maintained on an accrual basis of accounting for financial statements and tax reporting purposes, whereby revenue is recognized when earned, and expenses are recognized when incurred.

##### **Recognition of Income**

Contributions are reported as an increase in net assets without donor's restrictions, unless they contain a restriction by the donor for a specific program or time period, in which case they are reported in the net asset class with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor's restrictions are reclassified to net assets without donor's restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is satisfied in the period the contribution has been made, it is recorded as net assets without donor's restrictions.

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Cash and Cash Equivalents**

State of Summary #125 fund of the Foundation are maintained by the OCFA Treasurer. The Foundation also maintains an account with a local bank, in which receipts from donations are deposited to the local bank account. The Foundation considers all unrestricted short-term investments with an original maturity of three (3) months or less to be cash equivalents. Cash and cash equivalents consisted of deposits with financial institutions and with OCFA in \$316,473 and \$356,106 at June 30, 2023, and June 30, 2022, respectively.

**Deposits**

The California Government Code requires California banks and savings and loan associations to secure a government entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure a government entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

The OCFA Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public District depositors.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

**Cash on deposit with OCFA**

Cash on deposit with OCFA cannot be assigned a credit risk category because the Foundation does not own specific securities. However, the OCFA's investment policies and practices regarding the credit and market risks have been determined acceptable to the Foundation's investment policies.

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

Fair Value Cash on deposit with OCFA is \$236,267 and \$356,106 for the years ended June 30, 2023, and June 30, 2022, respectively.

**Concentration of Credit Risk**

The Foundation currently maintains substantially all its cash with a major financial institution except the #125 fund held by the OCFA. The Federal Deposit Insurance Corporation (“FDIC”) insures each depositor for up to \$250,000. At June 30, 2023, and June 30, 2022, the Foundation had no funds in excess of FDIC insured limits for the local bank account. The Foundation has not experienced any losses in such an account.

**Use of Estimates**

The Company prepares its financial statements in conformity with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Management periodically evaluates estimates used in the preparation of financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect managements’ estimates with respect to the fair value of accounts receivable, allowance of doubtful accounts and accrued expenses.

**Accounts Receivable**

Accounts receivable consist of amounts due from funding sources. There is no allowance for doubtful accounts because most of the receivables are from donations that are fully collectable. There are no accounts receivable for both years ended June 30, 2023, and June 30, 2022.

**Furniture and Equipment**

Property and equipment are recorded at cost with depreciation provided using the straight-line method over the estimated useful lives of the assets which range from three to seven years. Total depreciation expense for both years ended June 30, 2023, and June 30, 2022 was \$799. Repairs and maintenance to furniture and equipment are expensed as incurred.

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

When furniture and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are eliminated from the accounts, and any gain or loss on such disposition is reflected in income. It is the Foundation's policy to capitalize property and equipment over \$1,000.

**Impairment of Long-Live Assets**

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value.

**Functional Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Foundation's principal program is to support the fire service of OCFA. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Grants	Time and effort
Education and awareness	Time and effort
Professional services	Full Time Equivalent
Printing	Full Time Equivalent
Information technologies	Full Time Equivalent
Travel	Time and effort
Depreciation	Useful life
Other	Time and effort

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**New Accounting Pronouncement**

- (1) Effective January 1, 2018, the Foundation adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14-Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor's restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor's restrictions. A footnote on liquidity has also been added (Note 10).

The Foundation reports information regarding their financial position and activities in the following classes of net assets:

- *Net Assets Without Donor's Restrictions* – represents all activity without donor-imposed restrictions as well as activity with donor-imposed restrictions, which expire within the same period.
  - *Net Assets with Donor's Restrictions* – relates to contributions of cash and other assets with donor stipulations that make clear the assets restriction, either due to a program nature or by passage of time.
- (2) In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides an optional practical expedient and exceptions for a limited time to ease the potential burden in accounting for reference rate reform on financial reporting. This guidance is effective for all entities as of March 12, 2020, through December 31, 2022, for all existing hedging and contract modifications. The Foundation determined that ASU 2020-04 had no impact on the financial statements.

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

- (3) On July 1, 2021, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), and related guidance, which provides guidance for revenue recognition that superseded the revenue recognition requirements that previously existed under U.S. generally accepted accounting principles. The Foundation's adoption of Topic 606 did not have an impact on the Foundation's revenue recognition policies or application thereof.
- (4) During 2021, the Foundation adopted FASB ASU No. 2020-07, Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets. This ASU requires not-for-profit entities to present contributed nonfinancial assets in the statement of activities separately from other contributions. Additionally, the ASU enhances disclosure regarding the entity's policies related to the monetization or utilization of the contributed nonfinancial assets. There was no change in net assets as a result of the adoption of this ASU.
- (5) In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of leases with a term of 12 months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The guidance requires a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expire before the earliest comparative period presented. A full retrospective transition approach is not permitted. The guidance was effective for the Foundation beginning in fiscal year ended June 30, 2022.



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## **Orange County Fire Authority Foundation**

### **Notes to Financial Statements**

### **June 30, 2023, and June 30, 2022**

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#### **NOTE 3: FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial assets and liabilities are recorded at their fair market value in accordance with ASC 820, *Fair Value Measurements*. This standard defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value of all assets and liabilities. ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

- Level 1 – Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 – Directly or indirectly observable input for quoted and other than quoted prices for identical or similar assets and liabilities in active or non-active markets.
- Level 3 – Unobservable inputs not corroborated by market data therefore requiring the entity to use the best information available in the circumstances, including the entity's own data.

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

Certain financial instruments are carried at a cost on the balance sheet which approximates fair value because of the short-term nature of these financial instruments and hence, are not categorized. These instruments include cash and cash equivalents, pledges receivable, other receivables, other assets, accounts payable, and accrued expenses.

The fair value of contributed supplies, facilities and services has been measured on a nonrecurring basis using prices for similar assets in inactive markets (Level 2 input).

Level 2 items are valued using observable market inputs that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 4: REVENUE RECOGNITION, CONTRIBUTIONS AND PROMISES TO GIVE**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor's restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in Net Assets with Donor's Restrictions.

The Foundation's primary revenue sources are from donations, and material for events related to the Foundation's programs. Registration fees are reported at the estimated net realizable amount that reflects consideration to which the Foundation expects to be entitled in exchange for hosting certain events.

Program events are advanced funded through donations, as determined by the Foundation program balances. To plan for and operate the Foundation sponsored programs without interruption, the Foundation management may perform transfers from the Foundation unrestricted general funds to any given program, subject to approval of the Board of Directors. Also, the Board established preauthorized transfers of unrestricted general funds to specific programs.

There are no formal pledges received and/or recorded by the Foundation for the year ended June 30, 2023, and June 30, 2022, respectively.

**NOTE 5: IN-KIND CONTRIBUTIONS**

Contributions of services are recognized at fair value when received if the services require specialized skills, are provided by individuals or entities possessing those skills, and would typically need to be purchased if not donated. Contributions of program and other supplies are recorded at fair value upon receipt when there is an objective and reasonable basis upon which to value the in-kind contributions. These contributions are an integral part of the Foundation activities. The Foundation receives program supplies, shipping services, and event-related services from a variety of organizations.

Volunteers provide a variety of services to further the Foundation's mission. Volunteers serve as event staff. The value of these services has not been recorded in the financial statements.

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 5: IN-KIND CONTRIBUTIONS - Continued**

Management estimates volunteers gave more than 5,956 hours for the year ended June 30, 2023 and 2,959 hours for the year ended June 30, 2022. The increase from 2022 to 2023 is attributed to the many events resuming as a result of COVID-19 restrictions becoming less restrictive.

Donations of services are recognized in the financial statements if the service received: (1) create or enhance nonfinancial assets or require specialized skills; (2) are provided by individuals possessing those skills; and (3) would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements as there is no objective basis for deriving their value.

The Board members and other individuals volunteer their time and perform a variety of tasks that assist the Foundation. These services, such as community education, safety awareness, and employee health and welfare, include coordination and operation of programs financially supported by the Foundation. In addition, the Board members and other individuals staff perform administrative support including (a) supervision, direct and control the Foundation's day-to-day activities, business and affairs, including hiring and supervising all the employees of the Foundation; (b) administration of the Foundation's Board activities, including coordinating and preparing agendas, meeting materials and minutes for the Board meetings, and maintaining the Foundation's records; and (c) financial oversight and management, such as preparing financial reports, managing and coordinating all financial activities of the Foundation. These volunteer services have not been recorded in the financial statements, as they do not meet the criteria outlined above.

Utilization of OCFA facilities for operation and support of the Foundation's activities does not result in material measurable shared facility costs. Program events occur primarily outdoors (estimated footage not applicable) resulting in no measurable utility or other facility costs. Foundation management and support staff perform Foundation related activities tangentially which may occur within OCFA facilities provided for staff's primary duties in their respective regular positions with the OCFA.

Legal costs related specifically to the Foundation activity are de minimis. The OCFA legal team assigns legal counsel to the Foundation Board meetings, which is provided on a no cost basis to OCFA or the Foundation.

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 5: IN-KIND CONTRIBUTIONS - Continued**

For fiscal years ended June 30, 2023, and June 30, 2022, no supplies, materials, or equipment were donated or received by the Foundation.

**NOTE 6 – LEASE COMMITMENTS**

No equipment has been leased by the Foundation for fiscal years ending June 30, 2023, and June 30, 2022. Short-term rentals such as tables, chairs, stage platforms, have been used in support of program events. Total rent expenses for such items incurred under operating leases are included in the Program Specific Expenses.

**Note 7: RELATED PARTY**

The Foundation is considered a component unit of OCFA because the nature and significance of its relationship with OCFA is such that its exclusion would cause OCFA’s financial statements to be misleading or incomplete. Within these financial statements, the Foundation is reported as a discrete component unit on the government-wide financial statements.

**NOTE 8: INCOME TAXES**

No substantial part of the activities of this organization shall consist of the carrying on of propaganda, or otherwise attempting to influence legislation, nor shall this organization participate in or intervene in any political campaign (including publishing or distributing of statements) on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these Articles, this organization shall not carry on any other activities not permitted to be carried on (a) by an organization exempt from Federal income tax under section 501 (c) (3) of the Internal Revenue Code of 1986 and California Revenue and Taxation Code Section 23701(d), or (b) by an organization contribution to which are deductible under section 170 (c) (2) of the Internal Revenue Code of 1986.

The Foundation follows guidance in Accounting Standards Codification (“ASC”) 740, Income Taxes, that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 8: INCOME TAXES - Continued**

financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and, accordingly, is not subject to federal income taxes. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions.

The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in its financial statements as of June 30, 2023, and June 20, 2022, respectively.

**NOTE 9: RISKS AND UNCERTAINTIES**

In preparing its financial statements, the Foundation makes estimates and assumptions. These estimates affect the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of revenues and expenditures during the reporting periods. Actual results may differ from these estimates and such differences could be material. The most significant estimates and assumptions relate to useful lives assigned to fixed assets.

**NOTE 10: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The following reflects the Foundation financial assets at June 30, 2023, and June 30, 2022, reduced by amounts that have donor-imposed restrictions within one year of the balance sheet date. The Foundation maintains cash on hand to the available for its general expenditures, liabilities, and other obligations for on-going operations.

Cash and cash equivalents as of June 30, 2023,	\$328,218
Pledges receivable	<u>0</u>
Total financial assets	\$328,218
Less amounts not available to be use within one year:	
Accounts payable & unearned revenue as of June 30, 2023,	( 36,392)
Contributions restricted – purpose restrictions	<u>(103,747)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$188,079</u>

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**Orange County Fire Authority Foundation**  
**Notes to Financial Statements**  
**June 30, 2023, and June 30, 2022**

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**NOTE 10: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES -**  
**Continued**

Cash and cash equivalents as of June 30, 2022,	\$356,106
Pledges receivable	<u>0</u>
Total financial assets	\$356,106
Less amounts not available to be use within one year:	
Accounts payable as of June 30, 2022,	( 23,219)
Unearned revenue	( 1,350)
Contributions restricted – purpose restrictions	<u>( 83,077)</u>
Financial assets available to meet cash needs in general. expenditures within one year	<u>\$248,460</u>

**NOTE 11: SUBSEQUENT EVENTS**

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through September 15, 2023, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.



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### **Communication of No Material Weaknesses in a Separate Report**

To Jim Ruane, CFO  
Orange County Fire Authority Foundation  
1 Fire Authority Road  
Irvine, CA 9260-0125

In planning and performing our audit of the financial statements of Orange County Fire Authority Foundation as of June 30, 2023 and June 30, 2022 and for the years ended June 30, 2023 and June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Orange County Fire Authority Foundation's system of 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 may exist that have not been identified.

This communication is intended solely for the information and use of management, Jim Ruane, CFO, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Anne Tahim".

Tahim and Associates,  
A Professional Corporation  
Santa Ana, California

September 15, 2023

**DISCUSSION CALENDAR - AGENDA ITEM NO. 2B**  
**OCFAF BOARD OF DIRECTORS MEETING**  
**December 21, 2023**

TO: Board of Directors, Orange County Fire Authority Foundation

FROM: Jim Ruane, Chief Financial Officer (OCFA Foundation)

SUBJECT: Update on Consultant Services for Foundation Fundraising

Summary:

This agenda item is submitted to provide an update on contracting for OCFA Foundation fundraising consulting services

Recommended Action:

Receive and file status update.

Fiscal Impact:

None.

*Status of Consulting Services for Foundation Fundraising*

In March 2023, the Foundation Board considered a proposal for consulting services for purposes of expanding fundraising opportunities. While the Board and prospective consultant were unable to reach an agreement at that time, Foundation staff, working with the OCFA Purchasing section, have reissued a Request for Proposals, with responses due in January 2024. Key elements to the scope of work include, but are not limited to, the following:

- Working with board members to establish fundraising goals and plans for meeting them
- Planning, organizing, and directing the fundraising functions of the Foundation including supporting the current foundation programs and events
- Participating in meetings with key stakeholders to establish, manage and grow relationships on behalf of the Foundation.
- Reviewing the status of current fundraising efforts and managing long-term campaigns.
- Identifying prospective donors by researching individuals and companies who might be interested in making a donation, supporting, or investing in the Foundation.
- Planning special events, such as auctions and galas, to raise funds for a program or event.
- Developing marketing strategies to increase awareness of the Foundation's mission and goals.
- Conducting outreach and interviews with potential donors to secure pledges of support.

Following the Foundation staff's evaluation of proposals and due diligence background work, assuming a successful solicitation, staff will update the Board upon selection of a vendor.

Contact for Further Information:

Jim Ruane, OCFAF Chief Financial Officer

[JimRuane@ocfa.org](mailto:JimRuane@ocfa.org)

(714) 573-6801