

*Financial Statements*

OPERATION  
FIRST RESPONSE, INC.

December 31, 2020

## **GENERAL ORGANIZATIONAL DATA**

### **ORGANIZATION AND PURPOSE**

Operation First Response, Inc. was incorporated under the laws of Commonwealth of Virginia in February, 2005 to operate a non-stock, non-profit organization for the purpose of providing support to our nation's wounded warriors and their families with personal and financial needs.

Operation First Response, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code on February 11, 2005. The Organization is also recognized as public charity under IRC Section 170(b)(1)(A)(vi).

### **OFFICERS AND BOARD OF DIRECTORS**

#### **OFFICERS**

SGT Phillip Irizarry, USMC (Honorably Discharged), Chair  
Peggy L. Baker, Founder/President/CEO  
Lauri Hauser, Secretary  
Danielle Ferguson, Treasurer

#### **DIRECTORS**

Peggy L. Baker  
Lauri Hauser  
SGT Phillip Irizarry, USMC (Honorably Discharged)  
Robert O'Donoghue  
CPL Ronny Porta, USMC (Retired)  
Danielle Ferguson

#### **SENIOR ADVISORS**

Nick Constantino  
Carl Monk

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Operation First Response, Inc.  
Culpeper, Virginia

**Opinion**

We have audited the accompanying financial statements of Operation First Response, Inc. (a nonprofit organization), 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Operation First Response, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Operation First Response, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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 Operation First Response Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Operation First Response, Inc.'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 Operation First Response, Inc.'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.

#### **Report on Summarized Comparative Information**

We have previously audited the Operation First Response, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia  
May 3, 2021

*Mitchell & Co., P.C.*

**OPERATION FIRST RESPONSE, INC.**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020**

(with December 31, 2019 comparative totals)

	2020	2019
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 913,019	\$ 803,997
<b>Total current assets</b>	<b>913,019</b>	<b>803,997</b>
Property and equipment, net of accumulated depreciation 2020, 12,900; and 2018, \$12,840	-	61
<b>Total assets</b>	<b>\$ 913,019</b>	<b>\$ 804,058</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ -	\$ 621
<b>Total current liabilities</b>	<b>-</b>	<b>621</b>
Net Assets		
Without donor restriction:		
Undesignated	313,019	803,437
Designated by governing board:		
Operating reserve	250,000	-
COVID relief	100,000	-
New initiatives	250,000	-
	600,000	-
With donor restriction	-	-
<b>Total net assets</b>	<b>913,019</b>	<b>803,437</b>
<b>Total liabilities and net assets</b>	<b>\$ 913,019</b>	<b>\$ 804,058</b>

See Notes to Financial Statements.

**OPERATION FIRST RESPONSE, INC.****STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**  
(with December 31, 2019 comparative totals)

	Without Donor Restriction	With Donor Restriction	Total	
			2020	2019
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 714,684	\$ -	\$ 714,684	\$ 755,495
In-kind donations	274,455	-	274,455	251,492
Interest income	124	-	124	294
<b>Total support and revenue</b>	<b>989,263</b>	<b>-</b>	<b>989,263</b>	<b>1,007,281</b>
Net assets released from donor restriction	-	-	-	-
	<b>989,263</b>	<b>-</b>	<b>989,263</b>	<b>1,007,281</b>
<b>EXPENSES</b>				
Program services	836,107	-	836,107	885,785
Supporting services				
Management and general	23,528	-	23,528	24,690
Fundraising	20,046	-	20,046	16,523
<b>Total expenses</b>	<b>879,681</b>	<b>-</b>	<b>879,681</b>	<b>926,998</b>
<b>Change in net assets</b>	<b>109,582</b>	<b>-</b>	<b>109,582</b>	<b>80,283</b>
<b>Net assets, beginning of year</b>	<b>803,437</b>	<b>-</b>	<b>803,437</b>	<b>723,154</b>
<b>Net assets, end of year</b>	<b>\$ 913,019</b>	<b>\$ -</b>	<b>\$ 913,019</b>	<b>\$ 803,437</b>

See Notes to Financial Statements.

**OPERATION FIRST RESPONSE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

(with December 31, 2019 comparative totals)

	Program	Management & General	Fundraising	Totals	
				2020	2019
<b>Salary Expenses</b>					
Salaries	\$ 90,202	\$ 5,011	\$ 5,011	\$ 100,224	\$ 94,857
Payroll taxes	6,925	385	384	7,694	7,283
Employee Benefits	2,316	129	128	2,573	377
<b>Total salary expenses</b>	<b>99,443</b>	<b>5,525</b>	<b>5,523</b>	<b>110,491</b>	<b>102,517</b>
<b>Direct Assistance and Outreach Programs</b>					
Automobile	36,738	-	-	36,738	34,794
Food and supplies	112,379	-	-	112,379	41,261
General financial support	57,439	-	-	57,439	162,576
OFR backpacks	8,086	-	-	8,086	3,682
In-kind:					
Backpacks	59,115	-	-	59,115	93,034
Google AdWords	106,000	-	-	106,000	116,201
Military family assistance	10,840	-	-	10,840	17,792
Veterans assistance programs	74,400	-	-	74,400	-
Project Expense	57,869	-	-	57,869	-
Rental	94,569	-	-	94,569	85,066
Telephone	9,461	-	-	9,461	5,446
Transportation and lodging	12,247	-	-	12,247	102,571
Utilities	48,322	-	-	48,322	51,204
<b>Total direct assistance and outreach</b>	<b>687,465</b>	<b>-</b>	<b>-</b>	<b>687,465</b>	<b>713,627</b>
<b>Other Expenses</b>					
Bank charges	745	-	-	745	3,407
Depreciation	-	61	-	61	1,980
Dues and subscriptions	-	2,911	-	2,911	903
Fundraising expense	-	-	3,745	3,745	-
In-kind:					
Rent	21,600	1,200	1,200	24,000	24,000
Office	50	50	-	100	465
Insurance	1,399	165	82	1,646	1,604
License and registration	-	-	7,945	7,945	8,216
Office	9,175	1,079	540	10,794	13,200
Payroll fees	2,084	245	123	2,452	2,349
Postage and delivery	4,709	48	-	4,757	11,808
Printing and reproduction	286	34	16	336	4,029
Professional fees	1,251	10,632	625	12,508	11,859
Communications	2,355	131	131	2,617	2,969
Travel	3,556	-	-	3,556	17,993
Utilities	1,638	193	96	1,927	2,587
Volunteer appreciation	-	1,234	-	1,234	2,474
Website	351	20	20	391	1,011
<b>Total other expenses</b>	<b>49,199</b>	<b>18,003</b>	<b>14,523</b>	<b>81,725</b>	<b>110,854</b>
<b>Total expenses</b>	<b>\$ 836,107</b>	<b>\$ 23,528</b>	<b>\$ 20,046</b>	<b>\$ 879,681</b>	<b>\$ 926,998</b>

See Notes to Financial Statements.



**OPERATION FIRST RESPONSE, INC.**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(with December 31, 2019 comparative totals)

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 109,582	\$ 80,283
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	61	1,980
Changes in assets and liabilities:		
Increase (decrease) in accounts payable and accrued expenses	(621)	(1,285)
<b>Net cash flow provided by operations</b>	<u>109,022</u>	<u>80,978</u>
<b>Net increase in cash</b>	<b>109,022</b>	<b>80,978</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	803,997	723,019
End of year	<u>\$ 913,019</u>	<u>\$ 803,997</u>

See Notes to Financial Statements.

## OPERATION FIRST RESPONSE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Operations and Significant Accounting Policies

##### Nature of Operations

Operation First Response, Inc. (OFR) was incorporated in the Commonwealth of Virginia, in 2005 as a non-profit 501(c)(3) tax-exempt charity organized to support our nation's wounded heroes and their families with personal and financial needs. OFR provides assistance, compassion and understanding to wounded soldiers and their families. The financial assistance is in the form of rental payments, help with overdue utilities, payments for vehicle repairs, payments for air and ground transportation to fly family to local hospitals, and care packs to troops overseas.

##### Significant Accounting Policies

The financial statements of OFR have been prepared in accordance with policies followed by nonprofit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

*Basis of Accounting:* The financial statements of OFR have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation:* Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958 dated August 2016, *Not-For-Profit Entities*, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations". (ASC) 958-205 was effective January 1, 2018. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restriction:* Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

*Net Assets With Donor Restriction:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*Cash and Cash Equivalents:* For purposes of the statements of cash flows, the OFR considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

*Property and Equipment:* Expenditures for acquisition of furniture and equipment are capitalized at cost. The fair value of donated furniture and equipment is similarly capitalized. Depreciation is provided over the estimated useful lives of furniture and equipment using the straight-line method, ranging from 3-7 years.

## OPERATION FIRST RESPONSE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Operations and Significant Accounting Policies (Continued)

*Contributions:* Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in restricted net assets depending on the nature of the restriction. When a restriction expires, restricted net assets are reclassified to unrestricted net assets. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

*In-kind Donations:* Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

*Contributed Services:* OFR receives a substantial amount of services donated by its members in carrying out the Organization's duties. No amounts have been reflected in the financial statements for those services since they do not meet the criteria under ASC Subtopic 958-605-30.

*Advertising Costs:* Advertising costs are expensed as incurred. There were no advertising costs in 2020 or 2019.

*Functional Allocation of Expenses:* The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on based on their natural cost driver. The expenses that are allocated include the following:

<u>Natural Category</u>	<u>Allocation Method</u>
Personnel costs	Time and effort
Occupancy and related costs	Time and effort
Office and other	Time and effort

*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 asset and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Income Taxes:* OFR is exempt from the federal income tax under the provisions of Internal Revenue Code, Section 501(c)(3). The Organization is classified as a public charity and not a private foundation; therefore, contributions made to the Organization are tax deductible by the donors. The Organization has adopted the guidance under ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance. Income tax reporting years open for IRS audit include 2017, 2018, 2019 and 2020.

## OPERATION FIRST RESPONSE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Operations and Significant Accounting Policies (Continued)

*Measure of Operations:* The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to OFR's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature. There were no non-operating activities in 2020 and 2019.

#### Note 2. Fair Value of Instruments

The Organization's financial instruments are cash and cash equivalents, contributions receivable, and accounts payable. The recorded values of these instruments approximate their fair values based on their short-term nature.

#### Note 3. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the OFR financial statements for the year ended December 31, 2019 from which the summarized information was derived.

#### Note 4. Cash and Cash Equivalents

Composition of cash and cash equivalents is as follows:

Type	Bank Balance	Accounting Balance	
	2020	2020	2019
Wells Fargo			
Checking	\$ 103,537	\$ 118,101	\$ 213,330
Money Market	176,697	176,697	91,668
Suntrust			
Checking	-	-	14,373
High yield savings	-	-	484,381
Atlantic Union			
Checking	618,152	618,152	-
Paypal	69	69	245
	<u>\$ 898,455</u>	<u>\$ 913,019</u>	<u>\$ 803,997</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2020 Wells Fargo and Atlantic Union bank account balances exceeded FDIC insurance coverage limits by \$30,234 and \$368,152 respectively.

## OPERATION FIRST RESPONSE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. In-kind Donations

OFR receives in-kind donations to support their Backpack Program as well as general programs. Through the Backpack Program, OFR sends care packages to combat support hospitals in Iraq and Afghanistan which are provided to wounded soldiers. Total in-kind donations consist of the following:

In-kind description	2020	2019
Direct Assistance and Outreach Programs		
OFR backpacks	\$ 59,115	\$ 93,034
Military family assistance	10,840	17,792
Veterans assistance programs	74,400	-
Google ads	106,000	116,201
	<u>250,355</u>	<u>227,027</u>
Other In-Kind Provided Support		
Office supplies	100	465
Office space	24,000	24,000
	<u>24,100</u>	<u>24,465</u>
Total in-kind donations	<u>\$ 274,455</u>	<u>\$ 251,492</u>

#### Note 6. Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Description	Amount
Cash and cash equivalents without donor restriction	<u>\$ 913,019</u>

#### Note 7. Subsequent Events

The Organization has evaluated subsequent events through May 3, 2021, the date these financial statements were available to be issued, and determined that there were no material subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended December 31, 2020.