



california FIRE FOUNDATION

Serving firefighters, their families and their communities

1780 Creekside Oaks, Suite 200 • Sacramento, CA 95833

**California Fire Foundation
Financial Statements
December 31, 2013 and 2012**



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Financial Statements
December 31, 2013 and 2012**

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Grant Bennett Associates

A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
California Fire Foundation
Sacramento, California

We have audited the accompanying financial statements of the California Fire Foundation, (a California nonprofit corporation) which is comprised of the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 the California Fire Foundation as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants

Sacramento, California
August 5, 2014



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**California Fire Foundation
Statement of Financial Position
December 31, 2013 and 2012**

	2013	2012
ASSETS		
Current Assets:		
Cash	\$ 980,353	\$ 829,606
Investments	308,853	276,192
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$0)	250,551	204,602
Other Current Assets	<u>29,795</u>	<u>21,063</u>
Total Current Assets	1,569,552	1,331,463
Property and Equipment, Less Accumulated Depreciation of \$159,708 and \$150,208	<u>11,882</u>	<u>21,382</u>
TOTAL ASSETS	\$ 1,581,434	\$ 1,352,845
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ <u>78,215</u>	\$ <u>12,739</u>
Total Current Liabilities	<u>78,215</u>	<u>12,739</u>
Total Liabilities	<u>78,215</u>	<u>12,739</u>
Net Assets and Equity:		
Unrestricted Net Assets	1,119,749	775,897
Unrestricted Board Designated Endowment Fund	383,470	279,524
Temporarily Restricted Net Assets	<u> </u>	<u>284,685</u>
Total Net Assets	1,503,219	1,340,106
TOTAL LIABILITIES AND NET ASSETS	\$ 1,581,434	\$ 1,352,845

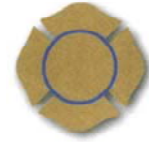
The accompanying notes are an integral part of these financial statements.



California Fire Foundation
Statement of Activities
For the Years Ended December 31, 2013 and 2012

	2013	2012
UNRESTRICTED NET ASSETS		
Revenue and Support:		
Contributions	\$ 836,507	\$ 824,424
Special Events	98,192	948
Other Income (Expense)	19,755	
Investment Income	<u>38,295</u>	<u>2,286</u>
Total Revenue and Support	992,749	827,658
Net Assets Released from Restrictions	<u>410,843</u>	<u>689,199</u>
Total	<u>1,403,592</u>	<u>1,516,857</u>
Expenses:		
Program Services -		
Education	775,647	671,785
Grants and Assistance	62,691	17,413
Supporting Services -		
Management and General	24,455	21,098
Fund Raising	<u>93,001</u>	<u>22,753</u>
Total Expenses	<u>955,794</u>	<u>733,049</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>447,798</u>	<u>783,808</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	126,158	152,004
Net Assets Released from Restrictions	<u>(410,843)</u>	<u>(689,199)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(284,685)</u>	<u>(537,195)</u>
CHANGE IN NET ASSETS	163,113	246,613
BEGINNING NET ASSETS	1,340,106	1,093,493
ENDING NET ASSETS	<u>\$ 1,503,219</u>	<u>\$ 1,340,106</u>

The accompanying notes are an integral part of these financial statements.



**California Fire Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2013**

	Education	Grants & Assistance - Victims, LODD Families	Management & General	Fund Raising	Total
Personnel Costs	\$ 266,535		\$ 16,506		\$ 283,041
Occupancy Costs	27,208		2,048		29,256
Travel and Meetings	127,329	\$ 28,931	554	\$ 10,769	167,583
Office Costs	27,077	3,006	3,492	77,944	111,519
Depreciation and Amortization	9,029		471		9,500
Memorial Ceremony and Site Costs	140,590				140,590
Other Expenses	177,879	30,754	1,384	4,288	214,305
Total Expenses	\$ 775,647	\$ 62,691	\$ 24,455	\$ 93,001	\$ 955,794

**Statement of Functional Expenses
For the Year Ended December 31, 2012**

	Education	Grants & Assistance - Victims, LODD Families	Management & General	Fund Raising	Total
Personnel Costs	\$ 216,530		\$ 9,266		\$ 225,796
Occupancy Costs	27,793		1,463		29,256
Travel and Meetings	90,621	\$ 10,583	6,213	\$ 17,427	124,844
Office Costs	21,281	2,458	2,836	5,319	31,894
Depreciation and Amortization	14,310		451		14,761
Memorial Ceremony and Site Costs	179,921				179,921
Other Expenses	121,329	4,372	869	7	126,577
Total Expenses	\$ 671,785	\$ 17,413	\$ 21,098	\$ 22,753	\$ 733,049

The accompanying notes are an integral part of these financial statements.



California Fire Foundation
Statement of Cash Flows
For the Years Ended December 31, 2013 and 2012

	2013	2012
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 163,113	\$ 246,613
Depreciation and Amortization	9,500	14,761
(Gain) Loss on Investments	(24,969)	(1,191)
Change in Accounts Receivable	(45,949)	(5,492)
Change in Other Current Assets	(8,732)	(13,536)
Change in Accounts Payable and Accrued Expenses	65,476	(9,804)
Change in Unearned Revenue	<u> </u>	<u>(1,029)</u>
Net Cash Flows from Operating Activities	<u>158,439</u>	<u>230,322</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(77,476)	(275,000)
Proceeds from Sale of Investments	69,784	<u> </u>
Purchase of Property and Equipment	<u> </u>	<u>(793)</u>
Net Cash Flows from Investing Activities	<u>(7,692)</u>	<u>(275,793)</u>
Net Change in Cash	150,747	(45,471)
Cash at Beginning of Year	829,606	875,077
Cash at End of Year	<u>\$ 980,353</u>	<u>\$ 829,606</u>

Other Supplemental Disclosures:

Interest Paid	\$	0	\$	0
Taxes Paid	\$	0	\$	0

The accompanying notes are an integral part of these financial statements.



**California Fire Foundation
Notes to the Financial Statements
December 31, 2013 and 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization

California Fire Foundation (the Foundation), a California nonprofit public benefit corporation, was formed to aid the victims, widows and orphans of uncontrolled fires and other disasters by direct assistance, by legal assistance, and by contributing to and working with organizations and activities established to aid them and, to educate the community about fire safety and the toxic effects of fires by conducting and reporting on scientific research, and sponsoring programs of public education. The Foundation has constructed and is maintaining the California Firefighters' Memorial in Capitol Park.

B. Method of Accounting and Basis of Presentation

The financial statements are prepared using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recognized as they are incurred, whether or not cash is received or paid at that time.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on the absence or existence and type of donor-imposed restrictions. The Foundation did not have any permanently restricted net assets during either year.

C. Estimates

The preparation of financial statements in conformity with 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.

D. Property and Depreciation

Property and equipment is recorded at cost. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets which range from five to seven years.

E. Functional Allocation of Expenses

The costs of providing various programs by the Foundation are summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs.



California Fire Foundation
Notes to the Financial Statements
December 31, 2013 and 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

F. Restricted and Unrestricted Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Restricted net assets consist of assets over which the organization does not have complete control. In some cases, the donor has placed restrictions on the use of the assets. In other cases, the assets, (for example: pledges and split interest agreements receivable) have not been received from the donor. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

G. Income Taxes

The California Fire Foundation is a nonprofit corporation exempt from federal and state income taxes under Internal Revenue Code section 501(c)(3) and the corresponding provisions of the California Franchise Tax Code. However, it is subject to federal and California income tax on unrelated business income (UBI), if any, as stipulated in the Internal Revenue Code. The organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2010. The Internal Revenue Service is not presently conducting any examinations of the organization's U.S. income tax returns for 2010 through 2012.

The Foundation evaluates uncertain tax positions through its review of the sources of income to identify UBI and certain other matters, including those which may affect its tax exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of December 31, 2013 and 2012, the Foundation had no uncertain tax positions requiring accrual.

H. Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers cash equivalents to be demand deposit accounts and all highly liquid debt instruments which are so near maturity as to present a negligible risk that a change in interest rates would result in a loss. The Foundation at December 31, 2013 and 2012 and periodically throughout the two years have maintained balances in various accounts in excess of federally insured limits. The possibility of loss exists if a bank holding excess deposits were to fail, however, management believes that the credit risk related to these deposits is minimal.

I. Compensated Absences

The Foundation has not estimated the amount of compensated absences. The Foundation's policy is to recognize these costs when actually paid.



California Fire Foundation
Notes to the Financial Statements
December 31, 2013 and 2012

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Investments at December 31, 2013 are comprised of investments in mutual funds and are measured at fair value in the accompanying statements of financial position. Investment income or loss (including interest, dividends, realized gains or losses, and unrealized gains or losses on investments) is included in the accompanying statements of activities. Investment income, was comprised of the following at December 31, 2013 and 2012:

	2013	2012
Interest and Dividends Earned	\$ 13,326	\$ 1,095
Realized Gains (Losses) on Investments	1,944	0
Unrealized Gains (Losses) on Investments	23,025	1,191
	\$ 38,295	\$ 2,286

Accounting principles generally accepted in the United States of America (GAAP) establishes a framework for measuring fair value based on observable and unobservable data. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.



California Fire Foundation
Notes to the Financial Statements
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NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued:

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2013:

Asset Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds	\$ 308,853	\$ 308,853	\$ -	\$ -
Total	\$ 308,853	\$ 308,853	\$ -	\$ -

The following table sets forth by level, within the fair value hierarchy, the organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31, 2012:

Asset Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds	\$ 276,192	\$ 276,192	\$ -	\$ -
Total	\$ 276,192	\$ 276,192	\$ -	\$ -

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2013 and 2012 consists of the following:

	2013	2012
Furniture and Equipment	\$ 171,590	\$ 171,590
Accumulated Depreciation	(159,708)	(150,208)
Total Property and Equipment	\$ 11,882	\$ 21,382



California Fire Foundation
Notes to the Financial Statements
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NOTE 4 - RELATED PARTY TRANSACTIONS:

The Foundation uses the facilities and personnel of California Professional Firefighters, an organization which exercises control over the Foundation. Additionally, the Foundation purchases certain services from other related organizations. The Foundation had the following related party transactions:

	2013	2012
Printing and other services purchased from related parties	\$ 104,041	\$ 118,821
Rent paid to California Professional Firefighters	29,256	29,256
Amounts payable to related parties at year end	25,606	1,282
Amounts receivable from related parties at year end	10,382	344

The lease agreement with California Professional Firefighters is a month to month lease with monthly lease payments of \$2,438.

NOTE 5 - BOARD DESIGNATED ENDOWMENT:

During the year ended December 31, 2010, the Board of Directors designated a portion of unrestricted net assets to establish a general endowment fund (the "Fund") to provide scholarships to children of California firefighters who have fallen in the line of duty. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as unrestricted net assets. Activity within the board designated endowment was as follows during the years ended December 31, 2013 and 2012:

	2013	2012
Endowment Balance at Beginning of Year	\$ 279,524	\$ 210,368
Contributions Received	66,936	67,942
Investment Income (Loss)	37,010	1,214
Scholarships Awarded	-	-
Endowment Balance at End of Year	\$ 383,470	\$ 279,524

The Foundation has a spending policy which states in general that the Foundation may, each year, spend an amount from the Fund equal to five percent of the average net fair market value of the Fund's assets for the twelve calendar quarters ending December 31 of the previous year. If the terms of the donor's gift instrument expressly allow the spending of additional amounts or expressly allow the invasion of principal in certain circumstances, the Foundation may spend such additional amounts.



**California Fire Foundation
Notes to the Financial Statements
December 31, 2013 and 2012**

NOTE 6 - SUBSEQUENT EVENTS:

Events subsequent to December 31, 2013 have been evaluated through August 5, 2014, the date that these statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no subsequent events to be disclosed.