



Financial Statements
December 31, 2011 and 2010



**Financial Statements
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Grant Bennett Associates

A PROFESSIONAL CORPORATION

To the Board of Directors
California Fire Foundation
Sacramento, California

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of the California Fire Foundation (a nonprofit corporation) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the California Fire Foundation as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Bennett Associates

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Certified Public Accountants

August 10, 2012



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**California Fire Foundation
Statement of Financial Position
December 31, 2011 and 2010**

	2011	2010
ASSETS		
Current Assets:		
Cash	\$ 875,077	\$ 606,574
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$0)	199,110	124,813
Other Current Assets	<u>7,527</u>	<u>8,610</u>
Total Current Assets	1,081,714	739,997
Property and Equipment, Less Accumulated Depreciation of \$135,447 and \$117,987	<u>35,351</u>	<u>48,736</u>
TOTAL ASSETS	\$ 1,117,065	\$ 788,733
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 22,543	\$ 30,382
Unearned Revenue	<u>1,029</u>	<u></u>
Total Current Liabilities	<u>23,572</u>	<u>30,382</u>
Total Liabilities	<u>23,572</u>	<u>30,382</u>
Net Assets and Equity:		
Unrestricted Net Assets	61,245	(142,484)
Unrestricted Board Designated Endowment Fund	210,368	51,009
Temporarily Restricted Net Assets	<u>821,880</u>	<u>849,826</u>
Total Net Assets	1,093,493	758,351
TOTAL LIABILITIES AND NET ASSETS	\$ 1,117,065	\$ 788,733

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



California Fire Foundation
Statement of Activities
For the Years Ended December 31, 2011 and 2010

	2011	2010
UNRESTRICTED NET ASSETS		
Revenue and Support:		
Contributions	\$ 868,327	\$ 482,587
Special Events	38,836	
Other Income (Expense)	27,336	(53)
Interest Income	<u>1,756</u>	<u>3,182</u>
Total Revenue and Support	936,255	485,716
Net Assets Released from Restrictions	<u>185,112</u>	<u>198,490</u>
Total	<u>1,121,367</u>	<u>684,206</u>
Expenses:		
Program Services -		
Education	379,208	475,894
Grants and Assistance	165,035	159,872
Supporting Services -		
Management and General	128,852	90,064
Fund Raising	<u>85,184</u>	<u>58,627</u>
Total Expenses	<u>758,279</u>	<u>784,457</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>363,088</u>	<u>(100,251)</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	157,166	207,455
Net Assets Released from Restrictions	<u>(185,112)</u>	<u>(198,490)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(27,946)</u>	<u>8,965</u>
CHANGE IN NET ASSETS	335,142	(91,286)
BEGINNING NET ASSETS	758,351	849,637
ENDING NET ASSETS	<u>\$ 1,093,493</u>	<u>\$ 758,351</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, 2011

	Education	Grants & Assistance - Victims, LODD Families	Management & General	Fund Raising	Total
Personnel Costs	\$ 114,546	\$ 12,783	\$ 50,851	\$ 24,000	\$ 202,180
Occupancy Costs	18,724	2,048	8,484		29,256
Travel and Meetings	79,982	20,329	42,076	271	142,658
Office Costs	21,944	3,052	7,027	56,852	88,875
Depreciation and Amortization	14,118	650	2,692		17,460
Memorial Ceremony and Site Costs	125,667				125,667
Other Expenses	4,227	126,173	17,722	4,061	152,183
Total Expenses	\$ 379,208	\$ 165,035	\$ 128,852	\$ 85,184	\$ 758,279

Statement of Functional Expenses
For the Year Ended December 31, 2010

	Education	Grants & Assistance - Victims, LODD Families	Management & General	Fund Raising	Total
Personnel Costs	\$ 111,557	\$ 12,286	\$ 39,312	\$ 24,000	\$ 187,155
Occupancy Costs	22,440	2,640	7,920		33,000
Travel and Meetings	159,509	11,764	4,408	842	176,523
Office Costs	25,230	3,955	6,305	8,575	44,065
Depreciation and Amortization	14,832	659	1,976		17,467
Memorial Ceremony and Site Costs	119,448				119,448
Other Expenses	22,878	128,568	30,143	25,210	206,799
Total Expenses	\$ 475,894	\$ 159,872	\$ 90,064	\$ 58,627	\$ 784,457

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



California Fire Foundation
Statement of Cash Flows
For the Years Ended December 31, 2011 and 2010

	2011	2010
Cash Flows from Operating Activities:		
Cash Received from:		
Members and Others	\$ 984,321	\$ 691,693
Interest Received	1,756	3,182
Cash Disbursed to:		
Vendors, Employees and Beneficiaries	<u>(701,560)</u>	<u>(766,091)</u>
Net Cash Flows from Operating Activities	<u>284,517</u>	<u>(71,216)</u>
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(16,014)</u>	<u>(1,216)</u>
Net Cash Flows from Investing Activities	<u>(16,014)</u>	<u>(1,216)</u>
Net Change in Cash	268,503	(72,432)
Cash at Beginning of Year	606,574	679,006
Cash at End of Year	<u>\$ 875,077</u>	<u>\$ 606,574</u>

Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities:

Change in Net Assets	\$ <u>335,142</u>	\$ <u>(91,286)</u>
Adjustments to Reconcile Change in Net Assets Net Cash Flows from Operating Activities:		
Depreciation and Amortization	17,460	17,467
(Gain) Loss on Disposition of Assets		53
Change in Accounts Receivable	(74,297)	5,460
Change in Other Current Assets	1,083	(291)
Change in Accounts Payable and Accrued Expenses	4,100	(2,619)
Change in Unearned Revenue	<u>1,029</u>	<u> </u>
Total Adjustments	<u>(50,625)</u>	20,070
Net Cash Flows from Operating Activities	<u>\$ 284,517</u>	<u>\$ (71,216)</u>

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



**California Fire Foundation
Notes to the Financial Statements
December 31, 2011 and 2010**

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, 2011 and 2010

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 2007. The Internal Revenue Service is not presently conducting any examinations of the organization's U.S. income tax returns for 2008 through 2010.

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, 2011 and 2010, 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, 2011 and 2010 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, 2011 and 2010

NOTE 2 - PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2011 and 2010 consists of the following:

	2011	2010
Furniture and Equipment	\$ 170,798	\$ 166,723
Accumulated Depreciation	(135,447)	(117,987)
Total Property and Equipment	\$ 35,351	\$ 48,736

NOTE 3 - 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:

	2011	2010
Printing and other services purchased from related parties	\$ 99,942	\$ 90,666
Rent paid to California Professional Firefighters	29,256	33,000
Amounts payable to related parties at year end	10,096	3,404

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



California Fire Foundation
Notes to the Financial Statements
December 31, 2011 and 2010

NOTE 4 - BOARD DESIGNATED ENDOWMENT:

During the year ended December 31, 2010, the Board of Directors designated \$51,009 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. During the year ended December 31, 2011, \$159,313 and \$46 of additional contributions and interest, respectively, were added to the endowment fund. No scholarships have yet been disbursed.

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.

NOTE 5 - SUBSEQUENT EVENTS:

Events subsequent to December 31, 2011 have been evaluated through August 10, 2012, 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.