



**Financial Statements**  
**December 31, 2015 and 2014**





**Financial Statements  
December 31, 2015 and 2014**

**Contents**

**INDEPENDENT AUDITORS' REPORT**.....1

**FINANCIAL STATEMENTS**

    Statement of Financial Position.....2

    Statement of Activities.....3

    Statements of Functional Expenses.....4

    Statement of Cash Flows.....5

    Notes to Financial Statements.....6



# 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, 2015 and 2014, 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, 2015 and 2014, 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 25, 2016



[www.gbacpa.com](http://www.gbacpa.com)

1375 Exposition Blvd., Suite 230  
Sacramento, CA 95815  
916/922-5109 FAX 916/641-5200

P.O. Box 223096  
Princeville, HI 96722  
888/769-7323



**California Fire Foundation  
Statement of Financial Position  
December 31, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 1,102,444	\$ 941,731
Investments	533,666	315,964
Accounts Receivable (Net of Allowance for Doubtful Accounts of \$0)	221,618	198,249
Other Current Assets	<u>179,049</u>	<u>184,703</u>
Total Current Assets	2,036,777	1,640,647
Property and Equipment, Less Accumulated Depreciation of \$165,147 and \$164,926	<u>7,647</u>	<u>9,437</u>
<b>TOTAL ASSETS</b>	<b>\$ 2,044,424</b>	<b>\$ 1,650,084</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 71,925	\$ 41,702
Unearned Revenue	<u>25,000</u>	<u>419</u>
Total Current Liabilities	<u>96,925</u>	<u>42,121</u>
Total Liabilities	<u>96,925</u>	<u>42,121</u>
Net Assets and Equity:		
Unrestricted Net Assets	1,336,243	1,058,785
Unrestricted Board Designated Endowment Fund	594,900	549,178
Temporarily Restricted Net Assets	<u>16,356</u>	<u>          </u>
Total Net Assets	<u>1,947,499</u>	<u>1,607,963</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,044,424</b>	<b>\$ 1,650,084</b>

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



**California Fire Foundation**  
**Statement of Activities**  
**For the Years Ended December 31, 2015 and 2014**

	2015	2014
<b>UNRESTRICTED NET ASSETS</b>		
Revenue and Support:		
Contributions	\$ 1,286,871	\$ 1,047,352
Special Events	280,186	61,486
Other Income (Expense)	1,480	3,120
Investment Income	<u>(23,546)</u>	<u>13,881</u>
Total Revenue and Support	1,544,991	1,125,839
Net Assets Released from Restrictions	<u>144,206</u>	<u>140,388</u>
Total	<u>1,689,197</u>	<u>1,266,227</u>
Expenses:		
Program Services -		
Education	989,280	942,488
Grants and Assistance	68,160	53,661
Supporting Services -		
Management and General	40,614	26,906
Fund Raising	<u>267,963</u>	<u>138,428</u>
Total Expenses	<u>1,366,017</u>	<u>1,161,483</u>
CHANGE IN UNRESTRICTED NET ASSETS	<u>323,180</u>	<u>104,744</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	160,562	140,388
Net Assets Released from Restrictions	<u>(144,206)</u>	<u>(140,388)</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>16,356</u>	<u>          </u>
CHANGE IN NET ASSETS	339,536	104,744
BEGINNING NET ASSETS	1,607,963	1,503,219
<b>ENDING NET ASSETS</b>	<b>\$ 1,947,499</b>	<b>\$ 1,607,963</b>

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



**California Fire Foundation  
Statement of Functional Expenses  
For the Year Ended December 31, 2015**

	Education	Grants & Assistance - Victims, LODD Families	Management & General	Fund Raising	Total
Personnel Costs	\$ 388,641		\$ 22,016	\$ 8,807	\$ 419,464
Occupancy Costs	27,208		1,463	585	29,256
Travel and Meetings	159,137	\$ 9,608	8,727	24,185	201,657
Office Costs	68,866	2,002	1,620	151,292	223,780
Depreciation and Amortization	3,414		136	54	3,604
Memorial Ceremony and Site Costs	116,092				116,092
Other Expenses	225,922	56,550	6,652	83,040	372,164
<b>Total Expenses</b>	<b>\$ 989,280</b>	<b>\$ 68,160</b>	<b>\$ 40,614</b>	<b>\$ 267,963</b>	<b>\$ 1,366,017</b>

**Statement of Functional Expenses  
For the Year Ended December 31, 2014**

	Education	Grants & Assistance - Victims, LODD Families	Management & General	Fund Raising	Total
Personnel Costs	\$ 314,213		\$ 15,206	\$ 6,081	\$ 335,500
Occupancy Costs	27,208		1,463	585	29,256
Travel and Meetings	160,803	\$ 18,672	5,986	7,513	192,974
Office Costs	60,014	3,539	3,250	82,501	149,304
Depreciation and Amortization	4,967		179	72	5,218
Memorial Ceremony and Site Costs	129,294				129,294
Other Expenses	245,989	31,450	822	41,676	319,937
<b>Total Expenses</b>	<b>\$ 942,488</b>	<b>\$ 53,661</b>	<b>\$ 26,906</b>	<b>\$ 138,428</b>	<b>\$ 1,161,483</b>

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





**California Fire Foundation**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2015 and 2014**

	2015	2014
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 339,536	\$ 104,744
Depreciation and Amortization	3,604	5,218
(Gain) Loss on Investments	59,500	5,185
Change in Accounts Receivable	(23,369)	52,302
Change in Other Current Assets	5,654	(154,908)
Change in Accounts Payable and Accrued Expenses	30,223	(36,513)
Change in Unearned Revenue	<u>24,581</u>	<u>419</u>
Net Cash Flows from Operating Activities	<u>439,729</u>	<u>(23,553)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	(344,482)	(39,561)
Proceeds from Sale of Investments	67,280	27,265
Purchase of Property and Equipment	<u>(1,814)</u>	<u>(2,773)</u>
Net Cash Flows from Investing Activities	<u>(279,016)</u>	<u>(15,069)</u>
Net Change in Cash	160,713	(38,622)
Cash at Beginning of Year	941,731	980,353
Cash at End of Year	<u>\$ 1,102,444</u>	<u>\$ 941,731</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, 2015 and 2014**

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**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, 2015 and 2014**

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**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 2012. The Internal Revenue Service is not presently conducting any examinations of the organization's U.S. income tax returns for 2012 through 2014.

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, 2015 and 2014, 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, 2015 and 2014 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, 2015 and 2014**

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**NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS:**

Investments at December 31, 2015 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, 2015 and 2014:

	2015	2014
Interest and Dividends Earned	\$ 35,954	\$ 19,066
Realized Gains (Losses) on Investments	6,063	2,578
Unrealized Gains (Losses) on Investments	(65,563)	(7,763)
	\$ (23,546)	\$ 13,881

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**  
**December 31, 2015 and 2014**

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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, 2015:

Asset Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<b>Mutual Funds</b>				
Cash & Money Market	\$ 20,283	\$ 20,283		\$
Intermediate Term Bonds	126,479	126,479		
High Yield Bonds	25,695	25,695		
Int'l Fixed Income Bonds	27,921	27,921		
Emerging Mkt Equity	41,563	41,563		
International Equity	100,008	100,008		
Large Cap Value Equity	83,687	83,687		
Large Cap Growth	87,377	87,377		
Small Cap Growth	10,108	10,108		
Small Cap Value Equity	10,545	10,545		
<b>Total</b>	<b>\$ 533,666</b>	<b>\$ 533,666</b>		<b>\$</b>

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, 2014:

Asset Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<b>Mutual Funds</b>				
Cash & Money Market	\$ 20,953	\$ 20,953		\$
Intermediate Term Bonds	60,491	60,491		
High Yield Bonds	17,979	17,979		
Int'l Fixed Income Bonds	19,554	19,554		
Emerging Mkt Equity	11,231	11,231		
International Equity	47,297	47,297		
Large Cap Value Equity	51,601	51,601		
Large Cap Growth	67,033	67,033		
Small Cap Growth	10,211	10,211		
Small Cap Value Equity	9,614	9,614		
<b>Total</b>	<b>\$ 315,964</b>	<b>\$ 315,964</b>		<b>\$</b>



**California Fire Foundation**  
**Notes to the Financial Statements**  
**December 31, 2015 and 2014**

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**NOTE 3 - PROPERTY AND EQUIPMENT:**

Property and equipment at December 31, 2015 and 2014 consists of the following:

	2015	2014
Furniture and Equipment	\$ 172,794	\$ 174,363
Accumulated Depreciation	(165,147)	(164,926)
<b>Total Property and Equipment</b>	<b>\$ 7,647</b>	<b>\$ 9,437</b>

**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:

	2015	2014
Printing and other services purchased from related parties	\$ 140,216	\$ 141,286
Rent paid to California Professional Firefighters	29,256	29,256
Amounts payable to related parties at year end	34,278	20,469

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, 2015 and 2014**

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**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, 2015 and 2014:

	2015	2014
Endowment Balance at Beginning of Year	\$ 549,178	\$ 383,470
Contributions Received	70,882	153,905
Investment Income (Loss)	(25,160)	11,803
Scholarships Awarded	-	-
Endowment Balance at End of Year	\$ 594,900	\$ 549,178

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 6 - SUBSEQUENT EVENTS:**

Events subsequent to December 31, 2015 have been evaluated through August 25, 2016, 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.