



**Financial Statements**  
**December 31, 2022 and 2021**





**Financial Statements  
December 31, 2022 and 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
California Fire Foundation  
Sacramento, California

### Opinion

We have audited the accompanying financial statements of the California Fire Foundation (a California nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of the California Fire Foundation as of December 31, 2022 and 2021, 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 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 the California Fire 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.

### 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 California Fire Foundation'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 the California Fire 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 California Fire 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.

*Grant Bennett Associates*

GRANT BENNETT ASSOCIATES  
A PROFESSIONAL CORPORATION  
Certified Public Accountants

Rancho Cordova, California  
January 18, 2024





**California Fire Foundation**  
**Statement of Financial Position**  
**December 31, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 21,857,758	\$ 23,604,063
Investments	807,246	917,837
Accounts and Pledges Receivable (Net of Allowance for Doubtful Accounts of \$0)	182,538	245,246
Other Current Assets	<u>457,435</u>	<u>212,511</u>
Total Current Assets	23,304,977	24,979,657
Property and Equipment, Less Accumulated Depreciation of \$163,331 and \$181,094	49,990	47,539
Right of Use Assets - Operating Lease	<u>229,570</u>	
<b>TOTAL ASSETS</b>	<b>\$ 23,584,537</b>	<b>\$ 25,027,196</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 105,237	\$ 134,297
Operating Lease Liability, Current Portion	<u>55,391</u>	<u>          </u>
Total Current Liabilities	<u>160,628</u>	<u>134,297</u>
Operating Lease Liability, Noncurrent Portion	193,938	
Total Liabilities	<u>354,566</u>	<u>134,297</u>
Net Assets:		
Net Assets Without Donor Restrictions	12,254,572	12,184,013
Net Assets Without Donor Restrictions - Board Designated Endowment Fund	1,256,281	1,442,810
Net Assets With Donor Restrictions	<u>9,719,118</u>	<u>11,266,076</u>
Total Net Assets	23,229,971	24,892,899
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 23,584,537</b>	<b>\$ 25,027,196</b>

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



**California Fire Foundation**  
**Statement of Activities**  
**For the Years Ended December 31, 2022 and 2021**

	2022	2021
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Revenue and Support:		
Contributions	\$ 1,925,531	\$ 2,716,395
Special Events	5,104	
Other Income (Expense)	3,477	6,867
Investment Income (Loss)	<u>(114,254)</u>	<u>118,390</u>
Total Revenue and Support	1,819,858	2,841,652
Net Assets Released from Restrictions	<u>4,500,725</u>	<u>3,354,633</u>
Total	<u>6,320,583</u>	<u>6,196,285</u>
Expenses:		
Program Services -		
Education	826,880	462,851
Grants and Assistance	5,131,610	4,054,066
Supporting Services -		
Management and General	347,488	330,514
Fund Raising	<u>130,575</u>	<u>116,140</u>
Total Expenses	<u>6,436,553</u>	<u>4,963,571</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(115,970)</u>	<u>1,232,714</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	2,909,146	3,621,793
Investment Income	44,621	12,112
Net Assets Released from Restrictions	<u>(4,500,725)</u>	<u>(3,354,633)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(1,546,958)</u>	<u>279,272</u>
CHANGE IN NET ASSETS	(1,662,928)	1,511,986
BEGINNING NET ASSETS	24,892,899	23,380,913
ENDING NET ASSETS	<u>\$ 23,229,971</u>	<u>\$ 24,892,899</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, 2022**

	Education	Grants & Assistance - Victims, LODD Families	Management & General	Fund Raising	Total
Personnel Costs	\$ 120,544	\$ 256,129	\$ 93,998	\$ 46,501	\$ 517,172
Occupancy Costs	16,455	36,069	15,007	7,504	75,035
Travel and Meetings	224,967	304,178	21,946	4,057	555,148
Office Costs	38,390	95,218	36,525	10,395	180,528
Depreciation and Amortization	2,603	5,099	3,032	1,515	12,249
Memorial Ceremony and Site Costs	174,029	174,029			348,058
Other Expenses	249,892	4,260,888	176,980	60,603	4,748,363
<b>Total Expenses</b>	<b>\$ 826,880</b>	<b>\$ 5,131,610</b>	<b>\$ 347,488</b>	<b>\$ 130,575</b>	<b>\$ 6,436,553</b>

**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

	Education	Grants & Assistance - Victims, LODD Families	Management & General	Fund Raising	Total
Personnel Costs	\$ 95,358	\$ 228,092	\$ 86,625	\$ 43,297	\$ 453,372
Occupancy Costs	5,347	11,720	4,876	2,437	24,380
Travel and Meetings	24,871	118,513	1,568		144,952
Office Costs	46,653	83,363	39,821	10,442	180,279
Depreciation and Amortization	1,152	2,257	1,105	552	5,066
Memorial Ceremony and Site Costs	6,572	6,572			13,144
Other Expenses	282,898	3,603,549	196,519	59,412	4,142,378
<b>Total Expenses</b>	<b>\$ 462,851</b>	<b>\$ 4,054,066</b>	<b>\$ 330,514</b>	<b>\$ 116,140</b>	<b>\$ 4,963,571</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, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ (1,662,928)	\$ 1,511,986
Assets Donated to the Foundation	(6,394)	(18,464)
Depreciation and Amortization	12,249	5,066
(Gain) Loss on Investments	160,262	(27,926)
Change in Accounts and Pledges Receivable	62,708	254,547
Change in Other Current Assets	89,821	(80,311)
Change in Right of Use Asset and Operating Lease Liability	19,759	
Change in Accounts Payable and Accrued Expenses	<u>(29,060)</u>	<u>47,764</u>
<b>Net Cash Flows from Operating Activities</b>	<b><u>(1,353,583)</u></b>	<b><u>1,692,662</u></b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	(823,457)	(220,381)
Proceeds from Sale of Investments	780,180	242,454
Purchase of Property, Equipment, and Intangibles	<u>(349,445)</u>	<u>(43,850)</u>
<b>Net Cash Flows from Investing Activities</b>	<b><u>(392,722)</u></b>	<b><u>(21,777)</u></b>
<b>Net Change in Cash</b>	<b>(1,746,305)</b>	<b>1,670,885</b>
<b>Cash at Beginning of Year</b>	<b>23,604,063</b>	<b>21,933,178</b>
<b>Cash at End of Year</b>	<b>\$ 21,857,758</b>	<b>\$ 23,604,063</b>

**Non-Cash Investing Activity:**

Investments Contributed to the Foundation	\$ 6,394	\$ 18,464
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**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, 2022 and 2021**

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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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based on the absence or existence and type of donor-imposed restrictions.

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**  
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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:**

F. Revenue With or Without Donor Restrictions

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 support received with donor restrictions. Net assets with donor restrictions 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 restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 2018. The Internal Revenue Service is not presently conducting any examinations of the organization's U.S. income tax returns for 2018 through 2020.

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, 2022 and 2021, 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, 2022 and 2021 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**  
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**NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS:**

Investments at December 31, 2022 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, 2022 and 2021:

	2022	2021
Interest and Dividends Earned	\$ 90,629	\$ 102,575
Realized Gains (Losses) on Investments	(48,265)	48,645
Unrealized Gains (Losses) on Investments	(111,997)	(20,718)
	<u>\$ (69,633)</u>	<u>\$ 130,502</u>

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;



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

- 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.

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, 2022:

Asset Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Equities	\$ 720,141	\$ 720,141	\$	\$
Fixed Income & Preferreds	7,834	7,834		
Alternatives	79,271	79,271		
Total	\$ 807,246	\$ 807,246	\$	\$

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, 2021:

Asset Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds				
Equities	\$ 711,818	\$ 711,818	\$	\$
Fixed Income & Preferreds	206,019	206,019		
Total	\$ 917,837	\$ 917,837	\$	\$



**California Fire Foundation**  
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**December 31, 2022 and 2021**

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**NOTE 3 - PROPERTY AND EQUIPMENT:**

Property and equipment at December 31, 2022 and 2021 consists of the following:

	2022	2021
Furniture and Equipment	\$ 213,321	\$ 228,633
Accumulated Depreciation	(163,331)	(181,094)
<b>Total Property and Equipment</b>	<b>\$ 49,990</b>	<b>\$ 47,539</b>

**NOTE 4 - RELATED PARTY TRANSACTIONS:**

The Foundation purchases certain services from other related organizations. The Foundation had the following related party transactions:

	2022	2021
Printing, contributions, and other services purchased from/paid to related parties	\$ 741,058	\$ 659,548
Rent paid to California Professional Firefighters	-	24,380
Amounts payable to related parties at year end	4,984	15,496



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**NOTE 5 - OPERATING LEASE:**

The Foundation leases office space under a noncancellable operating lease which expires in January 2027. The lease contains provision for annual fixed rental increases and an option to renew.

Effective January 1, 2022, the Foundation adopted new lease accounting guidance issued by the Financial Accounting Standards Board (FASB) which requires the balance sheet recognition of all leases with a lease term greater than 12 months. The Foundation's adoption of this standard has resulted in the establishment of a right of use asset (less accumulated amortization) of \$229,570 and a corresponding lease liability of \$249,329 at December 31, 2022 equal to the present value of the sum of the future lease payments, and have been reflected on the statement of financial position. The Right of Use asset represents the Foundation's right to use the underlying asset during the lease term, and the lease liability represents the Foundation's obligation to make lease payments arising from the lease. Right of Use asset and liability are recognized at the commencement date, based on the net present value of the fixed lease payments over the lease term. The lease terms include options to extend or terminate the lease when it is reasonably certain that the options will be exercised. As the operating lease does not provide an implicit rate, the Company used an incremental borrowing rate of 3% based on the information available at the commencement date in determining the present value of the lease payments. The Company elected not to restate comparative period financial statements and related disclosures.

The future minimum rental payments required under the long-term non-cancellable lease as of December 31, 2022 are as follows:

2023	\$ 61,961
2024	63,817
2025	65,732
2026	67,707
2027	<u>5,656</u>
Total Undiscounted Lease Commitments	264,873
Less: Imputed Interest	15,544
Total Lease Obligations	<u>\$ 249,329</u>

Total rental expense for all operating leases for the years ended December 31, 2022 and 2021 was \$75,035 and \$24,380, respectively.





**California Fire Foundation**  
**Notes to the Financial Statements**  
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**NOTE 6 - BOARD DESIGNATED ENDOWMENT:**

During the year ended December 31, 2010, the Board of Directors designated a portion of net assets without donor restrictions 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 net assets without donor restrictions. Activity within the board designated endowment was as follows during the years ended December 31, 2022 and 2021:

	2022	2021
Endowment Balance at Beginning of Year	\$ 1,442,810	\$ 1,291,956
Contributions Received	38,103	47,162
Investment Income (Loss)	(161,131)	103,692
Scholarships Awarded	(63,501)	-
Endowment Balance at End of Year	\$ 1,256,281	\$ 1,442,810

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 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES:**

The following reflects the Foundation's financial assets as of the balance sheet date, including amounts not available within one year of the balance sheet date. Amounts not available include amounts set aside for reserves that could be drawn upon if the governing board approves that action.

The Foundation's financial assets due within one year of the balance sheet date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 21,857,758
Investments	807,246
Accounts Receivable	<u>182,538</u>
Financial Assets, as of December 31, 2022	22,847,542
Less those unavailable for general expenditures within one year, due to:	
Board Designations	(1,256,281)
Contractual or Donor Imposed Restrictions	<u>(9,719,118)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 11,872,143</u>



**California Fire Foundation**  
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**NOTE 8 - SUBSEQUENT EVENTS:**

The Foundation has evaluated its December 31, 2022 financial statements for subsequent events through January 18, 2024, the date that these statements were available to be issued. Management found no subsequent events to be disclosed.