



Financial Statements
December 31, 2021 and 2020



**Financial Statements
December 31, 2021 and 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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
November 08, 2022





California Fire Foundation
Statement of Financial Position
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets:		
Cash	\$ 23,604,063	\$ 21,933,178
Investments	917,837	893,520
Accounts and Pledges Receivable (Net of Allowance for Doubtful Accounts of \$0)	245,246	499,793
Other Current Assets	<u>212,511</u>	<u>132,200</u>
Total Current Assets	24,979,657	23,458,691
Property and Equipment, Less Accumulated Depreciation of \$181,094 and \$176,029	<u>47,539</u>	<u>8,755</u>
TOTAL ASSETS	\$ 25,027,196	\$ 23,467,446
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ <u>134,297</u>	\$ <u>86,533</u>
Total Current Liabilities	<u>134,297</u>	<u>86,533</u>
Total Liabilities	<u>134,297</u>	<u>86,533</u>
Net Assets:		
Net Assets Without Donor Restrictions	12,184,013	11,102,153
Net Assets Without Donor Restrictions - Board Designated Endowment Fund	1,442,810	1,291,956
Net Assets With Donor Restrictions	<u>11,266,076</u>	<u>10,986,804</u>
Total Net Assets	24,892,899	23,380,913
TOTAL LIABILITIES AND NET ASSETS	\$ 25,027,196	\$ 23,467,446

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



California Fire Foundation
Statement of Activities
For the Years Ended December 31, 2021 and 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Support:		
Contributions	\$ 2,716,395	\$ 4,716,150
Special Events		340
Other Income (Expense)	6,867	159
Investment Income (Loss)	<u>118,390</u>	<u>163,637</u>
Total Revenue and Support	2,841,652	4,880,286
Net Assets Released from Restrictions	<u>3,354,633</u>	<u>3,317,678</u>
Total	<u>6,196,285</u>	<u>8,197,964</u>
Expenses:		
Program Services -		
Education	462,851	316,053
Grants and Assistance	4,054,066	3,666,345
Supporting Services -		
Management and General	330,514	294,909
Fund Raising	<u>116,140</u>	<u>363,623</u>
Total Expenses	<u>4,963,571</u>	<u>4,640,930</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,232,714</u>	<u>3,557,034</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	3,621,793	6,476,389
Investment Income	12,112	22,446
Net Assets Released from Restrictions	<u>(3,354,633)</u>	<u>(3,317,678)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>279,272</u>	<u>3,181,157</u>
CHANGE IN NET ASSETS	1,511,986	6,738,191
BEGINNING NET ASSETS	23,380,913	16,642,722
ENDING NET ASSETS	<u>\$ 24,892,899</u>	<u>\$ 23,380,913</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, 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
Total Expenses	\$ 462,851	\$ 4,054,066	\$ 330,514	\$ 116,140	\$ 4,963,571

**Statement of Functional Expenses
For the Year Ended December 31, 2020**

	Education	Grants & Assistance - Victims, LODD Families	Management & General	Fund Raising	Total
Personnel Costs	\$ 61,370	\$ 87,581	\$ 80,703	\$ 121,092	\$ 350,746
Occupancy Costs	5,196	6,992	6,826	10,242	29,256
Travel and Meetings	5,037	101,899	357		107,293
Office Costs	37,425	47,332	21,822	16,412	122,991
Depreciation and Amortization	793	793	600	900	3,086
Memorial Ceremony and Site Costs	22,547	22,547			45,094
Other Expenses	183,685	3,399,201	184,601	214,977	3,982,464
Total Expenses	\$ 316,053	\$ 3,666,345	\$ 294,909	\$ 363,623	\$ 4,640,930

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



California Fire Foundation
Statement of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 1,511,986	\$ 6,738,191
Assets Donated to the Foundation	(18,464)	(18,716)
Depreciation and Amortization	5,066	3,086
(Gain) Loss on Investments	(27,926)	(111,177)
Change in Accounts and Pledges Receivable	254,547	6,098
Change in Other Current Assets	(80,311)	101,591
Change in Accounts Payable and Accrued Expenses	<u>47,764</u>	<u>9,456</u>
Net Cash Flows from Operating Activities	<u>1,692,662</u>	<u>6,728,529</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(220,381)	(137,489)
Proceeds from Sale of Investments	242,454	124,228
Purchase of Property, Equipment, and Intangibles	<u>(43,850)</u>	<u>(4,670)</u>
Net Cash Flows from Investing Activities	<u>(21,777)</u>	<u>(17,931)</u>
Net Change in Cash	1,670,885	6,710,598
Cash at Beginning of Year	21,933,178	15,222,580
Cash at End of Year	<u>\$ 23,604,063</u>	<u>\$ 21,933,178</u>
Non-Cash Investing Activity:		
Investments Contributed to the Foundation	\$ 18,464	\$ 18,716
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, 2021 and 2020**

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
December 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020 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, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued:

J. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with current year presentation. The reclassifications had no effect on the change in net assets as previously reported.

NOTE 2 - INVESTMENTS AND FAIR VALUE MEASUREMENTS:

Investments at December 31, 2021 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, 2021 and 2020:

	2021	2020
Interest and Dividends Earned	\$ 102,575	\$ 74,906
Realized Gains (Losses) on Investments	48,645	(4,524)
Unrealized Gains (Losses) on Investments	(20,718)	115,701
	<u>\$ 130,502</u>	<u>\$ 186,083</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: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets; |



California Fire Foundation
Notes to the Financial Statements
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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, 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	\$	\$

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, 2020:

Asset Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual Funds				
Equities	\$ 762,452	\$ 762,452	\$	\$
Fixed Income & Preferreds	131,068	131,068		
Total	\$ 893,520	\$ 893,520	\$	\$



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NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment at December 31, 2021 and 2020 consists of the following:

	2021	2020
Furniture and Equipment	\$ 228,633	\$ 184,784
Accumulated Depreciation	(181,094)	(176,029)
Total Property and Equipment	\$ 47,539	\$ 8,755

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:

	2021	2020
Printing, contributions, and other services purchased from/paid to related parties	\$ 659,548	\$ 614,360
Rent paid to California Professional Firefighters	24,380	29,256
Amounts payable to related parties at year end	-	1,360

The lease agreement with California Professional Firefighters was a month to month lease through October 31, 2021 with monthly lease payments of \$2,438.



California Fire Foundation
Notes to the Financial Statements
December 31, 2021 and 2020

NOTE 5 - 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, 2021 and 2020:

	2021	2020
Endowment Balance at Beginning of Year	\$ 1,291,956	\$ 1,127,661
Contributions Received	47,162	41,855
Investment Income (Loss)	103,692	122,440
Scholarships Awarded	-	-
Endowment Balance at End of Year	\$ 1,442,810	\$ 1,291,956

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 - 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	\$ 23,604,063
Investments	917,837
Accounts Receivable	<u>245,246</u>
Financial Assets, as of December 31, 2021	24,767,146
Less those unavailable for general expenditures within one year, due to:	
Board Designations	(1,442,810)
Contractual or Donor Imposed Restrictions	<u>(11,266,076)</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	\$ 12,058,260



**California Fire Foundation
Notes to the Financial Statements
December 31, 2021 and 2020**

NOTE 7 - SUBSEQUENT EVENTS:

The Foundation has evaluated its December 31, 2021 financial statements for subsequent events through November 08, 2022, the date that these statements were available to be issued.