

**EL DORADO COUNTY
FIRE SAFE COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022**

**EL DORADO COUNTY FIRE SAFE COUNCIL
JUNE 30, 2022**

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VAUGHN JOHNSON, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of
El Dorado County Fire Safe Council
Diamond Springs, CA

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of El Dorado County Fire Safe Council (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets-modified cash basis as of June 30, 2022, and the related statements of support, revenue, and expenses-modified cash basis, and functional expenses-modified cash basis for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets-modified cash basis of El Dorado County Fire Safe Council, Inc. as of June 30, 2022, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am required to be independent of El Dorado County Fire Safe Council, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of Accounting

I draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 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, I:

- 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 ABC Organization'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about El Dorado County Fire Safe Council's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Vaughn Johnson

Vaughn Johnson, CPA
Cameron Park, California
May 15, 2023

**EL DORADO COUNTY FIRE SAFE COUNCIL
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
AS OF JUNE 30, 2022**

Assets

Cash and cash equivalents	\$ 559,883
Property and equipment, net	<u>263</u>
Total assets	<u><u>\$ 560,146</u></u>

Liabilities and net assets

Total liabilities	<u>\$ -</u>
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Net assets

Unrestricted	248,481
Contractually restricted	<u>311,665</u>
Total net assets	<u><u>560,146</u></u>
Total liabilities and net assets	<u><u>\$ 560,146</u></u>

**EL DORADO COUNTY FIRE SAFE COUNCIL
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES AND CHANGES IN NET
ASSETS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

Revenues, gain, and other support	
Grants and Donations	\$ 433,331
Miscellaneous income	19,163
Interest income	<u>32</u>
Total revenues, gains, and other support	<u>452,526</u>
Expenses	
Program services	410,245
Supporting services	<u>39,302</u>
Total expenses	<u>449,547</u>
EXCESS EXPENSES	
Change in net assets	2,979
Unrestricted net assets-beg of year	357,903
Contractually restricted-beg of year	<u>199,264</u>
Net assets at beginning of year	557,167
Unrestricted net assets-end of year	248,481
Contractually restricted-end of year	<u>311,665</u>
Net assets at end of year	<u><u>\$ 560,146</u></u>

**EL DORADO COUNTY FIRE SAFE COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH
BASIS FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Program services			
Accounting		2,952	2,952
Advertising	4,780	686	5,466
Admin Services	3,418	9,878	13,296
Bank	66	487	553
Computer	4,287	5,372	9,659
Contract Services	342,389	2,877	345,266
CWPP	5,685		5,685
Dues and subscriptions	268	225	493
Education Materials	5,453		5,453
Environmental Compliance	156		156
Firewise Events	1,811		1,811
Giveaway	269		269
Indirect Expense	13,562		13,562
Insurance		13,425	13,425
Internet	1,191	1,184	2,375
Meeting	2,070	164	2,234
Miscellaneous	5,408		5,408
Office expense	400	837	1,237
Postage	1,390	316	1,706
Printing	2,289	70	2,359
Public Education	669		669
Rent	4,391	600	4,991
Repairs	10		10
Satellite Startup	130		130
Software	223		223
Storage	5,734		5,734
Supplies	4,196		4,196
Taxes and licenses		229	229
	<u> </u>	<u> </u>	<u> </u>
 Total program services	 <u>\$ 410,245</u>	 <u>\$ 39,302</u>	 <u>\$ 449,547</u>

**EL DORADO COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

1. Description of Organization

Nature of Activities:

El Dorado County Fire Safe Council is a California Nonprofit Corporation which is dedicated to protect the people of El Dorado County and their property from the effects of catastrophic wildfire through education, cooperation, innovation, and action.

In order to achieve its mission the Council is coordinating a county-wide fire plan, with the cooperation of local agencies, as well as educating the public about fire threat and fire prevention measures. The council is helping to promote fire safe communities by providing defensible space programs, chipper programs as assistance to senior and disabled.

The Council is publicly supported and exempt from income taxes under the Internal Revenue Code Section 501(C)(3). Donations to the council are tax deductible.

General and administrative activities include the functions necessary to provide support to the organization's program activities. General and administrative activities include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

2. Significant Accounting Policies

Basis of Accounting

The organization prepares its financial statements on the modified cash basis method of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (GAAP). Revenues are recognized in the accounting period in which they are received and expenses are recognized in the period in which they are paid. Under GAAP, revenue and related receivables would be recorded when earned, and expenses and related liabilities would be recorded when incurred.

Use of Estimates

The preparation of financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period, and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**EL DORADO COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when stipulated purpose for which the resource was restricted has been fulfilled, or both.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statements of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents

Cash includes cash held in checking accounts. All are highly liquid investments with original maturities of three months or less which are neither held for nor restricted for long-term purposes.

Property and Equipment

El Dorado County Fire Safe Council, Inc. follows the practice of capitalizing all expenditures over \$500 for equipment at historical cost. The fair value of donated fixed assets is similarly capitalized. Depreciation is computed on the straight-line basis over the following useful lives:

Office and computer equipment	5 - 7 years
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When the assets were sold or disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Contributed Services

No amounts have been reflected in the statements for donated services; however, a substantial number of volunteers have donated a significant amount of their time in the Council's program services.

Grant Revenue and Revenue Recognition

Grant and donor revenue is recognized when a cash is received. Grant revenue from federal and state agencies are subject to independent audit. The review could result in the disallowance of expenditures under the terms of the grant or reduction of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 . Revenue from Contracts with Customers (Topic 606). Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue, and no changes to the previously issued audited financial statements were required on a retrospective basis.

**EL DORADO COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

Functional Allocation of Expenses

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiples functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Tax Status

El Dorado County Fire Safe Council is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years 2019, 2020, and 2021 are still open to audit for both federal and state purposes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 are:

Financial assets:	
Cash and cash equivalents	<u>\$ 559,883</u>
Expenditures within one year	<u>\$ 559,883</u>

3. Fair Value Measurements

The organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets in markets that are not active;
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

**EL DORADO COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

When available, the organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

4. Equipment

Depreciation for 2022 was \$-0-.

Office equipment is \$2,794 and accumulated depreciation is \$2,446.

5. Commitments and Contingencies

The Council receives funding that is subject to audit by granting agencies. Although such audits could generate expense disallowances under terms of the grants, management believes that any required reimbursements could not be material to the Council as a whole.

Future Grant Commitments are \$2,712,289. \$880,000 from USFS, \$837,289 from Cal Fire Grants, \$990,000 from BLM and \$5,000 from FOS 2022.

6. Financial Instruments and Credit Risk

The Council received fifty percent (50%) from the US Department of Forestry grants, and twenty-five percent (25%) from El Dorado County Title III funds. Although there are no long-term contracts due to yearly budget decisions, the Council has been receiving funding since 2002.

Cash and cash equivalents are maintained at a high-quality financial institution and each account at the institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. The organization has not experienced any losses on its cash or cash equivalents. The organization does not have any investments outside of bank accounts. Two of the bank accounts are with Umpqua \$476,877.

7. Contractual Requirements on Cash

The Organization has received monies in advance for the performance of projects evidenced by contracts or grants. Maintaining the accounting records on the cash basis does not account for deferred revenues. Below is a list of grants that were not complete at year-end so the Council has an obligation to provide additional services.

El Dorado County Title III 2023	\$132,656
Title III	94,273
SMUD 2022 12/31/2022	17,208
CAFSC/PGE Oct 2022	<u>67,528</u>
Total	<u>\$311,665</u>

8. Subsequent Events

Subsequent events have been evaluated through May 15, 2023, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.