

WILDLAND FIREFIGHTERS FOUNDATION

(A Nonprofit Organization)

Financial Statements

With Independent Auditors' Report Thereon

FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016





Independent Auditors' Report

Board of Directors of
Wildland Firefighters Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Wildland Firefighters Foundation, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities 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.

Auditors' 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 auditors' 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 Wildland Firefighters Foundation as of December 31, 2017 and 2016, 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.

Miller CPA, PLLC
Murfreesboro, Tennessee
May 8, 2018

**WILDLAND FIREFIGHTER FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016**

	2017	2016
CURRENT ASSETS		
Cash and equivalents	\$ 38,476	\$ 227,797
Grant receivable	248,000	-
Investments	854,815	907,386
Total current assets	1,141,291	1,135,183
PROPERTY AND EQUIPMENT, NET	613,895	19,455
OTHER ASSETS		
Long-term collectibles	31,300	31,300
Deposit	1,800	1,800
Total other assets	33,100	33,100
TOTAL ASSETS	\$ 1,788,286	\$ 1,187,738
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 21,213	\$ 14,997
Current portion of note payable	11,571	-
Total current liabilities	32,784	14,997
LONG-TERM LIABILITY		
Note payable less current maturities	409,010	-
TOTAL LIABILITIES	441,794	14,997
NET ASSETS		
Temporarily restricted net assets	168,384	71,584
Unrestricted net assets	1,178,108	1,101,157
TOTAL NET ASSETS	1,346,492	1,172,741
TOTAL LIABILITIES AND NET ASSETS	\$ 1,788,286	\$ 1,187,738

See accompanying notes to financial statements and independent auditors' report.

WILDLAND FIREFIGHTER FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016			
	Unrestricted	Temporarily Restricted		Totals	Unrestricted	Temporarily Restricted	
		Totals	Unrestricted			Totals	Unrestricted
PUBLIC SUPPORT AND REVENUE							
Public support							
Contributions	\$ 851,894	\$ 123,128	\$ 975,022	\$ 815,589	\$ 92,905	\$ 908,494	
In-kind donations	18,598	-	18,598	1,392	-	1,392	
Fundraising income	478,589	-	478,589	343,217	-	343,217	
Total public support	<u>1,349,081</u>	<u>123,128</u>	<u>1,472,209</u>	<u>1,160,198</u>	<u>92,905</u>	<u>1,253,103</u>	
Revenue							
Unrealized gain on investments	33,950	-	33,950	84,386	-	84,386	
Realized gain on investments	33,857	-	33,857	-	-	-	
Dividends	35,330	-	35,330	127	-	127	
Total revenue	<u>103,137</u>	<u>-</u>	<u>103,137</u>	<u>84,513</u>	<u>-</u>	<u>84,513</u>	
Released from restrictions:	<u>26,328</u>	<u>(26,328)</u>	<u>-</u>	<u>35,476</u>	<u>(35,476)</u>	<u>-</u>	
Total public support and revenue	<u>1,478,546</u>	<u>96,800</u>	<u>1,575,346</u>	<u>1,280,187</u>	<u>57,429</u>	<u>1,337,616</u>	
EXPENSES							
Programs	986,272	-	986,272	1,059,806	-	1,059,806	
Management and general	189,509	-	189,509	153,480	-	153,480	
Fundraising	225,814	-	225,814	180,643	-	180,643	
Total expenses	<u>1,401,595</u>	<u>-</u>	<u>1,401,595</u>	<u>1,393,929</u>	<u>-</u>	<u>1,393,929</u>	
Increase (decrease) in net assets	<u>76,951</u>	<u>96,800</u>	<u>173,751</u>	<u>(113,742)</u>	<u>57,429</u>	<u>(56,313)</u>	
Net assets at beginning of year	<u>1,101,157</u>	<u>71,584</u>	<u>1,172,741</u>	<u>1,214,899</u>	<u>14,155</u>	<u>1,229,054</u>	
Net assets at end of year	<u>\$ 1,178,108</u>	<u>\$ 168,384</u>	<u>\$ 1,346,492</u>	<u>\$ 1,101,157</u>	<u>\$ 71,584</u>	<u>\$ 1,172,741</u>	

See accompanying notes to financial statements and independent auditors' report.

**WILDLAND FIREFIGHTER FOUNDATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017		2016					
	Program Services	Supporting Services Management & General	Fund-raising	Totals	Program Services	Management & General	Fund-raising	Totals
Compensation and related expenses	\$ 393,588	\$ 142,424	\$ 49,249	\$ 585,261	\$ 334,477	\$ 121,034	\$ 41,853	\$ 497,364
Grants, awards and direct assistance	307,512	-	-	307,512	427,219	-	-	427,219
Depreciation	4,117	1,522	3,312	8,951	1,787	640	1,451	3,878
Programs for families	25,950	-	-	25,950	28,913	-	-	28,913
Plaques, tags, statues and monuments	14,275	-	-	14,275	68,317	-	-	68,317
Flowers and gifts	6,129	-	-	6,129	5,125	-	-	5,125
Professional fees	15,600	5,765	12,548	33,913	48,403	5,779	18,061	72,243
Travel expense	117,860	-	-	117,860	76,438	-	-	76,438
Lease expense	20,685	7,410	2,779	30,874	22,403	8,025	3,010	33,438
Conferences and conventions	2,469	885	332	3,686	2,673	958	359	3,990
Advertising	1,406	-	1,713	3,119	-	-	-	2,558
Information technology	1,568	7,959	-	9,527	6,427	2,302	863	9,592
Bank and finance fees	6,117	2,191	822	9,130	5,720	2,049	769	8,538
Printing and copying	4,416	1,582	594	6,592	4,981	1,784	670	7,435
Interest expense	7,089	2,539	953	10,581	-	-	-	-
Investment fees	3,824	1,370	514	5,707	-	-	-	-
License and registrations	12,000	1,129	-	13,129	-	1,494	12,000	13,494
Supplies	6,872	2,462	924	10,258	4,500	1,612	605	6,717
Postage and delivery	13,125	4,701	1,764	19,590	7,611	2,726	1,023	11,360
Utilities	8,910	3,191	1,198	13,299	6,780	2,428	912	10,120
Insurance	7,808	2,680	1,165	11,653	2,045	732	275	3,052
Other	4,952	1,700	738	7,390	5,987	1,917	474	8,378
Totals	986,272	189,509	78,605	1,254,386	1,059,806	153,480	84,883	1,298,169
Direct benefit costs of fundraising events	-	-	147,209	147,209	-	-	95,760	95,760
Total expenses	\$ 986,272	\$ 189,509	\$ 225,814	\$ 1,401,595	\$ 1,059,806	\$ 153,480	\$ 180,643	\$ 1,393,929

See accompanying notes to financial statements and independent auditors' report.

WILDLAND FIREFIGHTER FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 173,751	\$ (56,313)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	8,951	3,878
Unrealized gain on investments	(33,950)	(84,386)
Realized gain on investments	(33,857)	-
Increase in operating assets:		
Accounts receivable	(248,000)	106
Increase in operating liabilities:		
Accounts payable and accrued expenses	6,216	857
NET CASH USED IN OPERATING ACTIVITIES	(126,889)	(135,858)
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of investments	(256,243)	(823,000)
Proceeds from sale of investments	376,621	-
Purchase of property and equipment	(178,391)	(6,069)
NET CASH USED IN INVESTING ACTIVITIES	(58,013)	(829,069)
CASH FLOWS USED FOR FINANCING ACTIVITIES		
Principal payments of note payable	(4,419)	-
NET DECREASE IN CASH AND EQUIVALENTS	(189,321)	(964,927)
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	227,797	1,192,724
CASH AND EQUIVALENTS AT END OF YEAR	\$ 38,476	\$ 227,797

See accompanying notes to financial statements and independent auditors' report.

WILDLAND FIREFIGHTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Wildland Firefighter Foundation (the “Foundation”) headquartered in Boise, Idaho is a not-for-profit organization which began operations in 1999. The mission of the Foundation is to honor past, present and future wildland firefighters by helping maintain and grow the national monument established for those who have lost their lives, partner with private and interagency organizations to educate the public about wildland fires and promote excellence and safety in wildland firefighting.

The programs of the Foundation include: 1) Family Assistance – provide assistance to families of fallen and/or injured firefighters. 2) Public Education – help educate the public in wildland fires and safety in firefighting. 3) Monuments – resurrect and maintain monuments of fallen and injured firefighters.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 unrestricted revenue and support and expenses during the period. Actual results could differ from those estimates.

Financial Statement Presentation

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.

Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Foundation.

Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of such assets permit the Foundation to use all or part of the income earned on the assets. No permanently restricted net assets were held at December 31, 2017 and 2016.

Contributions

Contributions are recognized as revenue when received or unconditionally pledged. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as an increase in temporarily restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

WILDLAND FIREFIGHTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents

Cash and equivalents include cash on hand and short-term investments with original maturities of three months or less.

Property and Equipment, Net

The Foundation capitalizes all property and equipment expenditures with a cost of \$500 or more and having estimated useful lives of more than one year. Property and equipment are recorded at cost or for donated items, at fair value as of the date received. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. The buildings are being depreciated over 39 years and equipment over 5 to 7 years. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance and repairs are charged to expense when incurred.

Investments

The Foundation classifies its investments as available-for-sale. Securities classified as available-for-sale are carried on the financial statements as fair value. Realized and unrealized gain and losses, determined using the first-in, first-out method, are included in revenue. Dividends on investments are recognized in revenue when declared.

Investments are reviewed annually for impairment by management. The Foundation recognized no impairment charges during the years ended December 31, 2017 and 2016.

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification estimates a fair value hierarchy that prioritizes the inputs to valuation technique used to measure fair value. This hierarchy consists of three levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 inputs have the lowest priority.

The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 and Level 2 were not available.

Functional Expenses

Presentation of operating expenses includes production costs directly incurred for program activities and supporting expense activity classifications of management and general as well as fundraising.

Advertising Expenses

Advertising costs include costs to promote the Foundation and a specific programs and are expensed as incurred on the statements of functional expenses. Advertising expense for the years ended December 31, 2017 and 2016 totaled \$3,119 and \$2,558, respectively.

WILDLAND FIREFIGHTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

NOTE A—NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Therefore, the Foundation has made no provision for federal income taxes in the accompanying financial statements.

The Foundation has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are 2014, 2015 and 2016. Based on the evaluation of the Foundation's tax positions, management believes all tax positions taken would be upheld under an examination by the tax authorities. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2017 and 2016.

NOTE B—PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following as of December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Computers and Printers	\$ 11,395	\$ 10,214
Furniture and Fixtures	65,520	64,855
Vehicle	<u>26,545</u>	<u>-</u>
	103,460	75,069
Less: Accumulated Depreciation	<u>(68,492)</u>	<u>(59,541)</u>
Totals with depreciation	34,968	15,528
Building	<u>575,000</u>	<u>-</u>
Totals property and equipment, net	<u>\$ 609,968</u>	<u>\$ 15,528</u>

During the year ended December 31, 2017 the Foundation purchased a building for their future headquarters. The Organization is in the process of renovating the building and has not moved into the building as of December 31, 2017. As the building was not in use during 2017, no depreciation has been recorded for the building. The Organization anticipates moving into their new headquarters during 2018.

Depreciation expense for the years ended December 31, 2017 and 2016 totaled \$8,951 and \$3,878, respectively.

NOTE C - INVESTMENTS

A summary of the cost and fair value of the investments as of December 31, 2017 and 2016 are as follows:

	<u>Cost</u>	<u>Net Unrealized Gain</u>	<u>Fair Value</u>
Marketable investments as of December 31, 2017	\$ 820,865	\$ 33,950	\$ 854,815
Marketable investments as of December 31, 2016	<u>\$ 823,000</u>	<u>\$ 84,386</u>	<u>\$ 907,386</u>

**WILDLAND FIREFIGHTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

NOTE C – INVESTMENTS (CONTINUED)

The fair value of the marketable investments has been measured on a recurring basis using Level 1 inputs. There were no changes in the valuation methodology during the year.

During the years ended December 31, 2017 and 2016 the change in unrealized gain totaled \$33,950 and \$84,386, respectively, and has been recorded as revenue on the statements of activities.

During the year ended December 31, 2017 the Foundation sold investments in fund a portion of the cost to purchase the building. Upon the sale of the building the Foundation realized a gain of \$33,857 which has been recorded as revenue on the statement of activities. The Foundation did not sell any investments during the year ended December 31, 2016.

NOTE D – LONG-TERM COLLECTIBLES

The Foundation received a historical Smokey Bear Collection and a 1 ounce gold coin in 2006 and 2015, respectively. These long-term collectibles were recorded at the estimated fair market value of the collection at the time of collection. As of both December 31, 2017 and 2016 the historical Smokey Bear Collection and the 1 ounce gold coin is valued at \$30,000 and \$1,300, respectively.

NOTE E – NOTE PAYABLE

In July 2017 the Foundation entered into a note payable with an individual for \$425,000 bearing an interest rate of 6.0%. The note payable requires monthly principal and interest payments of \$3,000. The monthly principal and interest payments are to increase \$100 each year through August 2023. The monthly principal and interest payments will then remain \$3,500 through August 2028, the maturity date. The note payable is collateralized by the building. As of December 31, 2017 the note payable had a balance of \$420,581 of which \$11,571 is reported as the current maturities of note payable.

Maturities of the note payable for future periods are as follows:

<u>December 31,</u>		
2018	\$	11,571
2019		13,549
2020		15,585
2021		17,781
2022		19,920
Thereafter		<u>342,175</u>
Total	\$	<u>420,581</u>

NOTE F – LEASE

The Foundation leases office space under an operating lease. The lease agreement requires monthly lease payments of \$2,500 through December 31, 2017. Subsequent to December 31, 2017 the lease agreement has been converted to a month to month lease.

WILDLAND FIREFIGHTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

NOTE G – TEMPORARILY RESTRICTED NET ASSETS

A summary of the activity of temporarily restricted net assets and net assets released from restrictions for the years ended December 31, 2017 and 2016 is as follows:

	December 31, 2017			
	December 31, 2016	Restricted Public Support	Net Assets Released From Restricted	December 31, 2017
Aviation statue	11,814	-	-	11,814
Building fund	-	112,656	-	112,656
Mental health services	59,749	3,300	(19,135)	43,914
Santa's helper	21	6,372	(6,393)	-
Family fire	-	800	(800)	-
Totals	\$ 71,584	\$ 123,128	\$ (26,328)	\$ 168,384

	December 31, 2016			
	December 31 2015	Restricted Public Support	Net Assets Released From Restricted	December 2016
Aviation statue	\$ 11,814	\$ -	\$ -	\$ 11,814
Mental health services	-	85,000	(25,251)	59,749
Santa's helper	2,341	7,905	(10,225)	21
Totals	\$ 14,155	\$ 92,905	\$ (35,476)	\$ 71,584

NOTE H – FUNCTIONAL EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE I - CONCENTRATION OF RISK

During the years ended December 31, 2017 and 2016 the Foundation received donations from an individual corporation totaling \$250,000 and \$255,000, respectively, which represented 17% and 20%, respectively, of total public support.

The Foundation may be subject in the future to credit risk to its cash and equivalents accounts, which are placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation ("FDIC") offers coverage up to \$250,000 for substantially all depository accounts. As of December 31, 2017 and 2016 the Foundation did not have any funds over the FDIC limit.

WILDLAND FIREFIGHTER FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

NOTE J - CASH FLOW INFORMATION

There were no cash outlays for interest or income taxes during the years ended December 31, 2017 and 2016. During the year ended December 31, 2017 the Foundation had a non-cash investing and financing transaction which was excluded from the cash flow statement to purchase a building with a note payable for \$425,000. There were no non-cash investing and financing transactions during the year ended December 31, 2016.

NOTE K – PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2016 certain t-shirts and other items were recorded as fundraising expense. In the prior period the t-shirts and other items were recorded as inventory. These items are handed out as a part of fundraising. Therefore, an adjustment totaling \$42,606 was recorded to unrestricted net assets for these items.

NOTE L – SUBSEQUENT EVENTS REVIEW

Subsequent events have been evaluated through May 8, 2018, which is the date the financial statements were available to be issued. There were no subsequent events or transactions requiring the financial statements to be adjusted.