



BUTTE COUNTY FIRE SAFE COUNCIL

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

**MUN CPAS, LLP
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**BUTTE COUNTY FIRE SAFE COUNCIL
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Butte County Fire Safe Council
Paradise, California

Opinion

We have audited the accompanying financial statements of Butte County Fire Safe Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 Butte County Fire Safe Council as of December 31, 2023 and 2022, 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 Butte County Fire Safe Council 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 Butte County Fire Safe Council'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 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 Butte County Fire Safe Council'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 Butte County Fire Safe Council'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.

MUN CPAs, LLP

Sacramento, California
July 29, 2024

**BUTTE COUNTY FIRE SAFE COUNCIL
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022**

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 3,193,223	\$ 654,807
Certificates of deposit (Notes 4 and 5)	459,000	-
Undeposited funds	13,928	4,756
Grants receivable (Note 6)	965,278	1,612,342
Interest receivable	5,153	-
Rent deposit	4,415	2,500
Prepaid expenses and other assets	74,484	36,090
Total Current Assets	4,715,481	2,310,495
Non-Current Assets		
Capital assets, net accumulated depreciation (Note 7)	352,899	62,155
Right-of-use asset (Note 11)	113,098	46,008
Total Non-Current Assets	465,997	108,163
TOTAL ASSETS	\$ 5,181,478	\$ 2,418,658
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ 454,009	\$ 361,370
Accrued expenses	3,020	-
Payroll liabilities	56,957	93,404
Deferred revenue (Note 8)	2,780,968	320,013
Lease liability (Note 11)	57,775	29,602
Total Current Liabilities	3,352,729	804,389
Non-Current Liabilities		
Line of credit (Note 10)	-	250
Lease liability, less current portion (Note 11)	55,323	19,010
Total Non-Current Liabilities	55,323	19,260
TOTAL LIABILITIES	3,408,052	823,649
Net Assets		
Without donor restrictions:		
Undesignated (Note 12)	1,528,820	1,349,684
Board-designated (Note 12)	234,698	231,858
With donor restrictions (Note 12)	9,908	13,467
TOTAL NET ASSETS	1,773,426	1,595,009
TOTAL LIABILITIES AND NET ASSETS	\$ 5,181,478	\$ 2,418,658

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

**BUTTE COUNTY FIRE SAFE COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Federal grants	\$ 30,463	\$ 574,079	\$ 604,542
State grants	644,490	5,369,840	6,014,330
Local government grants	1,060	9,535	10,595
Contracts	8,154	86,667	94,821
Nongovernment grants	<u>22,476</u>	<u>372,725</u>	<u>395,201</u>
Total Revenues and Other Support	<u>706,643</u>	<u>6,412,846</u>	<u>7,119,489</u>
Net assets released from restriction	<u>6,422,027</u>	<u>(6,422,027)</u>	<u>-</u>
Total Revenues	<u>7,128,670</u>	<u>(9,181)</u>	<u>7,119,489</u>
<u>EXPENSES</u>			
Program activities	6,459,410	-	6,459,410
Management and general	514,187	-	514,187
Fundraising	<u>5,153</u>	<u>-</u>	<u>5,153</u>
Total Expenses	<u>6,978,750</u>	<u>-</u>	<u>6,978,750</u>
Change in net assets from operating activities	<u>149,920</u>	<u>(9,181)</u>	<u>140,739</u>
<u>NONOPERATING ACTIVITIES</u>			
Contributions	11,446	-	11,446
Interest and dividend income	19,131	-	19,131
Special event income	-	5,273	5,273
In-kind contributions	1,479	-	1,479
Other income	<u>-</u>	<u>349</u>	<u>349</u>
Change in net assets from nonoperating activities	<u>32,056</u>	<u>5,622</u>	<u>\$ 37,678</u>
CHANGE IN NET ASSETS	181,976	(3,559)	178,417
NET ASSETS - BEGINNING OF YEAR	<u>1,581,542</u>	<u>13,467</u>	<u>1,595,009</u>
NET ASSETS - END OF YEAR	<u>\$ 1,763,518</u>	<u>\$ 9,908</u>	<u>\$ 1,773,426</u>

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

**BUTTE COUNTY FIRE SAFE COUNCIL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Federal grants	\$ 27,657	\$ 277,049	\$ 304,706
State grants	456,128	3,861,199	4,317,327
Local government grants	1,264	11,371	12,635
Contracts	3,214	40,812	44,026
Nongovernment grants	10,030	145,340	155,370
Other	<u>100</u>	<u>-</u>	<u>100</u>
Total Revenues and Other Support	<u>498,393</u>	<u>4,335,771</u>	<u>4,834,164</u>
Net assets released from restriction	<u>4,340,722</u>	<u>(4,340,722)</u>	<u>-</u>
Total Revenues	<u>4,839,115</u>	<u>(4,951)</u>	<u>4,834,164</u>
<u>EXPENSES</u>			
Program activities	4,371,415	-	4,371,415
Management and general	459,806	-	459,806
Fundraising	<u>2,478</u>	<u>-</u>	<u>2,478</u>
Total Expenses	<u>4,833,699</u>	<u>-</u>	<u>4,833,699</u>
Change in net assets from operating activities	<u>5,416</u>	<u>(4,951)</u>	<u>465</u>
<u>NONOPERATING ACTIVITIES</u>			
Contributions	13,662	-	13,662
Settlement income	1,000,000	-	1,000,000
Interest and dividend income	547	-	547
Special event income	<u>5,305</u>	<u>2,000</u>	<u>7,305</u>
Change in net assets from nonoperating activities	<u>1,019,514</u>	<u>2,000</u>	<u>\$ 1,021,514</u>
CHANGE IN NET ASSETS	<u>1,024,930</u>	<u>(2,951)</u>	<u>1,021,979</u>
NET ASSETS - BEGINNING OF YEAR	<u>556,612</u>	<u>16,418</u>	<u>573,030</u>
NET ASSETS - END OF YEAR	<u>\$ 1,581,542</u>	<u>\$ 13,467</u>	<u>\$ 1,595,009</u>

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

**BUTTE COUNTY FIRE SAFE COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

	Program Services					Total Program Services
	RAP	Fuels Reduction	Education and Outreach	Biomass	Chipper	
EXPENSES						
Contract services	\$ 159,837	\$ 3,915,906	\$ 59,974	\$ 99,868	\$ 139,495	\$ 4,375,080
Salaries and benefits	250,643	957,454	328,945	13,577	76,818	1,627,437
Accounting and professional	-	4,454	19,035	9,720	-	33,209
Supplies	15,701	53,641	11,434	-	1,061	81,837
Insurance	-	-	-	-	-	-
Telephone & telecommunications	-	-	-	-	-	-
Printing and copying	-	10	11,833	-	-	11,843
Travel & meetings	19,943	39,711	13,461	526	2,518	76,159
Bank charges	-	-	15	-	-	15
Facilities & equipment	112,635	99,316	1,916	-	-	213,867
Depreciation	-	-	-	-	-	-
Postage and shipping	-	-	4,628	-	-	4,628
Other expense	-	28,824	808	1,000	-	30,632
Information technology	-	-	125	-	-	125
Pilot program direct costs	-	74	4,504	-	-	4,578
Total Functional Expenses	\$ 558,759	\$ 5,099,390	\$ 456,678	\$ 124,691	\$ 219,892	\$ 6,459,410

	Program Services					Total Program Services
	RAP	Fuels Reduction	Education and Outreach	Biomass	Chipper	
EXPENSES						
Contract services	\$ 200,458	\$ 2,698,563	\$ 74,717	\$ 109,858	\$ 208,891	\$ 3,292,487
Salaries and benefits	205,245	469,475	208,832	16,559	69,052	969,163
Accounting and professional	-	-	-	-	-	-
Supplies	12,016	14,035	3,594	-	-	29,645
Insurance	-	-	-	-	-	-
Telephone & telecommunications	-	-	-	-	-	-
Printing and copying	-	-	1,170	-	-	1,170
Travel & meetings	16,422	24,597	3,280	747	774	45,820
Bank charges	-	-	-	-	-	-
Facilities & equipment	-	4,278	-	-	19,480	23,758
Depreciation	-	-	-	-	-	-
Postage and shipping	-	-	96	-	-	96
Other expense	-	5,665	354	-	-	6,019
Information technology	-	-	2,150	-	-	2,150
Pilot program direct costs	-	-	1,107	-	-	1,107
Total Functional Expenses	\$ 434,141	\$ 3,216,613	\$ 295,300	\$ 127,164	\$ 298,197	\$ 4,371,415

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

**BUTTE COUNTY FIRE SAFE COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

EXPENSES	Supporting Services			2023 Total
	Mgmt and General	Fundraising	Total Supporting Services	
Contract services	\$ 9	\$ -	\$ 9	\$ 4,375,089
Salaries and benefits	351,576	3,144	354,720	1,982,157
Accounting and professional	63,830	203	64,033	97,242
Supplies	54,854	133	54,987	136,824
Insurance	5,320	-	5,320	5,320
Telephone & telecommunications	27,254	-	27,254	27,254
Printing and copying	4,839	1,170	6,009	17,852
Travel & meetings	1,371	66	1,437	77,596
Bank charges	536	90	626	641
Facilities & equipment	(99,400)	-	(99,400)	114,467
Depreciation	46,019	-	46,019	46,019
Postage and shipping	898	-	898	5,526
Other expense	46,531	251	46,782	77,414
Information technology	10,282	-	10,282	10,407
Pilot program direct costs	268	96	364	4,942
Total Functional Expenses	\$ 514,187	\$ 5,153	\$ 519,340	\$ 6,978,750

EXPENSES	Supporting Services			2022 Total
	Mgmt and General	Fundraising	Total Supporting Services	
Contract services	\$ -	\$ -	\$ -	\$ 3,292,487
Salaries and benefits	228,310	1,012	229,322	1,198,485
Accounting and professional	69,182	-	69,182	69,182
Supplies	37,737	116	37,853	67,498
Insurance	3,245	-	3,245	3,245
Telephone & telecommunications	15,027	-	15,027	15,027
Printing and copying	1,515	308	1,823	2,993
Travel & meetings	5,551	34	5,585	51,405
Bank charges	406	132	538	538
Facilities & equipment	43,534	-	43,534	67,292
Depreciation	26,409	-	26,409	26,409
Postage and shipping	116	-	116	212
Other expense	21,609	212	21,821	27,840
Information technology	6,841	-	6,841	8,991
Pilot program direct costs	324	664	988	2,095
Total Functional Expenses	\$ 459,806	\$ 2,478	\$ 462,284	\$ 4,833,699

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

**BUTTE COUNTY FIRE SAFE COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 178,417	\$ 1,021,979
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	46,019	26,409
(Increase) decrease in:		
Undeposited funds	(9,172)	(4,756)
Grants receivable	647,064	(1,452,028)
Interest receivable	(5,153)	-
Rent deposit	(1,915)	(1,500)
Prepaid expenses and other assets	(38,394)	(31,485)
Right-of-use asset	(67,090)	(46,008)
Increase (decrease) in:		
Accounts payable	92,639	257,080
Accrued expenses	3,020	-
Payroll liabilities	(36,447)	49,376
Deferred revenue	2,460,955	(1,089,174)
Lease liability	64,486	48,612
<u>Net Cash Provided by (Used for) Operating Activities</u>	<u>3,334,429</u>	<u>(1,221,495)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of investments	(459,000)	-
Purchases of property and equipment	<u>(336,763)</u>	<u>(3,341)</u>
<u>Net Cash Used for Investing Activities</u>	<u>(795,763)</u>	<u>(3,341)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from line of credit	-	250
Payments on line of credit	<u>(250)</u>	<u>-</u>
<u>Net Cash Provided by (Used for) Financing Activities</u>	<u>(250)</u>	<u>250</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>2,538,416</u>	<u>(1,224,586)</u>
Cash and Cash Equivalents, Beginning of Year	<u>654,807</u>	<u>1,879,393</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,193,223</u>	<u>\$ 654,807</u>

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

**BUTTE COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Council and Nature of Activities

Butte County Fire Safe Council (Council) is a non-profit agency formed in 1998 by a small group of concerned citizens to start a movement to create a fire safe Butte County. The purpose of the Council is to reduce the risk of life and property loss from wildfire through fuel reduction and public education projects; and to increase public awareness of the threat of loss due to fire and what steps can be taken to reduce the probability of a devastating wildfire. Paradise Ridge Fire Safe Council (PRFSC), Forest Ranch Fire Safe Council (FRFSC) and Broom Eradication & Education Program (BEEP) are divisions within the Council.

Accounting Method and Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and are available for general operations. The Council's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Council and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Council considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of three months or less at the time of purchase.

The Council maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Council has not experienced any losses in such accounts. Management believes the Council is not exposed to any significant credit risk related to cash.

Certificates of Deposit

The Council's certificates of deposit held for investment that are not debt securities are carried at cost, which approximates fair market value on the statement of financial position. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as current. Certificates of deposit with remaining maturities greater than one year are classified as non-current.

**BUTTE COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are valued at historical cost or fair value as of the date of acquisition. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which ranges from five to seven years. Upon the sale or retirement of fixed assets, the related cost and accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in current operations. Additions and betterments of \$2,500 or more would be capitalized, while maintenance and repairs that do not improve or extend the lives of the respective assets are expensed currently.

Leases

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Operating leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position.

The ROU asset represents the Council's right to use the underlying asset for the lease term, and the lease liability represents the Council's obligation to make lease payments. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Council uses the implicit rate when it is readily determinable. Since the Council's lease does not provide an implicit rate, to determine the present value of lease payments, management uses the Council's incremental borrowing rate based on the information available at lease commencement. ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Council's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Council will exercise the option.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Council's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Deferred Revenue

Deferred revenue is primarily comprised of funds received from grants that will be recorded as revenue when eligible costs have been incurred.

The Council received grants and contributions of \$2,780,968 and \$320,013 that have not been recognized at December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred.

Revenue and Revenue Recognition

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restriction.

**BUTTE COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions

The Council recognizes the fair value of contributed services if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Contributions of tangible assets are recorded at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Functional Expense Allocation

The cost of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited based on employees' time incurred and management's estimate of the usage of resources.

Income Taxes

Pursuant to a determination letter from the Internal Revenue Service, the Council is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Therefore, no provision for income taxes has been made.

FASB ASC 740-10 prescribes a recognition threshold and measurement standard for financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. In addition, FASB ASC 740-10 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures, and transition. The provisions of FASB ASC 740-10 have been applied to all tax positions of the Council and it did not have a material impact on the Council's financial position, results of operations, or cash flows.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2: LIQUIDITY AND AVAILABILITY

The Council's financial assets available within one year of the statement of financial position date for general expenditures as of December 31 are as follows:

	2023	2022
Cash and cash equivalents	\$ 3,193,223	\$ 654,807
Certificates of deposit	459,000	-
Grants receivable	965,278	1,612,342
Total financial assets	4,617,501	2,267,149
Less amounts unavailable for general expenditure within one year due to:		
Amounts restricted by donors for a specified purpose (Note 12)	(9,908)	(13,467)
Resources available within one year	\$ 4,607,593	\$ 4,607,593

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**BUTTE COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3: CASH AND CASH EQUIVALENTS

The Council maintains its deposits with six financial intuitions. At December 31, 2023, the bank balances totaled \$3,230,999, of which \$1,020,771 was insured by the Federal Deposit Insurance Corporation. The book balance of cash and cash equivalents at December 31, 2023 totaled \$3,193,223. At December 31, 2022, the bank balances totaled \$745,172, of which \$589,383 was insured by the Federal Deposit Insurance Corporation. The book balance of cash and cash equivalents at December 31, 2022 totaled \$654,807

NOTE 4: CERTIFICATES OF DEPOSIT

The Council's certificates of deposit totaled \$459,000 as of December 31, 2023. The Council did not have certificates of deposit in 2022. Each certificate of deposit was FDIC insured.

NOTE 5: FAIR VALUE MEASUREMENTS

The Council measures fair value in accordance with FASB Accounting Standards Codification ASC 820. ASC 820 applies to all financial instruments that are being measured and reported on a fair value basis. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes 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 measurements involving significant unobservable inputs (Level 3 measurements).

The applicable level of the fair value hierarchy is as follows:

- Level 1 - Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 - Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 - Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

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.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2023 and 2022. The Council had no assets measured at fair value on a nonrecurring basis.

Certificates of Deposit: Valued at amortized cost, which approximates fair value. These are included as a Level 2 valuation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**BUTTE COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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NOTE : FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis at December 31, 2023 were as follows:

	Total	Level 1	Level 2	Level 3
Certificates of deposits	\$ <u>459,000</u>	\$ <u>-</u>	\$ <u>459,000</u>	\$ <u>-</u>

There was no balance for assets measured at fair value on a recurring basis at December 31, 2022.

NOTE 6: GRANTS RECEIVABLE

Grants receivable are unconditional and used within one year. Grants receivable consisted of the following as of December 31:

	2023	2022
Air Quality Management District	\$ -	\$ 4,405
California Governor's Office of Emergency Services	312,074	-
Butte County Resource Conservation District	7,693	34,662
Town of Paradise	4,946	-
CA Department of Forestry	111,599	828,101
Pacific Gas & Electric	12,500	-
US Department of Agriculture	10,498	-
Sierra Nevada Conservancy	213,606	572,483
US Forest Service	<u>292,362</u>	<u>172,691</u>
Total Grants Receivable	<u>\$ 965,278</u>	<u>\$ 1,612,342</u>

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, is summarized as follows:

	Balance Jan. 1, 2023	Additions	Deletions	Balance Dec. 31, 2023
Equipment	\$ 100,744	\$ 60,083	\$ -	\$ 160,827
Vehicles	<u>31,302</u>	<u>276,680</u>	<u>-</u>	<u>307,982</u>
Total capital assets depreciated	132,046	336,763	-	468,809
Less: accumulated depreciation	<u>(69,891)</u>	<u>(46,019)</u>	<u>-</u>	<u>(115,910)</u>
Total Capital Assets	<u>\$ 62,155</u>	<u>\$ 290,744</u>	<u>\$ -</u>	<u>\$ 352,899</u>

Depreciation expense for the year ended December 31, 2023 totaled \$46,019.

**BUTTE COUNTY FIRE SAFE COUNCIL
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NOTE 7: CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended December 31, 2022, is summarized as follows:

	<u>Balance Jan. 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2022</u>
Equipment	\$ 97,403	\$ 3,341	\$ -	\$ 100,744
Vehicles	<u>31,302</u>	<u>-</u>	<u>-</u>	<u>31,302</u>
Total capital assets depreciated	128,705	3,341	-	132,046
Less: accumulated depreciation	<u>(43,482)</u>	<u>(26,409)</u>	<u>-</u>	<u>(69,891)</u>
Total Capital Assets	<u>\$ 85,223</u>	<u>\$ (23,068)</u>	<u>\$ -</u>	<u>\$ 62,155</u>

Depreciation expense for the year ended December 31, 2022 totaled \$26,409

NOTE 8: DEFERRED REVENUE

Deferred revenue consisted of the following as of December 31:

	<u>2023</u>	<u>2022</u>
CA DoF 5GA21100	\$ 61,985	\$ -
CA DoF 5GA22104	97,861	-
CA DoF 5GG17128	-	3,981
CA DoF 5GG19108	-	582
CA DoF 5GG19109	94,246	11,241
CA DoF 5GG20103	-	59,639
CA DoF 5GG21204	86,215	-
CA DoF 8GG20627	458,650	-
CA DoF 8GG21612	643,855	-
CA DoF 8GG22609	681,530	-
CA SNC 1341	149,448	-
CA SNC 1343	18,078	-
CA SNC 1547	295,874	-
North Valley Community Foundation	26,206	9,784
PG&E	-	5,429
PG&E Foundation	-	782
Paradise Rotary Foundation	69,254	34,188
Sierra Pacific Foundation	2,500	-
Wells Fargo Foundation	<u>95,266</u>	<u>194,387</u>
Total Deferred Revenue	<u>\$ 2,780,968</u>	<u>\$ 320,013</u>

NOTE 9: ECONOMIC DEPENDENCE

Funding for the operations of the Council is provided primarily by grants from Federal, State and Local governments and private organizations. The Council is dependent upon grants to continue conducting its operations.

**BUTTE COUNTY FIRE SAFE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 10: LINE OF CREDIT

The Council has a \$100,000 operating line of credit with Chase Bank to draw on as needed for operations. The line of credit bears interest at a rate of 3.00%, is unsecured and matures on December 16, 2026. At December 31, 2023 and 2022, the Council had an outstanding balance on the line of credit of \$0 and \$250, respectively.

NOTE 11: LEASES

The Council entered into a long-term lease agreement that commenced August 1, 2022, for its Paradise, California office. The lease agreement had a maturity date of July 31, 2024, however the lease was terminated November 30, 2023.

The Council entered into a new long-term lease agreement that commenced December 1, 2023 for its new Paradise, California office. The lease agreement will mature on November 30, 2025.

In accordance with ASU 2016-02, *Leases*, the Council reflects the present value of future operating lease payments (discounted at an appropriate borrowing rate) as a "right-of-use" asset and a corresponding lease liability. As of December 31, 2023, the Council has recorded a total lease liability in the amount of \$113,098 for its office space, (split between the current amount of \$57,775 and noncurrent amount of \$55,323), and a corresponding right-of-use asset for the premises in the amount of \$113,098. As of December 31, 2022, the Council recorded a lease liability in the amount of \$48,612 for its office space, (split between the current amount of \$29,602 and noncurrent amount of \$19,010), and a corresponding right-of-use asset for the premises in the amount of \$46,008. The weighted average discount rate associated with the calculation of the present value of the future lease payments as of December 31, 2023 and 2022 was 4.54% and 5.0%, respectively, which represents an estimate of the Council's incremental borrowing rate.

Maturities of the operating lease liability, are as follows:

<u>Year Ending December 31:</u>	<u>Lease Payments</u>
2024	\$ 61,500
2025	<u>56,375</u>
Total lease payments	117,875
Less: Interest	<u>(4,777)</u>
Present value of lease liability	<u>\$ 113,098</u>

Operating lease cost totaled \$46,621 and \$21,870 for the years ended December 31, 2023 and 2022, respectively.

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NOTE 12: NET ASSETS

The Council's net assets without donor restrictions are comprised of undesignated amounts and board-designated amounts. The Council's net assets with donor restrictions are restricted based on program and/or time. Net assets consisted of the following at December 31, 2023 and 2022.

	2023	2022
Without donor restrictions:		
Undesignated	\$ 1,528,820	\$ 1,349,684
Board-designated	234,698	231,858
Total without donor restrictions	1,763,518	1,581,542
With donor restrictions:		
Unexpended funds received for restricted purposes, principally fuels reduction program	9,908	13,467
Total with donor restrictions	9,908	13,467
Total Net Assets	\$ 1,773,426	\$ 1,595,009

NOTE 13: EMPLOYEE PENSION PLAN

The Council sponsors a section 457 retirement plan for full-time employees. The Council contributed 4% of compensation and also matches voluntary contributions up to 3% of compensation. Contributions may be limited by IRS. Each account is titled to, and controlled by, the employee and the Council bears no fiduciary responsibility. Total retirement plan contributions by the Council for the year ended December 31, 2023 and 2022, were \$84,226 and \$47,070, respectively.

NOTE 14: IN-KIND CONTRIBUTIONS

The Council received the following contribution of non-financial assets for the years ending December 31, 2023 and 2022:

	2023	2022
Gift cards	\$ 50	\$ -
Supplies	89	-
Flyers	140	-
Tee-shirts	1,200	-
Total Contributed Non-financial Assets	\$ 1,479	\$ -

The Council received in-kind contributions in the form of gift cards, flyers, tee-shirts, and supplies. The value of these donated items have been recognized as revenues and expenses in the financial statements at the estimated fair value of the donated items.

**BUTTE COUNTY FIRE SAFE COUNCIL
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NOTE 15: COMMITMENTS AND CONTINGENCIES

Contingencies

The Council receives grant and contract revenues from various entities for specific projects. These agreements are subject to audit and review by the grantor entities. Although such audits could potentially result in disallowed expenses to be refunded to the granting/contracting entities, management believes the fiscal impact, if any, is negligible.

NOTE 16: SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 29, 2024, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.