

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2017

**Carmichael
Brasher Tuvell
& Company**

CERTIFIED PUBLIC ACCOUNTANTS

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GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Georgia Firefighters Burn Foundation, Inc.

We have audited the accompanying financial statements of Georgia Firefighters Burn Foundation, Inc. (a nonprofit organization,) which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

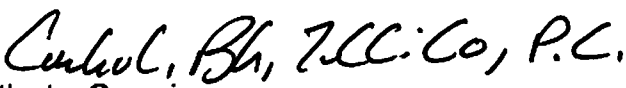
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Georgia Firefighters Burn Foundation, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CARMICHAEL, BRASHER, TUVELL & COMPANY, P.C.


Atlanta, Georgia
March 26, 2018

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

-ASSETS-		
Current Assets		
Cash and Cash Equivalents	\$ 177,521	
Donated Gift Cards	5,966	
Receivables, Other	19,283	
Prepaid Assets	<u>27,259</u>	
Total Current Assets		\$ 230,029
Fixed Assets		
Property and Equipment, net		760,144
Other Assets		
Investments, at Fair Value	1,124,696	
Investments – Restricted, at Fair Value	<u>1,448,789</u>	
Total Other Assets		<u>2,573,485</u>
TOTAL ASSETS		\$ <u>3,563,658</u>

-LIABILITIES AND NET ASSETS-

Liabilities

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 7,829	
Simple IRA Payable	93	
Grants Payable	33,258	
Current Portion of Notes Payable	<u>13,235</u>	
Total Current Liabilities		\$ 54,415

Long Term Liabilities

Notes Payable	85,303	
Less Current Portion	<u>(13,235)</u>	
Total Current Liabilities		<u>72,068</u>
Total Liabilities		126,483

Net Assets

Unrestricted	1,988,385	
Temporarily Restricted	270,080	
Permanently Restricted	<u>1,178,710</u>	
Total Net Assets		<u>3,437,175</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 3,563,658**

See Independent Auditor's Report.

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

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support				
Fund-Raising Activities				
Boot Drive	\$ 597,247	\$ 0	\$ 0	\$ 597,247
Aluminum Can Recycling	58,444	0	0	58,444
Special Events	1,388	0	0	1,388
Contributions				
Individuals	17,246	0	0	17,246
Corporate / Foundation	13,249	0	0	13,249
Camp Oo-U-La	4,000	0	0	4,000
In-Kind	54,140	0	0	54,140
Total Support	<u>745,714</u>	<u>0</u>	<u>0</u>	<u>745,714</u>
Other Income (Expense)				
Interest and Dividends	46,270	55,003	0	101,273
Unrealized Gains / (Losses)	81,633	0	115,103	196,736
Realized Gains / (Losses)	(10,678)	(16,398)	0	(27,076)
Other Income (Expenses)	3,611	(9,009)	0	(5,398)
Net Asset Transfers/Release from Restriction	0	0	0	0
Total Revenue	<u>120,836</u>	<u>29,596</u>	<u>115,103</u>	<u>265,535</u>
Total Support and Revenue	<u>866,550</u>	<u>29,596</u>	<u>115,103</u>	<u>1,011,249</u>
Expenses				
Program Services				
Professional Education	123,077	0	0	123,077
Public Education	259,204	0	0	259,204
Community Service	283,742	0	0	283,742
Total Program Services	<u>666,023</u>	<u>0</u>	<u>0</u>	<u>666,023</u>
Supporting Services				
Fund-Raising	121,023	0	0	121,023
Administrative and General	103,058	0	0	103,058
Total Supporting Services	<u>224,081</u>	<u>0</u>	<u>0</u>	<u>224,081</u>
Total Expenses	<u>890,104</u>	<u>0</u>	<u>0</u>	<u>890,104</u>
Increase (Decrease) in Net Assets	(23,554)	29,596	115,103	121,145
NET ASSETS, December 31, 2016	<u>2,011,939</u>	<u>240,484</u>	<u>1,063,607</u>	<u>3,316,030</u>
NET ASSETS, December 31, 2017	<u>\$ 1,988,385</u>	<u>\$ 270,080</u>	<u>\$ 1,178,710</u>	<u>\$ 3,437,175</u>

See Independent Auditor's Report.

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

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services				Supporting Services		
	Professional Education	Public Education	Community Programs	Total Program Services	Fund-raising	Admin & General	Total All Services
Salaries	\$ 50,751	\$ 50,751	\$ 50,751	\$ 152,253	\$ 88,403	\$ 66,163	\$ 306,819
Payroll Taxes and Fringe Benefits	15,194	15,194	15,194	45,582	26,466	19,808	91,856
Total Compensation and Benefits	65,945	65,945	65,945	197,835	114,869	85,971	398,675
Direct Program Expense	27,913	125,610	125,610	279,133	0	0	279,133
Telephone	1,400	5,600	5,600	12,600	700	700	14,000
Office Supplies/Svcs	1,037	1,037	1,037	3,111	1,037	1,037	5,185
Postage/Shipping	704	1,055	1,055	2,814	352	352	3,518
Insurance/Taxes	2,528	2,528	20,219	25,275	153	49	25,477
Dues/Subscriptions	3,261	0	0	3,261	0	0	3,261
Board Development & Training	0	0	0	0	0	2,734	2,734
Interest Expense	203	203	1,627	2,033	25	10	2,068
Payroll Processing Fees	531	531	531	1,593	924	691	3,208
Travel	4,632	11,579	6,947	23,158	0	0	23,158
Professional Services	2,254	15,779	13,525	31,558	2,254	11,271	45,083
Equipment Maintenance	737	3,685	2,948	7,370	0	0	7,370
Staff/Other	587	4,694	587	5,868	0	0	5,868
Office Expenses	1,200	9,602	1,200	12,002	0	0	12,002
Bank Charges	173	1,384	173	1,730	0	0	1,730
Utilities	6,148	6,148	6,148	18,444	231	79	18,754
Total Expenses Before Depreciation	53,308	189,435	187,207	429,950	5,676	16,923	452,549
Depreciation of Building and Equipment	3,824	3,824	30,590	38,238	478	164	38,880
Total Expenses	<u>\$ 123,077</u>	<u>\$ 259,204</u>	<u>\$ 283,742</u>	<u>\$ 666,023</u>	<u>\$ 121,023</u>	<u>\$ 103,058</u>	<u>\$ 890,104</u>

See Independent Auditor's Report.

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

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities:

Increase (Decrease) in Net Assets		\$	121,145
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:			
Depreciation Expense	\$	38,880	
Net Unrealized (Gain) Loss on Investments		(196,736)	
(Increase) Decrease in Receivables		(19,283)	
(Increase) Decrease in Gift Cards		(149)	
(Increase) Decrease in Prepaid Expense		6,888	
Increase (Decrease) in Accounts Payable & Accrued Exps.		(11,451)	
Increase (Decrease) in Grants Payable		<u>(22,483)</u>	
			<u>(204,334)</u>
Net cash provided (used) by operating activities			<u>(83,189)</u>

Cash flows from investing activities

Net cash provided (used) by investing activities:			
Purchase of Investments			(61,067)
Proceeds from Sales of Investments			159,537
Purchase of Fixed Assets			(179,018)
Proceeds from Disposal of Fixed Assets			<u>3,645</u>
Net cash provided (used) by investing activities			<u>(76,903)</u>

Cash flows from financing activities

Net cash provided (used) by financing activities:			
Acquisition of Debt			89,905
Principal Payments on Notes Payable			<u>(4,602)</u>
Net cash provided (used) by financing activities			<u>85,303</u>

Net increase (decrease) in cash and cash equivalents (74,789)

Cash and Cash Equivalents, beginning of year 252,310

Cash and Cash Equivalents, end of year \$ 177,521

Supplemental disclosure:

Interest paid during 2017 \$ 2,068

See Independent Auditor's Report.

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

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

1. Nature of Activities

Georgia Firefighters Burn Foundation, Inc. was organized and incorporated as a non-profit organization in DeKalb County in the State of Georgia on May 10, 1982, originally under the name DeKalb Firefighters Burn Foundation, Inc. In May of 1987, the Organization changed its name to Metro Atlanta Firefighters Burn Foundation, Inc. In May 1991, the Organization changed its name again to Georgia Firefighters Burn Foundation, Inc. The Organization is a charitable not-for-profit organization organized to educate the public in burn awareness and prevention, support medical facilities in the care of burns in Georgia, assist burn survivors in their recovery, and provide scholarships for burn survivors to further their education.

2. Summary of Significant Accounting Policies

A summary of the Organization's accounting policies that affect the more significant elements of the financial statements are stated below:

Basis of Accounting and Reporting

The Organization prepares its financial statements on the accrual basis of accounting, and to present the results of activities and financial position in conformity with accounting principles generally accepted in the United States of America.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Fixed Assets and Depreciation

The Organization capitalizes fixed assets of \$2,500 or greater, which are recorded at cost or at fair market value if donated. Maintenance and repairs not considered to substantially lengthen the property lives are charged to expense as incurred.

The Organization provides for depreciation using the straight line method at rates calculated to expense the cost of fixed assets over a period of 3-15 years for most assets and 40 years for the building. Depreciation expense for 2017 is \$38,880.

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

2. Summary of Significant Accounting Policies (Continued)

Concentration of Contributions

The Foundation received approximately 80% of its annual contribution revenue from one program.

Income Taxes / Tax Exempt Status

Georgia Firefighters Burn Foundation, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is current with its filings of Form 990, *Return of Organization Exempt from Income Tax*. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability or asset if the Organization has taken an uncertain position that more likely than not would not be sustained, upon examination by the applicable taxing authorities. Management has concluded that, as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability, asset, or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress, 2015 through present.

Investments

Investments in marketable securities with readily determinable fair values are valued at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in Unrestricted, Temporarily Restricted, and Permanently Restricted net assets in the reporting period in which the income and gains are recognized. Please also refer to Note 9.

Financial Statement Presentation

As required by the Not-for-Profit Entities Presentation of Financial statements topic of the Financial Accounting Standards Board Account Standards Codification (FASB ASC,) 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Please also refer to Note 3.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

2. Summary of Significant Accounting Policies (Continued)

Donated Services

The efforts of many volunteers benefit the Organization. Travel and subsistence costs incurred by volunteers in carrying out their duties are reimbursed by the Organization. However, no other amounts for volunteer services have been reflected in the financial statements because they did not create or enhance nonfinancial assets or require specialized skills.

Compensated Absences

No accrual of compensated absences has been made in the financial statements because the amount cannot be reasonably estimated.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. For this Organization, the allocation of expenses between program services, fundraising, and management and general is an accounting estimate, as are the depreciable lives assigned to fixed assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on the statement of functional expenses. Certain costs have been allocated among the programs, supporting services, and fundraising, if the related expense is clearly within accounting guidelines.

Advertising

The Foundation uses advertising to promote its programs among the areas it serves. The costs of advertising are expensed as incurred. During 2017, there were no funds paid for advertising costs.

Donations Receivable

Donations receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on donations receivable using the allowance method. The allowance is based on experience and other circumstances. It is the Organization's policy to charge off uncollectible donations receivable when management determines the receivable will not be collected. No provision for uncollectible amounts was necessary at December 31, 2017.

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

3. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2017 were as follows:

Petty Cash	\$ 322
Checking Accounts	171,174
Savings Account	<u>6,025</u>
Total	<u>\$ 177,521</u>

The Foundation maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2017, cash balances in local banks were not in excess of the \$250,000 federal insured deposit liability.

4. Fixed Assets

Property, plant and equipment consisted of the following as of December 31, 2017.

Land and Building	\$ 940,070
Furniture, fixtures and equipment	111,715
Recycling trailers	120,054
Vehicles	<u>202,988</u>
Total Fixed Assets	<u>1,374,827</u>
Less accumulated depreciation	<u>(614,683)</u>
Net Fixed Assets	<u>\$ 760,144</u>

5. Grants Payable

Grants authorized but unpaid at year end are reported as liabilities. All grants payable at December 31, 2017 are anticipated to be paid by December 31, 2018.

6. Endowment Fund

In 2005, the Organization was the beneficiary of an endowment from the Belli family. A key component of this grant is the requirement that the principal be maintained permanently restricted, with the earnings to be available for certain temporarily-restricted purposes such as providing psychological services to juvenile burn survivors and their families, and for educational funding for juvenile burn survivors. The donors wished to maintain the corpus of the permanently restricted principal at the value of the original gift. The Organization has adopted a conservative investment policy that attempts to maximize total return consistent with an acceptable level of risk. As of December 31, 2017, the value of this endowment fund was \$1,448,789, with \$270,080 of this amount available to be used for psychological services and educational funding for juvenile burn survivors.

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

6. Endowment Fund (Continued)

At December 31, 2017, there was \$47,500 in scholarships awarded over the next six years, payable on behalf of each awardee at a maximum of \$2,500 annually per awardee. Several criteria must be met for these scholarships to be paid to each awardee, and no amount is definitively determinable as of December 31, 2017, therefore no amount has been accrued as a liability in these financial statements.

7. Retirement Plan

In 2010, Georgia Firefighters Burn Foundation, Inc. established a SIMPLE IRA plan offered to employees who meet the eligibility requirements. Employee contributions under the plan are voluntary and are matched by the Organization on a dollar-for-dollar basis for each employee's salary reduction contribution up to 3% of the employee's compensation. Accrued costs for plan benefits are funded annually and were \$8,293 for 2017.

8. Public Support

Georgia Firefighters Burn Foundation, Inc. receives recyclable aluminum cans, which it sells to metal reclamation companies for funds to support its stated purposes. Through the joint efforts of Georgia Firefighters Burn Foundation, Inc. and participating Georgia fire departments, aluminum cans are received from the general public and other interested groups. These cans are placed in recycling containers owned by the Organization which are located at various fire stations and businesses around the State. When these containers become full, they are released to Georgia Firefighters Burn Foundation, Inc. and are then picked up and delivered to local recyclers. The Foundation is paid at the current market rate for aluminum. Aluminum cans delivered to area recyclers in 2017 resulted in revenues of \$58,444.

Georgia Firefighters Burn Foundation, Inc. also receives support from boot drives it sponsors in cooperation with fire departments throughout Georgia. The firefighters organize the drives, collect the money, and remit the funds collected to the Foundation. Support from these boot drives in 2017 resulted in revenues of \$597,247. During the year ending December 31, 2017, monies received from these drives constituted approximately 80% of total unrestricted support revenues of the Organization.

The ability for certain of the Foundation's contributors to continue giving amounts comparable with prior years may be dependent upon certain current and future overall economic conditions. While the Organization's Executive Committee believes the Foundation has the resources to continue its programs, its ability to do so and the extent to which it continues, will be dependent upon the above factors.

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

9. Fair Value Measurements of Investments

The Organization classifies its investments into three types of classifications: Level 1 securities traded in an active market, Level 2 securities not traded in an active market but market inputs are available, or Level 3 securities not traded in an active market and for which no significant observable market inputs are available. All of the Organization's investments were Level 1 throughout 2017, with no transfers between levels. At December 31, 2017, the investments were classified as follows:

	<u>Fair Value</u>
Level 1	\$2,573,485
Level 2	-0-
Level 3	-0-
Total Portfolio Investments	<u>\$2,573,485</u>

Investments are reported on the basis of quoted market prices at December 31, 2017, and consist of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Fair Market Value</u>
Money Market Funds	\$ 23,347	\$ 68,687	\$ 92,034
Exchange-Traded Products	24,434	66,463	90,897
Mutual Funds / Equities	<u>1,076,915</u>	<u>1,313,639</u>	<u>2,390,554</u>
Investment Totals	<u>\$ 1,124,696</u>	<u>\$ 1,448,789</u>	<u>\$ 2,573,485</u>

The following schedule summarizes the investment return including broker fees for the year ended December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment Income	\$ 46,269	\$ 55,003	\$ -	\$ 101,272
Realized Gain/(Loss)	(10,678)	(16,398)	-	(27,076)
Investment Advisory Fees	(7,403)	(8,986)	-	(16,389)
Foreign Taxes Paid	(24)	(23)	-	(47)
Unrealized Gain/(Loss)	81,633	-	115,103	196,736
Total investment return	<u>\$ 109,797</u>	<u>\$ 29,596</u>	<u>\$ 115,103</u>	<u>\$ 254,496</u>

10. Notes Payable

The Organization's obligation under notes payable consists of the following at December 31, 2017:

GEORGIA FIREFIGHTERS BURN FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

10. Notes Payable – continued

Note payable to bank at 3.24% per annum, principal and interest (P&I) payments of \$620.89 per month, collateralized by a vehicle, due March 2023	\$ 35,918
Note payable to bank at 3.40% per annum, principal and interest (P&I) payments of \$760.20 per month, collateralized by a vehicle, due January 2024	<u>49,385</u>
Total Notes Payable	<u>\$ 85,303</u>

The current portion of the above debt is \$13,235.

Maturities of notes payable over the next five years are as follows:

Year Ending Dec. 31		
2018	Current Portion \$	13,235
2019		14,388
2020		14,874
2021		15,377
2022 & thereafter		<u>27,429</u>
	Total Long Term Debt \$	<u>85,303</u>

11. Subsequent Events

The Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) "Subsequent Events", effective for all reporting periods ending after June 15, 2009. The Organization has evaluated subsequent events that have occurred through March 26, 2018, the date of issuance of these financial statements, and determined that no material subsequent events have occurred since December 31, 2017 requiring recognition or disclosure in these financial statements.