



## **Financial Statements**

*For the Years Ended June 30, 2013 and 2012*



**and  
Report Thereon**



**FIRELIGHT FOUNDATION**

**TABLE OF CONTENTS**  
**For the Years Ended June 30, 2013 and 2012**

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	<b><i>Page</i></b>
Independent Auditor's Report .....	1-2
Financial Statements	
Statements of Financial Position .....	3
Statements of Activities.....	4-5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7-15
Supplemental Information	
Supplemental Schedules of Functional Expenses.....	16-17



*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Firelight Foundation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Firelight Foundation (Firelight), which comprise the statements of financial position as of June 30, 2013 and 2012, 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.

### ***Auditor's 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 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 Firelight as of June 30, 2013 and 2012, 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.

***Report on Supplemental Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules of functional expenses for the years ended June 30, 2013 and 2012, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules of functional expenses have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read 'Raffa, P.C.', with a stylized flourish at the end.

**Raffa, P.C.**

Washington, D.C.  
October 10, 2013

**FIRELIGHT FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2013 and 2012**

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	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,020,249	\$ 1,241,889
Grants and pledges receivable	2,603,024	3,245,221
Investments	5,636,089	-
Prepaid expenses and other assets	75,348	118,787
Property and equipment, net of accumulated depreciation of \$63,516 and \$46,871, respectively	<u>19,145</u>	<u>21,820</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 9,353,855</u></u>	<u><u>\$ 4,627,717</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 188,765	\$ 213,055
Grants payable	1,360,500	703,700
Funds held as fiscal agent	<u>48,145</u>	<u>10,216</u>
<b>TOTAL LIABILITIES</b>	<u>1,597,410</u>	<u>926,971</u>
<b>Net Assets</b>		
Unrestricted	4,398,080	3,226
Temporarily restricted	<u>3,358,365</u>	<u>3,697,520</u>
<b>TOTAL NET ASSETS</b>	<u>7,756,445</u>	<u>3,700,746</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 9,353,855</u></u>	<u><u>\$ 4,627,717</u></u>

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

**FIRELIGHT FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Grants and contributions - Firelight Endowment	\$ 4,528,419	\$ -	\$ 4,528,419
Grants and contributions - Other	830,933	3,525,219	4,356,152
Service fees	18,000	-	18,000
Investment gains (losses), net	129,079	-	129,079
Other income	121,629	-	121,629
Net assets released from restrictions:			
Satisfaction of time restrictions	640,929	(640,929)	-
Satisfaction of program restrictions	3,223,445	(3,223,445)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>9,492,434</b>	<b>(339,155)</b>	<b>9,153,279</b>
<b>EXPENSES</b>			
Program Services:			
Grants awarded	2,549,400	-	2,549,400
Program and grant-making expenses	1,584,737	-	1,584,737
<b>Total Program Services</b>	<b>4,134,137</b>	<b>-</b>	<b>4,134,137</b>
Supporting Services:			
Management and general	617,792	-	617,792
Fundraising	344,814	-	344,814
<b>Total Supporting Services</b>	<b>962,606</b>	<b>-</b>	<b>962,606</b>
<b>TOTAL EXPENSES</b>	<b>5,096,743</b>	<b>-</b>	<b>5,096,743</b>
Change in net assets before loss on currency translation	4,395,691	(339,155)	4,056,536
Currency translation loss	(837)	-	(837)
<b>CHANGE IN NET ASSETS</b>	<b>4,394,854</b>	<b>(339,155)</b>	<b>4,055,699</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>3,226</b>	<b>3,697,520</b>	<b>3,700,746</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 4,398,080</b>	<b>\$ 3,358,365</b>	<b>\$ 7,756,445</b>

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

**FIRELIGHT FOUNDATION**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2012**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Grants and contributions	\$ 813,120	\$ 2,322,500	\$ 3,135,620
Service fees	37,500	-	37,500
Investment gains (losses), net	(6,807)	-	(6,807)
Other income	11,946	-	11,946
Net assets released from restrictions:			
Satisfaction of time restrictions	445,562	(445,562)	-
Satisfaction of program restrictions	2,672,323	(2,672,323)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<u>3,973,644</u>	<u>(795,385)</u>	<u>3,178,259</u>
<b>EXPENSES</b>			
Program Services:			
Grants awarded	2,095,600	-	2,095,600
Program and grant-making expenses	1,464,997	-	1,464,997
<b>Total Program Services</b>	<u>3,560,597</u>	<u>-</u>	<u>3,560,597</u>
Supporting Services:			
Management and general	532,563	-	532,563
Fundraising	281,694	-	281,694
<b>Total Supporting Services</b>	<u>814,257</u>	<u>-</u>	<u>814,257</u>
<b>TOTAL EXPENSES</b>	<u>4,374,854</u>	<u>-</u>	<u>4,374,854</u>
Change in net assets before gain on currency translation	(401,210)	(795,385)	(1,196,595)
Currency translation gain	14,566	-	14,566
<b>CHANGE IN NET ASSETS</b>	(386,644)	(795,385)	(1,182,029)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>389,870</u>	<u>4,492,905</u>	<u>4,882,775</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 3,226</u></u>	<u><u>\$ 3,697,520</u></u>	<u><u>\$ 3,700,746</u></u>

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

**FIRELIGHT FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2013 and 2012**  
**(Decrease) Increase in Cash and Cash Equivalents**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,055,699	\$ (1,182,029)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Realized (gains) losses	(84,189)	7,307
Unrealized gains	(36,030)	-
Depreciation	14,150	13,311
Donated stock	(4,277,002)	(99,796)
Changes in assets and liabilities:		
Grants and pledges receivable	642,197	(208,778)
Prepaid expenses and other assets	43,439	(71,188)
Accounts payable and accrued expenses	(24,290)	39,221
Grants payable	656,800	307,200
Funds held as fiscal agent	<u>37,929</u>	<u>(21,709)</u>
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,028,703</u>	<u>(1,216,461)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales and maturities of investments	4,539,729	92,489
Purchase of investments	(5,778,597)	-
Purchase of property and equipment	<u>(11,475)</u>	<u>(15,117)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(1,250,343)</u>	<u>77,372</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(221,640)	(1,139,089)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,241,889</u>	<u>2,380,978</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 1,020,249</u></u>	<u><u>\$ 1,241,889</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Noncash investing activities:		
Donated stock	<u><u>\$ 4,277,002</u></u>	<u><u>\$ 175,000</u></u>

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



# **FIRELIGHT FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2013 and 2012**

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### **1. Organization and Summary of Significant Accounting Policies**

#### **Organization**

The Firelight Foundation (Firelight) is a public charity that was incorporated under the laws of California in May 2010 and began operations on July 1, 2010. Firelight's mission is to identify, fund, and strengthen promising community organizations that support the health, resilience, and education of children in Africa.

Firelight works to address these needs through four interrelated activities: grant making, monitoring and evaluation and technical assistance, strategic alliances, and public awareness and donor outreach. Firelight supports grassroots organizations that are strengthening the traditional safety nets of the extended family and community through a range of programs. Firelight supports these organizations by providing initial grants of \$1,000 to \$15,000. Firelight makes regrants to partner organizations based on the effectiveness of their programs and the partners' potential for strengthening capacities and fostering exchange.

These activities are primarily supported by grants and contributions from individuals, corporations, and foundations.

#### **Cash Equivalents**

Cash and cash equivalents include cash-on-hand, cash on deposit with banks, and highly liquid investments purchased with an original maturity of three months or less. Firelight also considers all money market funds to be cash equivalents.

#### **Investments**

Investments consist of equity funds and fixed-income funds. These investments are recorded in the accompanying financial statements at their estimated fair value. Fair value is 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. Quoted market prices are used to value the equities and fixed-income funds.

#### **Property and Equipment**

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the respective assets, which range from three to seven years, with no salvage value. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses in the accompanying statements of activities.

# **FIRELIGHT FOUNDATION**

## **NOTES TO FINANCIAL STATEMENTS** **For the Years Ended June 30, 2013 and 2012**

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### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Classification of Net Assets**

Firelight's net assets are reported as follows:

- Unrestricted net assets result from revenues derived from unrestricted contributions, investment income, and other inflows of assets whose use is not limited by donor-imposed restrictions and are available for the support of Firelight's operations. The Board of Directors has designated \$400,000 of Firelight's unrestricted net assets to serve as a reserve (see Note 8).
- Temporarily restricted net assets result from contributions that are specifically restricted by donors for various programs or use in future periods.

#### **Revenue Recognition**

Contributions are reported as revenue in the year in which payments are received and/or unconditional promises are made. Gifts of cash and other assets that are received with donor stipulations limiting the use of the donated assets, are reported as temporarily restricted if such donor stipulations are not fully met in the year the award is received. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Revenue recognized on these contributions that has not been received as of year-end is shown as grants and pledges receivable in the accompanying statements of financial position.

Unconditional promises to give that are expected to be collected within one-year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in contributions in the accompanying statements of activities.

#### **In-Kind Contributions**

In-kind contributions include donated stock, services, equipment, and inventory and are recognized as revenue and expenses when provided at their estimated fair value at the date of donation. It is Firelight's policy to sell donated stock as soon as possible after receipt.

#### **Grants Payable**

Unconditional grants and contributions are recorded as expenses when approved by Firelight's Board of Directors. Multiyear grants are recorded in the financial statements at their net present value using an appropriate rate of return as of the date the gift is made in cases where such a discount is material. Grant funds must be used in accordance with the grant agreement. If the recipient organization is unable to use the funds for the purposes stated in the grant agreement, they are required to return the funds to Firelight.

# FIRELIGHT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2013 and 2012

### 1. Organization and Summary of Significant Accounting Policies (continued)

#### **Functional Allocation of Expenses**

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on various methods deemed to justify the benefits received by those programs and supporting services.

#### **Estimates**

The preparation of the 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.

### 2. Investments

Firelight's investments consisted of the following as of June 30:

	<u>2013</u>	<u>2012</u>
Equity funds	\$ 3,765,676	\$ -
Fixed-income funds	<u>1,870,413</u>	<u>-</u>
Total	<u>\$ 5,636,089</u>	<u>\$ -</u>

Investment returns are summarized as follows:

	<u>2013</u>	<u>2012</u>
Realized gains (loss)	\$ 84,189	\$ (7,307)
Capital gain distributions	792	-
Unrealized gains	36,030	-
Interest and dividends	<u>27,532</u>	<u>-</u>
Total	<u>\$ 148,543</u>	<u>\$ (7,307)</u>

Also included in investment gains (losses) in the accompanying statements of activities are investment fees of \$19,464 paid for the year ended June 30, 2013 and interest of \$500 earned on cash and cash equivalents for the year ended June 30, 2012.

# FIRELIGHT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2013 and 2012

### 3. Fair Value Measurements

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, Firelight has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Values that are based on unadjusted, quoted prices for identical assets or liabilities in active markets that are accessible. Investments valued using Level 1 inputs include those traded on active exchanges, such as the New York Stock Exchange.

*Level 2* – Values that are based on quoted prices in markets that are not active or that are not based on information that is observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Values that are based on unobservable information for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

The following table summarizes Firelight's assets measured at fair value on a recurring basis as of June 30, 2013:

	Total	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity funds:				
Large cap growth	\$ 379,674	\$ 379,674	\$ -	\$ -
Large cap blend	1,113,551	1,113,551	-	-
International large cap blend	720,023	720,023	-	-
International-small/medium blend	372,136	372,136	-	-
Natural resources/ commodities	394,560	395,560	-	-
Emerging market	452,313	452,313	-	-
Hedged equity	333,419	333,419	-	-
Total Equity funds	<u>3,765,676</u>	<u>3,765,676</u>	<u>-</u>	<u>-</u>

Continued

# FIRELIGHT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2013 and 2012

### 3. Fair Value Measurements (continued)

<i>Continued</i>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed-income funds:				
Domestic	\$ 1,323,828	\$ 1,323,828	\$ -	\$ -
International	205,579	205,579	-	-
Absolute return	<u>341,006</u>	<u>341,006</u>	<u>-</u>	<u>-</u>
Total Fixed-Income Funds	<u>1,870,413</u>	<u>1,870,413</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,636,089</u>	<u>\$ 5,636,089</u>	<u>\$ -</u>	<u>\$ -</u>

Firelight used the following methods and significant assumptions to estimate fair value for its assets recorded at fair value:

*Equity funds and fixed-income funds* – Valued using quoted prices in an active market.

### 4. Grants and Pledges Receivable

Grants and pledges receivable represent contributions from nonprofit organizations, corporations and individuals. The long term grants receivable were discounted to present value as of June 30, 2013 and 2012, at the risk free rate of return on the date promise was received. As of June 30, 2013 and 2012, all receivables are considered fully collectible and are expected to be collected as follows:

	<u>2013</u>	<u>2012</u>
Less than one year	\$ 1,784,557	\$ 2,793,676
One to five years, net of discounts of \$1,533 and \$4,029, respectively	<u>818,467</u>	<u>451,545</u>
Total Grants and Pledges Receivable	<u>\$ 2,603,024</u>	<u>\$ 3,245,221</u>

### 5. Grants Payable

Firelight distributes grants to various organizations. Firelight had unconditionally promised to give grant awards totaling \$1,360,500 and \$703,700 as of June 30, 2013 and 2012, respectively. For the year ended June 30, 2013, \$421,500 of the grant awards are due to be paid within two years, and the remainder are payable within one year. For the year

# FIRELIGHT FOUNDATION

## NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2013 and 2012

### 5. Grants Payable (continued)

ended June 30, 2012, \$270,000 of the grant awards were due to be paid within two years, and the remainder were payable within one year. The June 30, 2013 and 2012 long-term grants payable were not discounted to present value due to the immateriality of the discount.

The grant awards payable are for the following purposes:

	<u>2013</u>	<u>2012</u>
Organizational capacity building	\$ 501,500	\$ 93,500
Early childhood development	447,000	8,000
Operational support	187,000	340,000
Community grant-maker	100,000	-
Economic strengthening	85,000	172,200
Child protection/Rights	30,000	60,000
Physical welfare	10,000	-
Psychosocial support	<u>-</u>	<u>30,000</u>
Total	<u>\$ 1,360,500</u>	<u>\$ 703,700</u>

### 6. Funds Held as Fiscal Agent

As of June 30, 2013 and 2012, Firelight held \$48,145 and \$10,216 of funds held as a fiscal agent for other parties, respectively. These funds will be delivered to the ultimate recipients in the upcoming year, as directed by the providers of the funds. This amount is shown as funds held as fiscal agent in the accompanying statements of financial position, as Firelight has no control over the ultimate disbursement of the funds.

### 7. Temporarily Restricted Net Assets

As of June 30, 2013 and 2012, Firelight's temporarily restricted net assets are available for the following purposes or time periods:

	<u>2013</u>	<u>2012</u>
Grant making	\$ 1,335,475	\$ 1,491,427
Personnel	643,854	752,512
Advocacy	426,508	49,603
Time restricted for use in future periods	355,167	567,792
Other program expenses	303,822	128,974
Capacity building	172,619	390,610
Organizational learning	<u>120,920</u>	<u>316,602</u>
Total	<u>\$ 3,358,365</u>	<u>\$ 3,697,520</u>

Continued

## **FIRELIGHT FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS** **For the Years Ended June 30, 2013 and 2012**

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#### **8. Board-Designated Assets**

Firelight's Board has internally designated \$400,000 of Firelight's unrestricted net assets to serve as a reserve, to shield Firelight's grant-making program against economic downturns and/or other circumstances that might lead funders to contribute less than would be necessary to fully fund Firelight's programs in any given year. Under certain conditions, the designated funds may be released upon the approval of the full Board. The board-designated reserve was held in cash during the years ended June 30, 2013 and 2012. Therefore, there were no investment returns related to the balance.

#### **9. Commitments**

In September 2012, Firelight renewed its operating lease for its current office space in Santa Cruz, California. The lease expires on November 30, 2014. The lease provides for monthly rental payments, as well as an annual share of the landlord's operating expenses. Rent increases each year based on the Consumer Price Index for the San Francisco-Oakland-San Jose area. Rent expense associated with the lease totaled \$84,198 and \$87,721 for the years ended June 30, 2013 and 2012, respectively, and is included in occupancy expense in the accompanying supplemental schedules of functional expenses. Future minimum lease payments are as follows:

For the year ending June 30,	
2014	\$ 83,557
2015	<u>35,261</u>
Total	<u>\$ 118,818</u>

#### **10. Pension Plan**

Firelight maintains a tax-deferred SIMPLE IRA plan, which is available to all eligible employees. Firelight will match employee contributions to the plan on a dollar-for-dollar basis, up to 3% of the employee's base annual earnings. Pension expense totaled \$32,154 and \$30,647 for the years ended June 30, 2013 and 2012, respectively, and is included in salaries and benefits in the accompanying supplemental schedules of functional expenses.

#### **11. Income Taxes**

On August 10, 2010, Firelight received notification from the Internal Revenue Service (IRS) that Firelight was approved for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as a public charity under Section 170(b)(1)(A)(vi) of the IRC. Firelight is exempt from the payment of federal and state taxes on income other than net unrelated business income. No provision for income taxes is required for the years ended June 30, 2013 and 2012 as Firelight had no net unrelated business income.

## **FIRELIGHT FOUNDATION**

### **NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2013 and 2012**

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#### **11. Income Taxes (continued)**

In accordance with Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, Firelight has evaluated its income tax positions for the years ended June 30, 2013 and 2012, and determined that there were no material uncertain tax positions. Accordingly, Firelight has not recognized any liability for unrecognized income tax. It is Firelight's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

As of June 30, 2013, tax years reasonably considered open and subject to examination include returns for the years ended June 30, 2011 and June 30, 2012. There is no provision for income tax for the years ended June 30, 2013 or 2012 as Firelight had no unrelated business income.

#### **12. Concentration of Credit Risk**

Firelight's cash is held in accounts at certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of June 30, 2013 and 2012 Firelight had approximately \$65,000 and \$872,000 respectively, composed of money market accounts in excess of the FDIC insured limit. Firelight monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

#### **13. Related Party Transactions**

Firelight was created by Firelight Endowment. Firelight and Firelight Endowment shared two Board members during the years ended June 30, 2013 and 2012. Firelight Endowment ceased operations during the year ended June 30, 2013 and contributed the bulk of its assets, approximately \$4.5 million, to Firelight.

As of June 30, 2012 \$250,000 of Firelight's grants receivable were owed from Firelight Endowment.

During the year ended June 30, 2012 and for the first six months in the year ended June 30, 2013, Firelight had a service agreement with Firelight Endowment for various administrative and programmatic support services. The monthly services include office rent, management services, information technology support, and grant-tracking services for outstanding grants, subject to expenditure responsibility reporting. Pursuant to the cost sharing agreement, Firelight Endowment's reimbursements to Firelight totaled \$18,000 and \$37,500 for the years ended June 30, 2013 and 2012, respectively. No amounts were due under this agreement as of June 30, 2013 or 2012.

Firelight also entered into a revolving loan agreement with Firelight Endowment in 2011. Under this agreement, Firelight had the ability to borrow up to \$1,000,000 for working capital purposes from Firelight Endowment. The agreement matured on June 29, 2012, and was not renewed. Firelight did not borrow any funds under this agreement, and there were no amounts outstanding on the agreement as of June 30, 2013 or 2012.



**FIRELIGHT FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2013 and 2012**

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14. Reclassifications

Certain 2012 expenses have been reclassified to conform to the 2013 financial statement presentation.

15. Subsequent Events

Firelight's management has evaluated events and transactions for potential recognition or disclosure through October 10, 2013, the date the financial statements were available to be issued.

There were no subsequent events required to be disclosed in these financial statements.

## **SUPPLEMENTAL INFORMATION**

**FIRELIGHT FOUNDATION**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2013**

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Grants Awarded</u>	<u>Program and Grant-Making Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 2,549,400	\$ -	\$ -	\$ -	\$ 2,549,400
Salaries and benefits	-	803,429	379,573	266,566	1,449,568
Professional fees	-	274,159	94,647	5,304	374,110
Travel, conferences and meetings	-	205,985	10,575	32,468	249,028
Direct grant-making expenses	-	195,878	-	-	195,878
Occupancy	-	57,118	25,877	18,173	101,168
Office expenses	-	10,336	37,892	2,998	51,226
Subscriptions and staff costs	-	5,829	31,581	11,779	49,189
Other expenses	-	24,164	8,940	4,922	38,026
Bad debt expense	-	-	25,000	-	25,000
Depreciation	-	7,839	3,707	2,604	14,150
	<u>-</u>	<u>7,839</u>	<u>3,707</u>	<u>2,604</u>	<u>14,150</u>
<b>TOTAL</b>	<u><u>\$ 2,549,400</u></u>	<u><u>\$ 1,584,737</u></u>	<u><u>\$ 617,792</u></u>	<u><u>\$ 344,814</u></u>	<u><u>\$ 5,096,743</u></u>

**FIRELIGHT FOUNDATION**  
**SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2012**

	<u>Program Services</u>		<u>Supporting Services</u>		
	<u>Grants Awarded</u>	<u>Program and Grant-Making Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 2,095,600	\$ -	\$ -	\$ -	\$ 2,095,600
Salaries and benefits	-	742,437	338,848	213,967	1,295,252
Direct grant-making expenses	-	380,034	-	-	380,034
Professional fees	-	101,362	85,277	3,974	190,613
Travel, conferences and meetings	-	136,560	13,924	21,921	172,405
Occupancy	-	59,279	26,325	16,623	102,227
Office expenses	-	8,911	37,796	4,967	51,674
Subscriptions and staff costs	-	19,395	14,595	14,533	48,523
Other expenses	-	9,389	12,316	3,510	25,215
Depreciation	-	7,630	3,482	2,199	13,311
	<u>-</u>	<u>7,630</u>	<u>3,482</u>	<u>2,199</u>	<u>13,311</u>
<b>TOTAL</b>	<b><u>\$ 2,095,600</u></b>	<b><u>\$ 1,464,997</u></b>	<b><u>\$ 532,563</u></b>	<b><u>\$ 281,694</u></b>	<b><u>\$ 4,374,854</u></b>