

OCEANSIDE IVEY RANCH PARK ASSOCIATION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

WITH REPORT OF CERTIFIED PUBLIC ACCOUNTANT

Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5-10

**RONALD E. GRUND, C.P.A., INC.
P.O. BOX 420163
SAN DIEGO, CALIFORNIA 92142
619 645 -7238**

**INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS**

**Board of Directors
OCEANSIDE IVEY RANCH PARK ASSOCIATION**

I have audited the accompanying statement of financial position of **Oceanside Ivey Ranch Park Association** as of June 30, 2011 and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Oceanside Ivey Ranch Park Association** of June 30, 2011 and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

RONALD E. GRUND, C.P.A., INC.

October 20, 2011

OCEANSIDE IVEY RANCH PARK ASSOCIATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011
(with combined fund totals for 2010)

	2011	2010
Assets:		
Cash		
Investments (municipal securities)	\$ 371,302.26	\$ 440,141.01
Accounts receivable	67,031.25	67,031.25
Prepaid expenses	12,800.95	30,573.17
Property and equipment, net of accumulated depreciation	1,899.63	1,022.32
Construction in progress	414,470.97	400,767.40
Promise to give - City of Oceanside in kind rental contributed net of associated deferred income	278,979.48	191,471.40
	<u>-</u>	<u>-</u>
Total Assets	\$ 1,146,284.54	\$ 1,131,006.55
Liabilities:		
Accounts payable	\$ 6,256.93	12,614.79
Credit cards	36,569.73	8,713.17
Advance tuition	1,367.15	432.46
Accrued expenses	5,185.80	6,718.62
Litigation settlement payable	200,000.00	-
Installment notes payable to vendors	18,877.85	-
Recoverable grants payable	66,800.00	68,000.00
	<u>334,057.46</u>	<u>96,479.04</u>
Total Liabilities	334,057.46	96,479.04
Commitments and contingencies		
Net Assets:		
Unrestricted	812,227.08	1,034,527.51
Temporarily restricted	<u>-</u>	<u>-</u>
Total Net Assets	812,227.08	1,034,527.51
Total Liabilities and Net Assets	\$ 1,146,284.54	\$ 1,131,006.55

See Notes to Financial Statements

**OCEANSIDE MEY RANCH PARK ASSOCIATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(with combined fund totals for the year 2010)**

	2011			2010
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
SUPPORT AND REVENUE				
SUPPORT:				
CONTRIBUTIONS:				
CASH	\$ 22,964.72	\$ -	\$ 24,964.72	\$ 804,317.83
IN KIND RENTAL - CITY OF OCEANSIDE	24,000.00	-	24,000.00	24,000.00
IN KIND CONTRIBUTIONS (HORSES)	4,750.00	-	4,750.00	60,875.00
FUND RAISING EVENTS	33,475.20	-	33,475.20	28,769.11
TOTAL SUPPORT	85,189.92	-	85,189.92	907,762.04
REVENUE:				
REGIONAL CENTER FOR THE DEVELOPMENTALLY DISABLED	97,297.99	-	97,297.99	99,099.62
GRANTS	103,470.04	-	103,470.04	123,105.00
PROGRAM SERVICE FEES	128,970.23	-	128,970.23	158,858.33
OTHER INCOME	8,058.74	-	8,058.74	2,998.71
TOTAL REVENUE	337,997.00	-	337,997.00	383,959.66
RELEASE OF RESTRICTIONS	-	-	-	-
TOTAL SUPPORT AND REVENUE	422,986.92	-	422,986.92	1,281,611.60
EXPENSES				
Salaries & wages	224,040.84	-	224,040.84	204,641.25
Payroll taxes	21,515.88	-	21,515.88	18,711.81
Workers compensation insurance	9,536.00	-	9,536.00	8,844.00
Repairs & maintenance	7,585.18	-	7,585.18	18,003.31
In kind rental expense	24,000.00	-	24,000.00	24,000.00
Program supplies & food	40,304.77	-	40,304.77	45,788.84
Grant writing	6,896.60	-	6,896.60	16,474.00
Professional services	29,709.01	-	29,709.01	26,248.99
Utilities	10,304.06	-	10,304.06	8,189.45
Transportation & mileage	3,718.90	-	3,718.90	4,588.30
Depreciation	25,083.12	-	25,083.12	29,890.38
Insurance	6,893.32	-	6,893.32	6,615.44
Equipment rental	3,410.06	-	3,410.06	3,835.24
Communications	4,534.51	-	4,534.51	3,792.17
Advertising	2,531.62	-	2,531.62	2,790.46
Office expenses	5,328.48	-	5,328.48	8,166.17
Other, miscellaneous	20,293.02	-	20,293.02	19,274.26
Litigation settlement	200,000.00	-	200,000.00	-
TOTAL EXPENSES	645,287.35	-	645,287.35	448,732.03
INCREASE (DECREASE) IN NET ASSETS	(222,300.43)	-	(222,300.43)	842,879.57
PRIOR PERIOD ADJUSTMENT - RECORD NET VALUE OF HORSES DONATED	-	-	-	5,914.00
NET ASSETS, BEGINNING OF THE YEAR	1,034,527.51	-	1,034,527.51	185,733.94
NET ASSETS, END OF THE YEAR	\$ 812,227.08	\$ -	\$ 812,227.08	\$1,034,527.51

SEE NOTES TO FINANCIAL STATEMENTS

**OCEANSIDE IVEY RANCH PARK ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011
(with combined fund totals for the year 2010)**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (222,300.43)	\$ 842,879.57
<i>Adjustments to reconcile change in net assets to net cash provided by(used in) operating activities</i>		
Depreciation	25,083.12	29,890.36
<i>(Increase) decrease in operating assets:</i>		
Accounts receivable	17,972.22	(28,831.24)
Prepaid expenses	(877.31)	(225.79)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable/accrued liabilities	18,965.68	(17,580.22)
Litigation settlement payable	200,000.00	-
Installment notes payable to vendors	18,877.85	-
Advance tuition	934.69	(553.53)
Loans payable to directors	-	(18,500.00)
Recoverable grants payable	(1,200.00)	(1,200.00)
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>57,456.02</u>	<u>805,079.15</u>
CASH FLOWS USED IN CAPITAL/FINANCING ACTIVITIES		
Acquisition of property and equipment	(38,786.69)	(361,003.54)
Construction in progress	(87,508.08)	21,774.15
NET CASH FLOWS USED IN CAPITAL/FINANCING ACTIVITIES	<u>(126,294.77)</u>	<u>(339,229.39)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(68,838.75)	465,849.76
PRIOR PERIOD ADJUSTMENTS - RECORD NET VALUE OF HORSES DONATED	-	5,914.00
CASH AND CASH EQUIVALENTS :		
Beginning of the year	<u>507,172.26</u>	<u>35,408.50</u>
End of the year	<u>\$ 438,333.51</u>	<u>\$ 507,172.26</u>

SUPPLEMENTARY DISCLOSURES:
INCOME TAXES PAID - NONE

CASH AND CASH EQUIVALENTS INCLUDES INVESTMENTS

SEE NOTES TO FINANCIAL STATEMENTS

OCEANSIDE IVEY RANCH PARK ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization:

Oceanside Ivey Ranch Park Association is a California nonprofit public benefit corporation incorporated in 1981 under the laws of the State of California.

The Organization's mission as a community based organization is to provide services to disabled and able-bodied children and young adults located throughout San Diego County. The Organization provides services from 12 acres of the original Ivey Ranch in Oceanside, California.

The Organization's programs are funded by a combination of grants from governmental agencies and public donations and program fees paid by program participants or other organizations. The Organization's essential goals are: community integration, community participation, personal choice, self respect and respect for others and competence and self reliance. Programs provided include childcare, equestrian program, community gardens, aviary and adapted aquatics & Camp Ivey. The Organization is largely dependent on community volunteers for maintenance and upkeep of its grounds and facilities.

A summary of significant accounting policies follows:

Adoption of new accounting standards:

In 2009 the FASB (Financial Accounting Standards Board) amended the current hierarchy of GAAP (generally accepted accounting principles) and identified the FASB ASC (Accounting Standards Codification) as the single source of authoritative GAAP recognized by the FASB. Although the FASB ASC did not change current GAAP, it superseded all existing standards applicable to the Organization as of the effective date of the standard. The Organization has adopted the FASB ASC.

Method of Accounting:

The accompanying financial statements have been prepared in accordance with the accrual method of accounting.

Financial Statement Presentation:

The Organization complies with the FASB ASC in respect to the preparation of its financial statements.

Information regarding its financial position and activities is reported according to its three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

The accompanying financial statements include prior year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

Contributions:

The Organization complies with the FASB ASC as to its accounting for contributions. Contributions are defined as an unconditional transfer of cash or other assets to an entity or a settlement or cancellation of its liabilities in a voluntary non-reciprocal transfer. Other assets in this connection include use of facilities, services and unconditional promises to give these items in the future. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending upon the existence and/or nature of any donor restrictions. .

Generally contributions received, including unconditional promises to give, are recognized as revenues in the period received at fair value. In situations where promises to give are conditioned upon the Organization incurring qualifying expenses such promises become unconditional when the expenses are incurred. Accordingly, these revenues and costs are recognized as the associated costs are incurred.

The Organization reports grants, contracts, and gifts of cash and other assets as temporarily restricted support if they are received with stipulations that limit the use of the assets. When a restriction expires, that is, 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. However, the Organization, as permitted under SFAS116 follows a practice of recording as unrestricted income all contributions (grants) where restrictions lapse in the same fiscal year in which they are incurred.

Cash and Cash Equivalents:

For purposes of reporting cash, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Property and Equipment:

Property and equipment are recorded at cost for purchased assets and fair market value at the date of acquisition for donated assets.

Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets.

Donated property and equipment is recorded at estimated fair value.

Donated Services/Facilities:

The Organization follows the practice of recording donated services only in instances where non-financial assets are thereby created or where services are provided which require specialized skills, are provided by such skilled individuals and would typically need to be purchased. In addition, the Organization's programs have benefited from the significant amounts of time donated by other volunteers however, no accounting recognition has been given to these additional donated services. The Organization's volunteers donated 9,012 hours for an estimated total value of \$ 211,060.

Donated facilities provided by the City of Oceanside are

recorded at their estimated fair rental value (\$24,000 annually) as contributions in kind offset by an equivalent entry to facilities rental expense.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments:

The recorded value of the Organization's financial instruments approximates their fair values. Financial instruments include cash, accounts receivable and accounts payable.

Concentration of Economic Risk

The Organization's activities are concentrated in the City of Oceanside, California. Management is not aware of the existence of any severe or substantial cutbacks pending or in prospect due to the above described concentration of economic risk.

Note 2. Property and Equipment

The component categories of property and equipment, at cost at June 30, 2011 consists of the following:

Barn	\$ 291,261.44
Furniture & equipment	52,808.18
Leasehold improvements	24,806.73
Land improvements	39,235.23
Horses & horse equipment	105,939.94
Less: accumulated depreciation	<u>(99,580.55)</u>
Net property and equipment	<u>\$ 414,470.97</u>

Note 3. Commitments and Contingencies

The Organization receives substantial funding from government agencies which is restricted under the terms of the related funding agreements. Expenditures charged against these restricted funds are subject to audit by the funding agencies. It is possible that future audits will result in expenditure disallowances; however, based on their knowledge of the funding agencies and the fact that no material cost disallowances have occurred in the past, management believes that any such disallowances will not be material.

Note 4. Temporarily/Permanently Restricted Net Assets

At June 30, 2011 the Organization has no permanently or temporarily restricted net assets.

Note 5 Pension Costs

The Organization's employees are not covered by a sponsored pension plan.

Note 6 Income Tax Status

No provision for income taxes has been provided in the accompanying statement of activities as the Organization is qualified for exemption from income taxes under Federal and California revenue codes. Unrelated business income, if any, is subject to income taxes.

Note 7. Recoverable Grants Payable

In prior years the Organization received two grants restricted for use in the predevelopment stage of the childcare center and both require the Organization to provide licensed childcare services. These grants are essentially non-interest bearing loans payable. One of the loans with a current balance of \$ 41,800 is being repaid \$ 1,200 annually. The other loan with a balance of \$ 25,000 is due immediately in the event the construction project is terminated or if permanent financing is secured.

Note 8. City of Oceanside Lease

The Organization's facilities are provided under an

agreement with the City of Oceanside which expires December 31, 2031. The remaining unexpired term of the lease represents a promise to give (contribution) with an estimated value of \$ 492,000(@ the annual estimated fair value of \$ 24,000). This promise to give is offset in full on the balance sheet by the associated deferred income.

Note 9. Prior Period Adjustment

The accompanying financial statements reflect a prior period adjustment to correct prior financial statements which omitted horses which had been donated to the Organization. This correction resulted in an increase of opening net assets as of July 1, 2009 of \$ 5,914.

Note 10. Settlement of Litigation- Subsequent Event

On October 20, 2011 the Organization agreed to a settlement agreement in respect to litigation which arose in November 2010. The parties to the litigation agreed that the Organization would pay the sum of \$ 200,000 to the plaintiff within seven days of the execution of the agreement and in return the plaintiff would relinquish all "naming rights" in respect to the Organization's facilities and programs. This settlement has been reflected in the accompanying financial statements as of June 30, 2011.