

OCEANSIDE IVEY RANCH PARK ASSOCIATION INC

FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

INDEPENDENT AUDITORS REPORT

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CPA

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**Suzanne Bryant
Certified Public Accountant
P.O. Box 4573
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To the Board of Directors
Oceanside Ivey Ranch Park Association Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Oceanside Ivey Ranch Park Association Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the period ending June 30, 2016 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

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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the period ending June 30, 2016 then ended in accordance with accounting principles generally accepted in the United States of America.



Suzanne Bryant CPA
November 17, 2016

OCEANSIDE IVEY RANCH PARK ASSOCIATION INC
STATEMENT OF FINANCIAL POSITION
FOR THE PERIODS ENDING JUNE 30, 2016 AND 2015

ASSETS

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>Current Assets:</u> (Notes 1, 2,3, and 4)		
Cash and Equivients	\$ 60,291	\$ 22,796
Investments	74,557	94,529
Accounts receivable	33,353	16,497
Prepaid expenses	5,177	2,276
Architectural designs-Child Care Center	40,322	40,322
Other assets	1,240	
Total Current Assets	<u>214,940</u>	<u>176,420</u>
 Property, buildings, and equipment, net	 545,995	 542,017
TOTAL ASSETS	\$ <u>760,935</u>	\$ <u>718,437</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Notes 1, 2, 3, and 9)		
Accounts payable	\$ 15,239	\$ 5,590
Credit cards	9,180	10,155
Accrued expenses	7,340	13,719
Advanced tuition	5,375	2,162
Total Current Liabilities	<u>37,134</u>	<u>31,626</u>
 Total Liabilities	 <u>37,134</u>	 <u>31,626</u>
 <u>Net Assets:</u> (Notes 1 and 6)		
Unrestricted	723,801	686,811
Temporarily restricted		
Permanently restricted		
Total Net Assets	<u>723,801</u>	<u>686,811</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>760,935</u>	\$ <u>718,437</u>

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

OCEANSIDE IVEY RANCH PARK ASSOCIATION INC
STATEMENT OF ACTIVITIES
FOR THE PERIODS ENDED JUNE 30, 2016 AND 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<u>Support and Revenue:</u>					
Grants	\$ 129,272			\$ 129,272	\$ 92,512
Contributions	38,118			38,118	27,410
Program revenues	242,647			242,647	293,322
Total Support and Revenue	<u>410,037</u>			<u>410,037</u>	<u>413,244</u>
<u>Expenses:</u>					
Program Services:					
Horses	155,758			155,758	202,503
Home respite	53,937			53,937	37,633
Child care	92,435			92,435	101,423
Total Program Services	<u>302,130</u>			<u>302,130</u>	<u>341,559</u>
Supporting Services:					
Management and general	6,355			6,355	9,409
Fundraising	29,072			29,072	19,237
Total Supporting Services	<u>35,427</u>			<u>35,427</u>	<u>28,646</u>
Total Program and Supporting Services	<u>337,557</u>			<u>337,557</u>	<u>370,205</u>
Non program or supporting services expenses					
Depreciation	33,134			33,134	34,746
Interest	1,372			1,372	1,962
Taxes	1,035			1,035	1,109
Total Expenses	<u>373,098</u>			<u>373,098</u>	<u>408,022</u>
Increase in Net Assets	36,939			36,939	5,222
Net Deficit at Beginning of Year	<u>686,862</u>			<u>686,862</u>	<u>660,089</u>
NET ASSETS AT END OF YEAR	<u>\$ 723,801</u>	<u>\$</u>	<u>\$</u>	<u>\$ 723,801</u>	<u>\$ 665,311</u>

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

OCEANSIDE IVEY RANCH PARK ASSOCIATION INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDED JUNE 30, 2016

	Programs				Supporting Services			Total
	HORSES	IN HOME RESPITE	CHILD CARE	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and Related Expenses:								
Salaries and wages	\$ 75,013	\$ 35,548	\$ 38,918	\$ 149,479	\$	\$ 16,000	\$ 16,000	\$ 165,479
Payroll taxes and employee benefits	7,447	4,315	10,104	21,866		1,288	1,288	23,154
Total Salaries and Related expenses	<u>82,460</u>	<u>39,863</u>	<u>49,022</u>	<u>171,345</u>		<u>17,288</u>	<u>17,288</u>	<u>188,633</u>
Nonsalary Related Expenses:								
Advertising	-					1,486	1,486	1,486
Insurance	7,910	1,438	5,034	14,382				14,382
Professional fees	10,845	2,718	3,620	17,184	-			17,184
Grant writing						8,400	8,400	8,400
Program expenses	7,021	1,277	4,468	12,765				12,765
Repairs	10,609	1,929	6,751	19,289				19,289
Workers comp insurance	8,535	1,552	5,432	15,519				15,519
Transportation	2,208	401	1,405	4,014				4,014
Food	20,212	3,675	12,862	36,749				36,749
Telephone	550	100	400	1,050		1,898	1,898	2,948
Bank and credit card fees					3,213		3,213	3,213
Occupancy	5,279	960	3,360	9,599				9,599
Program supplies	129	23	82	234				234
Office supplies and expenses					3,142		3,142	3,142
TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES	<u>\$ 155,758</u>	<u>\$ 53,937</u>	<u>\$ 92,435</u>	<u>\$ 302,130</u>	<u>\$ 6,355</u>	<u>\$ 29,072</u>	<u>\$ 35,427</u>	<u>\$ 337,557</u>

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

OCEANSIDE IVEY RANCH PARK ASSOCIATION INC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2016

Cash Flows From Operating Activities:

Cash received from program revenues and contributions	\$	410,037
Cash paid to vendors		(370,542)
Net Cash Provided by Operating Activities		39,495

Cash Flows From Investing Activities:

Purchase of property and equipment		
Increase in investment		(2,000)
Net Cash flow from Investing Activities		(2,000)

Net decrease in Cash and Cash Equivalents 37,495

Cash and Cash Equivalents at Beginning of Year 22,796

Cash and cash equivalents at End of Year \$ 60,291

Reconciliation of Excess Support Over Expenses to Net Cash flows from Operating Activities

Excess of cash received over cash paid out	\$	78,747
Accounts receivable increase		(16,856)
Increase in other Assets		4,141
Accrued expenses increase		(26,537)
Net Cash Flow from Operating Activities	\$	39,495

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

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1 – Nature of Activities:

Organization:

Oceanside Ivey Ranch Park Association, Inc., the Organization, was established on July 20, 1981 as a non-profit corporation. The Organization is located in Oceanside CA. The Organization's mission is to provide services to children and young adults with and without special needs, located throughout San Diego County. The Organization provides services on an improved, 12-acre portion of the original Ivey Ranch in Oceanside, CA.

Note 2 – Significant Accounting Policies:

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

The Organization invests its money in savings accounts which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and savings vehicles, it is at least reasonably possible that changes in the values of investment securities and savings will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

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 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.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 – Significant Accounting Policies cont.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor 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. There was no contributions receivable as of June 30, 2016.

Donated facilities:

The facilities used by the Organization are provided by the City of Oceanside at no cost to the Organization. The Organization records the estimated fair rental value as contributions in kind offset by an equivalent entry to facilities rental expense.

Financial Statement Presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net asset's, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets – Net assets not subject to donor imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a donor stipulated time restriction ends or a 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.

Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Foundation. The income from these assets is available for either general operations or specific programs as specified by the donor.

The FASB has issued reporting standards for endowments of not-for-profit Organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Significant Accounting Policies: (Continued)

Donated Services, Office Space and Materials

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. For the year ended June 30, 2016, the Organization's volunteers donated more than 10,000 hours during the year with an estimated value of over \$254,401.

Property, Equipment and Improvements:

Equipment is stated at cost, if purchased, or estimated fair market value when received, if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets are to be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in their specified service, at which time the temporarily restricted net assets are reclassified as unrestricted.

The Organization capitalizes all expenditures for equipment and furnishings in excess of \$250. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. (See Note 2)

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of land, buildings and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale. Any resultant gain or loss is credited or charged to earnings.

Income Taxes

The Organization is a public charity and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is not a private foundation.

The Organization's Return of Organization Exempt from Income Tax for the periods ended June 30, 2016 and June 30, 2015 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2 - Significant Accounting Policies: (Continued)

Allocated Expenses

The Organization allocates its expenses on a functional basis among its various programs and supporting services. Expenditures which can be identified with a specific program or support services are allocated directly, according to their natural expenditure classification. Costs that is common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Organization's management.

Accrued Expenses and Deferred Revenue

The Organization accumulated expenses at year end consisting of payroll taxes and other miscellaneous amounts. The total amount of accrued expenses for the year ending June 30, 2016 were \$3,165. The Organization also has revenue received in advance for lessons and childcare. The amount received at June 30, 2016 was \$2,119.

Accounts Receivable

The Organization has accounts receivable of \$40,322. This amount included amounts due from the Regional Center and individual amounts due from the clients for tuition.

Note 3 – Concentration of Credit Risk:

The Organization maintains its cash and investments in bank accounts and brokerage accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization relies on funding from the Regional Center on a reimbursement basis for services provided to those with special needs. Most of this is through the Regional Center. This arrangement is on a contract basis and certain covenants must be adhered to. The failure to comply with the terms of the contract would result in a loss of important sources for funds. Management deems the contingency remote and believes the Organization is in compliance with all contract requirements.

Note 4 – Gifts in Kind

The Organization received significant non cash contributions during the year. This contribution consisted of a horse for use in the program. The total amount contributed during the year was \$2,000.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5 - Fair Value Measurements:

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 inputs are quoted prices in active markets for identical investments or donations that the Foundation has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investments or donations, either directly or indirectly.

Level 3 inputs are unobservable inputs based on the Organization's assumptions. These include inputs that are internally developed and estimated

The Fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2015 are as follows:

Description	Fair Value	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Assets	\$ 510,883	\$ 510,833	
Investments	75,797	75,797	

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended June 30, 2016

OCEANSIDE IVEY RANCH PARK ASSOICIATION, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 6- Property and Equipment:

Property and equipment consisted of the following as of June 30:

Leasehold Improvement	\$ 24,807.00
Furniture and Fixtures	56,043.00
Horse Equipment	37,190.00
Horses	87,750.00
Vehicles	5,260.00
Land Improvements	39,235.00
Barn	540,683.00
Accumulated Depreciation	<u>(244,973.00)</u>
	\$ <u>545,995.00</u>

Depreciation for the year on the above assets amounted to \$33,134.

Note 7- Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the fiscal year end of June 30, 2016 and November 17, 2016, the date the financial statements were available to be issued.

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 \$396,000 (at an estimated fair value of \$24,000 per annum). This promise to give is offset in full on the Statements of Financial Position by the associated deferred income.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9-Impairment of Long-Lived Assets:

Under accounting principles generally recognized in the United States of America (GAAP), all entities must test for impairment of assets on an annual basis. Impairment occurs when the carrying value of an asset is not recoverable in future accounting periods.

In prior years, the Organization embarked on a program to design, build and operate a Child Care Center on the property it leases from the City of Oceanside. The project was to be funded solely from contributions, grants and permanent financing. At June 30, 2016, management has determined during its annual testing for impairment, that funding for the Child Care Center project was not likely to occur in the foreseeable future and that a portion of the funds expended on the project had become impaired and hold no future value.

Management has determined that the costs of architectural designs in the amount of \$40,322 continues to have value, as the designs, with minor modifications, can be used if the project outlook changes.

Note 10- Commitments and Contingencies:

The Organization receives approximately 20% of its revenue from the Regional Center for the Developmentally Disabled (the "Center"). The Organization bills the Center monthly for services rendered. These billings are subject to audit by the Center to determine that the Organization's expenditures for these services are in compliance with the related funding agreement. It is possible that future audits by the Center will result in expenditure disallowances; however, based on management's knowledge of the funding agency and that no material expenditure disallowances have occurred in the past, management believes that any such disallowances will not be material.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11- Net Assets:

The Organization has three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – Net assets not subject to donor imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a donor stipulated time restriction ends or a 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.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Foundation. The income from these assets is available for either general operations or specific programs as specified by the donor.

At June 30, 2016 the Organization had unrestricted net assets of \$ \$694,932.