

OCEANSIDE IVEY RANCH PARK ASSOCIATION INC

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

INDEPENDENT AUDITORS REPORT

Suzanne Bryant CPA  
*Orange County/San Diego County*  
(760)289-5078

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**Bryant & Associates**  
**Certified Public Accountants**  
**P.O. Box 4573**  
**Carlsbad CA 92018**

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, 2017, and the related statements of activities, functional expenses and cash flows for the period ending June 30, 2017 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, 2017, and the changes in its net assets and its cash flows for the period ending June 30, 2017 then ended in accordance with accounting principles generally accepted in the United States of America.

*Suzanne Bryant CPA*

Suzanne Bryant CPA  
Bryant & Associates CPA's  
January 25, 2018

**OCEANSIDE IVEY RANCH PARK ASSOCIATION INC**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE PERIODS ENDING JUNE 30, 2017 AND 2016**

**ASSETS**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b><u>Current Assets:</u> (Notes 1, 2,3, and 4)</b>		
Cash and Equivients	\$ 11,186	\$ 60,291
Investments	54,591	74,557
Accounts receivable	34,283	33,353
Prepaid expenses	1,854	5,177
Architectural designs-Child Care Center	40,322	40,322
Other assets	4,088	1,240
Total Current Assets	<u>146,324</u>	<u>214,940</u>
 Property, buildings, and equipment, net	 583,671	 545,995
<b>TOTAL ASSETS</b>	<b>\$ <u>729,995</u></b>	<b>\$ <u>760,935</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u> (Notes 1, 2, 3, and 9)</b>		
Accounts payable	\$ 10,804	\$ 15,239
Credit cards	9,052	9,180
Accrued expenses	24,236	7,340
Advanced tuition	1,426	5,375
Total Current Liabilities	<u>45,518</u>	<u>37,134</u>
 Total Liabilities	 <u>45,518</u>	 <u>37,134</u>
 <b><u>Net Assets:</u> (Notes 1 and 6)</b>		
Unrestricted	684,477	723,801
Temporarily restricted		
Permanently restricted		
Total Net Assets	<u>684,477</u>	<u>723,801</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>729,995</u></b>	<b>\$ <u>760,935</u></b>

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 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
<b><u>Support and Revenue:</u></b>					
Grants	\$ 152,550			\$ 152,550	\$ 129,272
Contributions	28,953			28,953	28,118
Fundraising	9,820			9,820	12,511
Other	24,951			24,951	19,784
Program revenues	<u>331,284</u>			<u>331,284</u>	<u>220,352</u>
Total Support and Revenue	<u>547,558</u>			<u>547,558</u>	<u>410,037</u>
<b><u>Expenses:</u></b>					
<b>Program Services:</b>					
Horses	295,771			295,771	155,758
Home respite	40,268			40,268	53,937
Child care	141,399			141,399	92,435
Total Program Services	<u>477,438</u>			<u>477,438</u>	<u>302,130</u>
<b>Supporting Services:</b>					
Management and general	4,683			4,683	6,355
Fundraising	26,197			26,197	29,072
Total Supporting Services	<u>30,880</u>			<u>30,880</u>	<u>35,427</u>
Total Program and Supporting Services	<u>508,318</u>			<u>508,318</u>	<u>337,557</u>
Non program or supporting services expenses					
Depreciation	77,373			77,373	33,134
Interest	998			998	1,372
Taxes	193			193	1,035
Total Expenses	<u>586,882</u>			<u>586,882</u>	<u>373,098</u>
Increase in Net Assets	(39,324)			(39,324)	36,939
Net Deficit at Beginning of Year	<u>723,801</u>			<u>723,801</u>	<u>686,862</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 684,477</u></b>	<b><u>\$</u></b>	<b><u>\$</u></b>	<b><u>\$ 684,477</u></b>	<b><u>\$ 723,801</u></b>

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, 2017

	Programs			Total Program Services	Supporting Services			Total
	HORSES	IN HOME RESPITE	CHILD CARE		Management and General	Fundraising	Total Supporting Services	
<b>Salaries and Related Expenses:</b>								
Salaries and wages	\$ 140,918	\$ 25,621	\$ 89,675	\$ 256,214	\$	\$	\$	\$ 256,214
Payroll taxes and employee benefits	25,716	4,676	16,365	46,757				46,757
Total Salaries and Related expenses	<u>166,634</u>	<u>30,297</u>	<u>106,040</u>	<u>302,971</u>				<u>302,971</u>
<b>Nonsalary Related Expenses:</b>								
Advertising						2,243	2,243	2,243
Insurance	7,719	1,404	4,912	14,035				14,035
Professional fees	21,040	1,403	5,611	28,053				28,053
Dues & subscriptions	3,628			3,628				3,628
Grant writing						23,763	23,763	23,763
Education	12,872			12,872				12,872
Repairs	16,344	2,972	10,401	29,717				29,717
Transportation	1,035	188	658	1,881				1,881
Contract labor	560			560				560
Food	43,110			43,110				43,110
Telephone	2,386	477	1,432	4,295	286	191	477	4,772
Bank and credit card fees					3,570		3,570	3,570
Conferences	1,043			1,043				1,043
Occupancy	16,997	3,090	10,816	30,904				30,904
Program supplies	2,403	437	1,529	4,369				4,369
Office supplies and expenses					827		827	827
<b>TOTAL PROGRAM AND SUPPORTING SERVICES EXPENSES</b>	<u>\$ 295,771</u>	<u>\$ 40,268</u>	<u>\$ 141,399</u>	<u>\$ 477,438</u>	<u>\$ 4,683</u>	<u>\$ 26,197</u>	<u>\$ 30,880</u>	<u>\$ 508,318</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, 2017**

**Cash Flows From Operating Activities:**

Cash received from program revenues and contributions	\$	547,558
Cash paid to vendors		(578,954)
Net Cash Provided by Operating Activities		(31,396)

**Cash Flows From Investing Activities:**

Increase in property and equipment		(37,675)
Decrease in investment		19,966
Net Cash flow from Investing Activities		(17,709)

Net decrease in Cash and Cash Equivalents		(49,105)
Cash and Cash Equivalents at Beginning of Year		60,291
Cash and cash equivalents at End of Year	\$	11,186

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

Excess of cash paid over cash received	\$	(39,324)
Accounts receivable increase		930
Increase in other Assets		475
Decrease in accounts payable		(4,435)
Accrued expenses increase		10,958
Net Cash Flow from Operating Activities	\$	(31,396)
Cash paid for interest	\$	998

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

**OCEANSIDE IVEY RANCH PARK ASSOICIATION, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 ASSOICIATION, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 were no contributions receivable as of June 30, 2017.

**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 ASSOICIATION, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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. The Organization had \$9,500 in donated horses. 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, 2017, the Organization's volunteers donated more than 9,731 hours during the year with an estimated value of over \$234,906.

**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, 2017 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 ASSOICIATION, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 accrued expenses for the year ending June 30, 2017 that included \$14,455 which was accrued for grant writing and \$6,986 for accrued payroll. The total accrued expense is \$21,441. The Organization also has revenue received in advance for lessons and childcare. The amount received and accrued at June 30, 2017 was \$1,426. Also accrued were expenses paid by credit card. The amount outstanding at year end is \$9,052.

**Accounts Receivable**

The Organization has accounts receivable of \$34,283. 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 \$9,500.

**OCEANSIDE IVEY RANCH PARK ASSOICIATION, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017 are as follows:

Description	Fair Value	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Assets	\$ 583,671	\$ 583,671	
Investments	54,591	54,591	

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, 2017

**OCEANSIDE IVEY RANCH PARK ASSOICIATION, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 6- Property and Equipment:**

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

Leasehold Improvement	\$ 35,935.00
Furniture and Fixtures	56,043.00
Horse Equipment	37,190.00
Horses	49,332.00
Vehicles	5,260.00
Land Improvements	39,235.00
Barn	590,553.00
Accumulated Depreciation	<u>(288,211.00)</u>
	<u>\$ 583,671.00</u>

Depreciation for the year on the above assets amounted to \$40,250.00.

**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, 2017 and January 25, 2018, 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 \$372,000 (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 ASSOICIATION, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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, 2017, 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 ASSOICIATION, INC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**Note 11- Net Assets:**

The Organization has 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 Organization 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 Organization. The income from these assets is available for either general operations or specific programs as specified by the donor.

At June 30, 2017 the Organization had unrestricted net assets of \$ \$684,477.