



REDONDO BEACH EDUCATIONAL FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

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beach, freeman, lim & cleland, LLP

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
REDONDO BEACH EDUCATIONAL FOUNDATION
Redondo Beach, California

We have reviewed the accompanying financial statements of Redondo Beach Educational Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

The 2014 financial statements of Redondo Beach Educational Foundation were reviewed by other accountants whose report dated October 29, 2015, stated that, based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2014, for it to be consistent with the reviewed financial statements from which it has been derived.


El Segundo, California
March 7, 2016

REDONDO BEACH EDUCATIONAL FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)

ASSETS

	<u>2015</u>	<u>2014</u>
Current Assets		
Cash	\$ 372,313	\$ 232,829
Prepaid expenses	<u>1,400</u>	<u>2,044</u>
	<u>\$ 373,713</u>	<u>\$ 234,873</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	<u>\$ 35,000</u>	<u>\$ -</u>
	<u>35,000</u>	<u>-</u>
Net Assets		
Unrestricted	279,575	160,475
Temporarily restricted	<u>59,138</u>	<u>74,398</u>
	<u>338,713</u>	<u>234,873</u>
	<u>\$ 373,713</u>	<u>\$ 234,873</u>

See accompanying independent accountants' review report and notes to financial statements.

REDONDO BEACH EDUCATIONAL FOUNDATION

STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)**

	Unrestricted	Temporarily Restricted	2015	2014
Revenues				
Summer session fees	\$ 438,686	\$ -	\$ 438,686	\$ 366,293
Grants	380,000	50,000	430,000	437,000
Contributions	168,480	-	168,480	150,039
Fundraising	465,388	-	465,388	368,536
Special events	-	-	-	32,175
Other income	1,108	-	1,108	162
Net assets released from restriction	65,260	(65,260)	-	-
Total revenues	1,518,922	(15,260)	1,503,662	1,354,205
Expenses				
Program services	1,274,919	-	1,274,919	1,246,239
Management and general	36,738	-	36,738	53,962
Fundraising	88,165	-	88,165	73,760
Special events	-	-	-	6,690
Total expenses	1,399,822	-	1,399,822	1,380,651
Change in Net Assets	119,100	(15,260)	103,840	(26,446)
Net Assets, Beginning of Year	160,475	74,398	234,873	261,319
Net Assets, End of Year	\$ 279,575	\$ 59,138	\$ 338,713	\$ 234,873

See accompanying independent accountants' review report and notes to financial statements.

REDONDO BEACH EDUCATIONAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2015</u>	<u>Total 2014</u>
Program development					
Summer session	\$ 286,244	\$ -	\$ -	\$ 286,244	\$ 270,389
Teacher grants	413,972	-	-	413,972	500,269
Student activities	552,921	-	-	552,921	454,516
Payroll and payroll taxes	17,499	5,833	34,997	58,329	42,834
Office expense	-	7,594	-	7,594	5,494
Professional services	-	18,300	-	18,300	41,177
Insurance	4,283	5,011	-	9,294	11,222
Fundraising	-	-	53,168	53,168	48,060
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,690</u>
	<u>\$ 1,274,919</u>	<u>\$ 36,738</u>	<u>\$ 88,165</u>	<u>\$ 1,399,822</u>	<u>\$ 1,380,651</u>

See accompanying independent accountants' review report and notes to financial statements.

REDONDO BEACH EDUCATIONAL FOUNDATION

STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2014)**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 103,840	\$ (26,446)
Change in operating assets and liabilities:		
Prepaid expenses	644	(2,044)
Accounts payable	<u>35,000</u>	<u>(2,090)</u>
Net cash provided by (used in) operating activities	<u>139,484</u>	<u>(30,580)</u>
Net Increase (Decrease) in Cash	139,484	(30,580)
Cash, Beginning of Year	<u>232,829</u>	<u>263,409</u>
Cash, End of Year	<u>\$ 372,313</u>	<u>\$ 232,829</u>

See accompanying independent accountants' review report and notes to financial statements.

REDONDO BEACH EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - NATURE OF ACTIVITIES

Redondo Beach Educational Foundation (the "Foundation") was incorporated in 1991 and designated as a 501(c)(3) non-profit corporation. The purpose of the Foundation is to enhance and enrich the education for all students of the Redondo Beach School District, which is located in Redondo Beach, California. The Foundation's support comes primarily from program fees, grants, contributions, and fundraising activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Foundation are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Foundation or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Foundation.

Generally, the donors permit the Foundation to use all or part of the income earned for either general or donor-specified purposes. The temporarily restricted net assets as of December 31, 2015 totaled \$59,138. There were no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

REDONDO BEACH EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

All contributions and grant support are considered available for the Foundation's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as temporarily or permanently restricted support and increase those respective net asset classes. 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 restriction. Restricted support with restrictions that are met in the same reporting period are recorded as unrestricted support.

Unconditional grants are recognized as receivables and as revenue in the period in which the Foundation is notified by the donor of the commitment to make a contribution. Conditional grants are recognized when the conditions on which they depend are substantially met.

Contributed Services

Contributed services are reported in the financial statements at fair value on the date of the voluntary donation when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would typically be purchased if not provided by donation.

During the year, many volunteers donated time and services in an effort to advance the programs and objectives of the Foundation. These volunteer services have not been recorded in the financial statements as they do not meet the criteria required by U.S. GAAP.

Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Operating expenses directly identified with a functional area are charged to that area. Payroll related expenditures have been allocated between program and supporting services by management.

REDONDO BEACH EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a not-for-profit corporation that is exempt from the payment of income taxes under Internal Revenue Code ("IRC") Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for income taxes.

The Foundation evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions were more likely than not to be sustained upon examination. As of year-end, the Foundation had no uncertain tax positions requiring accrual or disclosure.

By statute, the Foundation's federal and state income tax returns generally remain subject to examination by taxing authorities for three and four years, respectively, from the date the return was filed.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to classifications used in the current year. Such reclassifications had no effect on the reported change in net assets.

NOTE 3 - CONCENTRATIONS

For the year ended December 31, 2015, the Foundation received approximately 29% of its total revenue from a grant received from a single donor.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2015, temporarily restricted net assets consisted of the following:

Special purpose, teacher grants	\$ 50,000
Special purpose, art programs	<u>9,138</u>
	<u>\$ 59,138</u>

REDONDO BEACH EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 5 - SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through March 7, 2016, the date at which the financial statements were available to be issued. The Foundation is not aware of any significant events that occurred subsequent to the statement of financial position date, but prior to March 7, 2016, that would have a material impact on its financial statements.