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**Redondo Beach Educational Foundation**

**Financial Statements and  
Independent Accountant's Review Report**

**December 31, 2014**

# Redondo Beach Educational Foundation

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Independent Accountant's Review Report

To the Board of Directors  
Redondo Beach Educational Foundation

We have reviewed the accompanying statement of financial position of Redondo Beach Educational Foundation as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

*CohnReznick LLP*

Los Angeles, California  
October 29, 2015

**Redondo Beach Educational Foundation**

**Statement of Financial Position  
December 31, 2014**

Assets

Current assets	
Cash	\$ 232,829
Prepaid expenses	2,044
	<hr/>
	\$ 234,873
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Liabilities and Net Assets

Net assets	
Unrestricted	\$ 160,475
Temporarily restricted	74,398
	<hr/>
	\$ 234,873
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See Notes to Financial Statements.

**Redondo Beach Educational Foundation**

**Statement of Activities  
Year Ended December 31, 2014**

	Unrestricted	Temporarily Restricted	Total
Revenues and support			
Summer session fees	\$ 366,293	\$ -	\$ 366,293
Grants	387,000	50,000	437,000
Contributions	125,641	24,398	150,039
Special events	400,711	-	400,711
Interest income and other	162	-	162
	<u>1,279,807</u>	<u>74,398</u>	<u>1,354,205</u>
Total revenues and support			
Expenses			
Program services	1,192,584	-	\$ 1,192,584
Management and general	98,144	-	98,144
Fundraising	4,342	-	4,342
Special events	85,581	-	85,581
	<u>1,380,651</u>	<u>-</u>	<u>1,380,651</u>
Total expenses			
Change in net assets	(100,844)	74,398	(26,446)
Net assets, beginning of year	<u>261,319</u>	<u>-</u>	<u>261,319</u>
Net assets, end of year	<u>\$ 160,475</u>	<u>\$ 74,398</u>	<u>\$ 234,873</u>

See Notes to Financial Statements.

**Redondo Beach Educational Foundation**

**Statement of Functional Expenses  
Year Ended December 31, 2014**

	Program Services	Management and General	Fundraising	Special Events	Total
Payroll and payroll taxes	\$ 12,850	\$ 29,984	\$ -	\$ -	\$ 42,834
Program development					
Summer session	270,389	-	-	-	270,389
Counselors	100,000	-	-	-	100,000
Teacher grants	500,269	-	-	-	500,269
Student activities	305,709	-	-	-	305,709
Office	-	5,494	-	-	5,494
Professional services	-	54,811	-	-	54,811
Insurance	3,367	7,855	-	-	11,222
Fundraising	-	-	4,342	-	4,342
Cost of direct benefits to donors	-	-	-	85,581	85,581
	<u>\$ 1,192,584</u>	<u>\$ 98,144</u>	<u>\$ 4,342</u>	<u>\$ 85,581</u>	<u>\$ 1,380,651</u>

See Notes to Financial Statements.

**Redondo Beach Educational Foundation**

**Statement of Cash Flows  
Year Ended December 31, 2014**

Operating activities	
Change in net assets	\$ (26,446)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Changes in operating assets and liabilities	
Other current assets	(2,044)
Accounts payable and accrued expenses	<u>(2,090)</u>
Net cash used in operating activities and net decrease in cash	(30,580)
Cash, beginning of year	<u>263,409</u>
Cash, end of year	<u><u>\$ 232,829</u></u>

See Notes to Financial Statements.

## Redondo Beach Educational Foundation

### Notes to Financial Statements December 31, 2014

#### Note 1 - Business and summary of significant accounting policies

##### **Business**

Redondo Beach Educational Foundation (the "Organization") was incorporated in 1991 and designated as a 501(c)(3) non-profit corporation. The purpose of the Organization is to enhance and enrich the education for all students of the Redondo Beach School District, which is located in Redondo Beach, California.

##### **Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### **Financial statement presentation**

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, which are described as follows:

*Unrestricted* - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Organization.

*Temporarily restricted* - Net assets whose use by the Organization is restricted by explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of the Organization or that expire by the passage of time.

*Permanently restricted* - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Organization and stipulate the use of income and/or appreciation as temporarily restricted based on donor-imposed stipulations or by operation of law. At December 31, 2014, the Organization does not have any permanently restricted net assets.

##### **Contributions**

Contributions received, consisting of gifts and grants, are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Contributions for which donors have imposed restrictions that limit the use of the donated assets are reported as restricted support if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions. Contributions of assets that donors have stipulated must be maintained permanently, with only the income earned thereon available for current use, are classified as permanently restricted net assets.

Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions that are met within the same reporting period, are reported as unrestricted support.

Unconditional promises to give with payments due in future periods are reported as restricted support. Gifts of land, buildings and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Redondo Beach Educational Foundation**

**Notes to Financial Statements  
December 31, 2014**

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promissory, are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

**Functional allocation of expenses**

The costs of providing various projects the Organization is involved with have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income taxes**

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization has no unrecognized tax benefits at December 31, 2014. The Organization's Federal and state income tax returns prior to 2011 and 2010, respectively, are closed.

The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Organization recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with the related tax liability in the statement of financial position.

**Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent events**

The Organization has evaluated the impact of subsequent events through October 29, 2015, which is the date the financial statements were available to be issued.

**Note 2 - Concentrations**

For the year ended December 31, 2014, the Organization received approximately 32% of its total revenue from a grant received from a single donor.

**Note 3 - Temporarily restricted net assets**

At December 31, 2014, temporarily restricted net assets consist of the following:

Special purpose, teacher grants	\$	50,000
Special purpose, art programs		<u>24,398</u>
	\$	<u><u>74,398</u></u>