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Redondo Beach Educational Foundation

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

December 31, 2013

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, 2013, 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
September 30, 2014

Redondo Beach Educational Foundation

**Statement of Financial Position
December 31, 2013**

Assets

Current assets:

Cash	\$ 263,409
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Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$ 2,090
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Net assets:

Unrestricted	<u>261,319</u>
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Total	<u>\$ 263,409</u>
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See Independent Accountant's Review Report and Notes to Financial Statements.

Redondo Beach Educational Foundation

**Statement of Activities
Year Ended December 31, 2013**

	<u>Unrestricted</u>
Revenues and support:	
Summer session fees	\$ 335,609
Grants	424,000
Contributions	91,144
Special events	307,443
Interest income and other	<u>1,211</u>
Total revenues and support	<u>1,159,407</u>
Expenses:	
Program services	946,984
Management and general	65,159
Fundraising	2,788
Special events	<u>85,462</u>
Total expenses	<u>1,100,393</u>
Change in net assets	59,014
Net assets, beginning of year	<u>202,305</u>
Net assets, end of year	<u>\$ 261,319</u>

See Independent Accountant's Review Report and Notes to Financial Statements.

Redondo Beach Educational Foundation

**Statement of Functional Expenses
Year Ended December 31, 2013**

	Program Services	Management and General	Fundraising	Special Events	Total
Payroll and payroll taxes	\$ 17,615	\$ 41,102	\$ -	\$ -	\$ 58,717
Program development:					
Summer session	149,398	-	-	-	149,398
Counselors	100,000	-	-	-	100,000
Teacher grants	350,000	-	-	-	350,000
Student activities	327,272	-	-	-	327,272
Office	-	15,686	-	-	15,686
Professional services	-	2,075	-	-	2,075
Insurance	2,699	6,296	-	-	8,995
Fundraising	-	-	2,788	-	2,788
Cost of direct benefits to donors	-	-	-	85,462	85,462
	<u>\$ 946,984</u>	<u>\$ 65,159</u>	<u>\$ 2,788</u>	<u>\$ 85,462</u>	<u>\$ 1,100,393</u>

See Independent Accountant's Review Report and Notes to Financial Statements.

Redondo Beach Educational Foundation

**Statement of Cash Flows
Year Ended December 31, 2013**

Operating activities:	
Change in net assets	\$ 59,014
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in operating assets and liabilities:	
Other current assets	6,041
Accounts payable and accrued expenses	<u>2,090</u>
Net cash provided by operating activities and net increase in cash	67,145
Cash, beginning of year	<u>196,264</u>
Cash, end of year	<u><u>\$ 263,409</u></u>

See Independent Accountant's Review Report and Notes to Financial Statements.

Redondo Beach Educational Foundation

Notes to Financial Statements December 31, 2013

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. At December 31, 2013, there are no net assets temporarily restricted for specific programs.

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, 2013, 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.

Redondo Beach Educational Foundation

Notes to Financial Statements December 31, 2013

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.

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, 2013. The Organization's Federal and state income tax returns prior to 2010 and 2009, 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 September 30, 2014, which is the date the financial statements were available to be issued.

Note 2 - Concentrations

During 2013, the Organization received approximately 37% of its total revenue from a grant received from a single donor.