



REDONDO BEACH EDUCATIONAL FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

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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, 2016, 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

We previously reviewed Redondo Beach Educational Foundation's 2015 financial statements and in our conclusion dated March 7, 2016, stated that based on our review, we were not aware of any material modifications that should be made to the 2015 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, 2015, for it to be consistent with the reviewed financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Rachel Freerkin's Ollard, LLP". The signature is written in a cursive style.

El Segundo, California

March 13, 2017

REDONDO BEACH EDUCATIONAL FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets		
Cash	\$ 628,246	\$ 372,313
Prepaid expenses	<u>1,000</u>	<u>1,400</u>
	<u>\$ 629,246</u>	<u>\$ 373,713</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	<u>\$ 21,011</u>	<u>\$ 35,000</u>
	<u>21,011</u>	<u>35,000</u>
Net Assets		
Unrestricted	558,235	279,575
Temporarily restricted	<u>50,000</u>	<u>59,138</u>
	<u>608,235</u>	<u>338,713</u>
	<u>\$ 629,246</u>	<u>\$ 373,713</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, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>2015</u>
Revenues				
Summer session fees	\$ 448,295	\$ -	\$ 448,295	\$ 438,686
Grants	367,000	50,000	417,000	430,000
Contributions	163,861	-	163,861	168,480
Fundraising	536,349	-	536,349	465,388
Special events	116,031	-	116,031	-
Other income	317	-	317	1,108
Net assets released from restriction	<u>59,138</u>	<u>(59,138)</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,690,991</u>	<u>(9,138)</u>	<u>1,681,853</u>	<u>1,503,662</u>
Expenses				
Program services	1,215,553	-	1,215,553	1,274,919
Management and general	40,203	-	40,203	36,738
Fundraising	108,492	-	108,492	88,165
Special events	<u>48,083</u>	<u>-</u>	<u>48,083</u>	<u>-</u>
Total expenses	<u>1,412,331</u>	<u>-</u>	<u>1,412,331</u>	<u>1,399,822</u>
Change in Net Assets	278,660	(9,138)	269,522	103,840
Net Assets, Beginning of Year	<u>279,575</u>	<u>59,138</u>	<u>338,713</u>	<u>234,873</u>
Net Assets, End of Year	<u>\$ 558,235</u>	<u>\$ 50,000</u>	<u>\$ 608,235</u>	<u>\$ 338,713</u>

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, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Special Events</u>	<u>Total 2016</u>	<u>Total 2015</u>
Program development						
Summer sessions	\$ 216,353	\$ -	\$ -	\$ -	\$ 216,353	\$ 286,244
Teacher grants	430,250	-	-	-	430,250	413,972
Student activities	544,352	-	-	-	544,352	552,921
Payroll and payroll taxes	13,503	4,683	27,007	-	45,193	58,329
Office expense	-	9,923	-	-	9,923	7,594
Professional services	7,810	21,288	-	-	29,098	18,300
Insurance	3,285	4,309	-	-	7,594	9,294
Fundraising	-	-	81,485	-	81,485	53,168
Cost of direct benefits to donors	-	-	-	48,083	48,083	-
	<u>\$ 1,215,553</u>	<u>\$ 40,203</u>	<u>\$ 108,492</u>	<u>\$ 48,083</u>	<u>\$ 1,412,331</u>	<u>\$ 1,399,822</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, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2015)**

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 269,522	\$ 103,840
Change in operating assets and liabilities:		
Prepaid expenses	400	644
Accounts payable	<u>(13,989)</u>	<u>35,000</u>
Net cash provided by operating activities	<u>255,933</u>	<u>139,484</u>
Net Increase in Cash	255,933	139,484
Cash, Beginning of Year	<u>372,313</u>	<u>232,829</u>
Cash, End of Year	<u>\$ 628,246</u>	<u>\$ 372,313</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, 2016

NOTE 1 - NATURE OF ACTIVITIES

Redondo Beach Educational Foundation (the "Foundation") was incorporated in 1991 and designated as a 501(c)(3) nonprofit 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. Temporarily restricted net assets consisted of \$50,000 for special purpose, teacher grants as of year-end. There were no permanently restricted net assets.

REDONDO BEACH EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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.

REDONDO BEACH EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Income Taxes

The Foundation is a nonprofit 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. Management has considered its tax positions and believes that all the positions taken are more than likely than not to be sustained upon examination.

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.

NOTE 3 - CONCENTRATIONS

The Foundation's has a bank balance with a financial institution which exceeds the FDIC-insured limit of \$250,000. The Foundation has not experienced and does not anticipate any losses relating to cash held in this account.

For the year ended December 31, 2016, the Foundation received approximately 25% of its total revenue from a grant received from a single donor.

REDONDO BEACH EDUCATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 4 - SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through March 13, 2017, 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 13, 2017, that would have a material impact on its financial statements.