

**LOS ANGELES PARKS
FOUNDATION
(A California Nonprofit
Corporation)**

**FINANCIAL STATEMENTS
For the year ended
December 31, 2013**

**LOS ANGELES PARKS FOUNDATION
(A California Nonprofit Corporation)**

For the year ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Los Angeles Parks Foundation
Los Angeles, California

We have audited the accompanying financial statements of Los Angeles Parks Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Los Angeles Parks Foundation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Maginnis Knechtel & McIntyre LLP

Pasadena, California
April 25, 2014

LOS ANGELES PARKS FOUNDATION
Statement of Financial Position
December 31, 2013

Assets

Current assets	
Cash and cash equivalents	\$ 35,911
Investments	1,062,712
Receivables	623,994
Inventory	<u>819</u>
Total current assets	1,723,436
Furniture, equipment and leasehold improvements, net	<u>5,548</u>
Total assets	<u><u>\$ 1,728,984</u></u>

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 137,438
Net assets:	
Unrestricted	
Board designated	259,738
Other unrestricted	<u>314,583</u>
	574,321
Temporarily restricted	<u>1,017,225</u>
Total net assets	<u>1,591,546</u>
Total liabilities and net assets	<u><u>\$ 1,728,984</u></u>

See accompanying notes to financial statements.

LOS ANGELES PARKS FOUNDATION
Statement of Activities
For the year ended December 31, 2013

	Unrestricted	Temporarily restricted	Total
Change in net assets:			
Revenue:			
Contributions	\$ 133,482	\$ 2,773,420	\$ 2,906,902
Fundraising	161,800	-	161,800
Investment income	5,863	-	5,863
Net assets released from restrictions:			
Satisfaction of program restrictions	2,858,022	(2,858,022)	-
Total revenue	3,159,167	(84,602)	3,074,565
Expenses:			
Grants and program services	2,756,878	-	2,756,878
General and administration	131,564	-	131,564
Fundraising	61,844	-	61,844
Total expenses	2,950,286	-	2,950,286
Change in net assets	208,881	(84,602)	124,279
Net assets at beginning of period	365,440	1,101,827	1,467,267
Net assets at end of period	\$ 574,321	\$ 1,017,225	\$ 1,591,546

See accompanying notes to financial statements.

LOS ANGELES PARKS FOUNDATION
Statement of Cash Flows
For the year ended December 31, 2013

Cash flows from operating activities	
Change in net assets	\$ 124,279
Adjustments to reconcile net assets to net cash provided (used) by operating activities:	
Depreciation	2,876
Changes in assets and liabilities:	
Receivables	(451,132)
Inventory	8,181
Accounts payable and accrued expenses	<u>77,014</u>
Net cash used by operating activities	(238,782)
Cash flows from investing activities	
Sale of investments	34,291
Purchases of furniture, equipment and leasehold improvements	<u>(721)</u>
Net cash provided by investing activities	<u>33,570</u>
Net decrease in cash	(205,212)
Cash and cash equivalents, beginning of period	<u>241,123</u>
Cash and cash equivalents, end of period	<u><u>\$ 35,911</u></u>

See accompanying notes to financial statements.

LOS ANGELES PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

1 Organization and purposes

The Los Angeles Parks Foundation, a nonprofit corporation, was founded in 2008. The primary purposes of the Los Angeles Parks Foundation are the solicitation of private contributions to support the expansion, improvement and preservation of parks and recreation facilities of Los Angeles and to expand programs and services for recreational, physical and cultural opportunities for the citizens of Los Angeles. Additionally, the Foundation may engage in any activities that are reasonably related to or in furtherance of its stated charitable and public purposes, or in any other charitable activities.

2 Summary of significant accounting policies

Basis of Accounting

The financial statements of the Los Angeles Parks Foundation have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Preparation

The Los Angeles Parks Foundation reports amounts in the accompanying financial statements for each of two classes of net assets: unrestricted net assets and temporarily restricted net assets.

Unrestricted net assets include contributions received without any donor-imposed restrictions. All expenses are reported as decreases in unrestricted net assets. Revenues, gains and losses on assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor-imposed stipulations.

Temporarily restricted net assets are classified as such based on donor stipulations that they be used for a specified purpose or timing of use. Temporarily restricted net assets become available once the restriction has been satisfied. Once satisfied, these amounts are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

LOS ANGELES PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

2 Summary of significant accounting policies, continued

Contribution Revenue

Contributions received, including unconditional promises to give, are recognized as revenues and assets in the period received at their net realizable values. The Los Angeles Parks Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets.

Cash and cash equivalents

For purposes of the statement of cash flows, the Los Angeles Parks Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are composed of certificates of deposit and are carried at cost which approximates fair value.

Furniture, equipment, website development costs and leasehold improvements

Furniture, equipment, and leasehold improvements are capitalized at cost. It is the Foundation's policy to capitalize expenditures for these items in excess of one hundred dollars. Lesser amounts are expensed. Furniture and equipment are being depreciated over estimated useful lives of three to seven years using a straight-line method. Website development costs and leasehold improvements are amortized over four years.

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 the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

Expense Allocation

Expenses that can be specifically identified with a particular program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on methods determined by management.

LOS ANGELES PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

2 Summary of significant accounting policies, continued

Income taxes

The Los Angeles Parks Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from state franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code.

United States federal and state jurisdictions in which the Company files tax returns have statutes of limitations that generally range from three to four years. No open tax returns are currently under examination in the U.S. federal or state jurisdictions.

Date of management's review

Management has evaluated subsequent events through April 25, 2014, the date the financial statements were available to be issued.

3 Investments

Investments as of December 31, 2013, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit	\$ 1,062,712	\$ 1,062,712

4 Furniture, equipment, and leasehold improvements

The following is a summary of furniture, equipment, and leasehold improvements as of December 31, 2013:

Furniture and equipment	\$ 15,386
Website development costs	28,300
Leasehold improvements	<u>10,813</u>
	54,499
Less accumulated depreciation	<u>(48,951)</u>
Total	<u>\$ 5,548</u>

Depreciation expense was \$2,876 for the year ended December 31, 2013.

LOS ANGELES PARKS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

5 Board designated endowment

The Board designated funds represent assets set aside by board action. Since the amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets. The earnings of those funds are available to be used for operations only in the event of an emergency necessary to maintain the foundation's solvency. The Los Angeles Parks Foundation has adopted a long-term investment objective of long-term income and growth based on its investment goals and time horizon available for investment and overall risk toleration. In 2013, the Board approved a funding of designated endowment funds of \$160,000. The funds will be transferred when Certificates of Deposit have matured after December 31, 2013. For year ended December 31, 2013, the designated endowment funds increased from \$99,885 to \$259,738 by the Board approved \$160,000 net with fees of \$147.

6 Temporarily restricted net assets

Temporarily restricted net assets are available for specific grant purposes:

Adopt a Park	\$ 98,983
Bench Program	38,415
E Recycling	7,839
Friends of the Park	54,505
Park Events (formerly Fundraising Events)	294,348
Fifty Parks	37,934
Griffith Park Nature Conservancy	17,846
Roz Wyman Fund	44,810
Special Projects	349,126
Small Projects	<u>73,419</u>

Total temporarily restricted net assets \$1,017,225

Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by the donors as follows:

Adopt a Park	\$ 52,366
Bench Program	22,775
E Recycling	179
Friends of the Park	71,145
Park Events (formerly Fundraising Events)	113,096
Fifty Parks	810,245
Griffith Park Nature Conservancy	43,931
Roz Wyman Fund	55,190
Special Projects	1,644,162
Small Projects	<u>44,933</u>

Total temporarily restricted net assets \$2,858,022

LOS ANGELES PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

7 Donor-restricted contributions and net assets

Starting January 1, 2013, the Los Angeles Parks Foundation received grants to provide services for the Los Angeles County Children and Families First – Proposition 10 Commission (aka First 5 LA) in the total amount of \$1,400,000 through June 30, 2014. As of December 31, 2013, the amount remaining on the agreement amounts to \$490,330.

8 Contributed services

Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A significant amount of time was volunteered by community leaders towards the overall activities of the Los Angeles Parks Foundation which are not included in the accompanying financial statements as they do not meet the criteria described above.

9 Fair value of financial instruments

Financial Instruments

The following methods and assumptions were used by the Los Angeles Parks Foundation in estimating its fair value disclosures for financial instruments:

The following table presents the Foundation's fair value hierarchy for the financial assets measured at fair value on a recurring basis:

	Fair Value Measurements at Reporting Date Using	
<u>Fair Value</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	
Investments	\$ 1,062,712	\$ 1,062,712

10 Functional allocation of expenses

The costs of providing the various programs and activities 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.