

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

**FINANCIAL STATEMENTS
For the year ended
December 31, 2015**

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

For the year ended December 31, 2015

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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, 2015, 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, 2015, 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
March 28, 2016

LOS ANGELES PARKS FOUNDATION

Statement of Financial Position

December 31, 2015

Assets

Current assets	
Cash and cash equivalents (including board designated amount of \$10,391)	\$ 378,397
Investments (including board designated amount of \$331,171)	2,510,300
Grants receivable	150,000
Bench inventory	<u>11,288</u>
Total current assets	3,049,985
Grants receivable	125,000
Fixed assets, net	<u>21,268</u>
Total assets	<u><u>\$ 3,196,253</u></u>

Liabilities and Net Assets

Accounts payable and accrued expenses	\$ 4,368
Net assets:	
Unrestricted	
Board designated	341,562
Other unrestricted	<u>603,609</u>
	945,171
Temporarily restricted	<u>2,246,714</u>
Total net assets	<u>3,191,885</u>
Total liabilities and net assets	<u><u>\$ 3,196,253</u></u>

See accompanying notes to financial statements.

LOS ANGELES PARKS FOUNDATION

Statement of Activities

For the year ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Change in net assets:			
Revenue:			
Contributions	\$ 110,736	\$ 3,062,969	\$ 3,173,705
Fundraising	185,201	-	185,201
Investment income	28,147	-	28,147
Net realized and unrealized (loss) from investments	(23,782)	-	(23,782)
Other income	5,019	-	5,019
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>4,588,498</u>	<u>(4,588,498)</u>	<u>-</u>
Total revenue	<u>4,893,819</u>	<u>(1,525,529)</u>	<u>3,368,290</u>
Expenses:			
Grants and program services	4,411,798	-	4,411,798
General and administration	290,121	-	290,121
Fundraising	<u>114,300</u>	<u>-</u>	<u>114,300</u>
Total expenses	<u>4,816,219</u>	<u>-</u>	<u>4,816,219</u>
Change in net assets	77,600	(1,525,529)	(1,447,929)
Net assets at beginning of year	<u>867,571</u>	<u>3,772,243</u>	<u>4,639,814</u>
Net assets at end of year	<u>\$ 945,171</u>	<u>\$ 2,246,714</u>	<u>\$ 3,191,885</u>

See accompanying notes to financial statements.

LOS ANGELES PARKS FOUNDATION

Statement of Cash Flows

For the year ended December 31, 2015

Cash flows from operating activities:	
Change in net assets	\$ (1,447,929)
Adjustments to reconcile net assets to net cash provided (used) by operating activities:	
Depreciation	9,099
Net realized and unrealized loss from investments	23,782
Changes in assets and liabilities:	
Grants receivables	125,000
Inventory	5,731
Accounts payable and accrued expenses	<u>(129,091)</u>
Net cash (used) by operating activities	(1,413,408)
Cash flows from investing activities:	
Purchases of fixed assets	(11,547)
Purchase of investments	(3,009,821)
Sale of investments	<u>2,396,217</u>
Net cash (used) by investing activities	<u>(625,151)</u>
Net decrease in cash	(2,038,559)
Cash and cash equivalents, beginning of year	<u>2,416,956</u>
Cash and cash equivalents, end of year	<u><u>\$ 378,397</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. The Foundation seeks funds for projects that complement, but not supplant, the responsibility of the government for continued maintenance of the facilities, staff, programs and services related to such parks and recreation facilities. 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.

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.

LOS ANGELES PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

2 Summary of significant accounting policies, continued

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 mutual funds that are carried at cost which approximates fair value.

Grants receivable

Grants receivable represents commitments made to the Foundation for specific park projects and are classified as temporarily restricted net assets. Grants receivable are expected to be realized in the amount of \$150,000 in 2016 and \$125,000 in 2017.

Concentration of credit risk

Cash and investments are held at Merrill Lynch. Under the Merrill Lynch Bank Deposit Program, cash balances are insured by the FDIC up to \$250,000 per customer. Additionally, client accounts are protected by the SIPC up to a maximum of \$500,000 per client for securities, inclusive of up to \$250,000 per client for cash. As of December 31, 2015, the uninsured balance was \$112,028. The Organization believes it is not exposed to any significant credit risk on its cash balances.

Fixed assets

Fixed assets 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.

LOS ANGELES PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

2 Summary of significant accounting policies, continued

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.

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 March 28, 2016, the date the financial statements were available to be issued.

3 Investments

Investments consist of certificates of deposit (CD), mutual funds and equities. The company diversified its investment in CDs to FDIC insured financial institutions to ensure each CD is at or below current \$250,000 FDIC insurance limit. At December 31, 2015, the fair market value of the investments was \$2,510,300, which was \$19,807 less than the cost.

4 Fixed assets

The following is a summary of fixed assets as of December 31, 2015:

Furniture and equipment	\$ 29,553
Website development costs	28,300
Leasehold improvements	<u>25,519</u>
	83,372
Less accumulated depreciation	<u>(62,104)</u>
Total	<u>\$ 21,268</u>

Depreciation expense was \$9,099 for the year ended December 31, 2015.

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. 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. For year ended December 31, 2015, the designated endowment funds include mutual funds and equities. The balance decreased from \$355,717 to \$341,562 with interest income of \$3,426, net with fees of \$3,896 and realized and unrealized loss of \$13,685.

6 Temporarily restricted net assets

Temporarily restricted net assets are available for specific grant purposes:

Adopt a Park	\$ 124,139
Bench Program	66,981
Friends of the Park	136,309
Park Events (formerly Fundraising Events)	476,419
Griffith Park Nature Conservancy	202,382
Roz Wyman Fund	25,000
Special Projects	927,611
Small Projects	<u>287,873</u>
Total temporarily restricted net assets	<u>\$2,246,714</u>

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

Adopt a Park	\$ 74,285
Bench Program	25,828
Roz Wyman Fund	19,810
Friends of the Park	138,098
Park Events (formerly Fundraising Events)	125,900
Fifty Parks	341,746
Griffith Park Nature Conservancy	53,012
Special Projects	3,708,621
Small Projects	<u>101,198</u>
Total temporarily restricted net assets	<u>\$4,588,498</u>

LOS ANGELES PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

7 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.

8 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>Cost</u>	<u>Fair Value</u>	Quoted Prices In Active Markets For Identical Assets (Level 1)
			<u>(Level 1)</u>
Certificates of deposit	\$2,187,000	\$2,179,129	\$2,179,129
Equities	188,592	188,476	188,476
Mutual funds	<u>154,515</u>	<u>142,695</u>	<u>142,695</u>
Total investments	<u>\$2,530,107</u>	<u>\$2,510,300</u>	<u>\$2,510,300</u>

The return on these investments for the year ended December 31, 2015 is as follows:

Total realized and unrealized loss	\$ (23,782)
Interest and dividend income	28,147
Fees	<u>(4,487)</u>
Total investments return	<u>\$ (122)</u>

LOS ANGELES PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS

9 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.