

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2008 and 2007

**OCEANSIDE IVEY RANCH**

**PARK ASSOCIATION**

**110 RANCHO DEL ORO DRIVE**

**OCEANSIDE, CA 92057**

GRIFFITHS AND ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
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May 1, 2009

Board Of Directors  
Oceanside Ivey Ranch  
Park Association  
Oceanside, CA 92057

We have audited the accompanying statements of financial position of Oceanside Ivey Ranch Park Association (a California nonprofit corporation) as of June 30, 2008 and 2007 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the board of directors and management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oceanside Ivey Ranch Park Association as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Griffiths & Associates*

**OCEANSIDE IVEY RANCH PARK ASSOCIATION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30,**

	<b>ASSETS</b>	
	<u>2008</u>	<u>2007</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 2,665	\$ 2,451
Accounts receivable, net	9,650	6,481
Accounts receivable, ED	0	7,215
Prepaid insurance	862	877
Current Assets	<u>13,177</u>	<u>17,024</u>
Property and Equipment, net of accumulated depreciation	<u>52,956</u>	<u>55,823</u>
<b>Other Assets:</b>		
Construction in Progress	<u>145,997</u>	<u>145,130</u>
Other Assets	<u>145,997</u>	<u>145,130</u>
Total Assets	<u>\$ 212,130</u>	<u>\$ 217,977</u>

	<b>LIABILITIES AND NET ASSETS</b>	
	<u>2008</u>	<u>2007</u>
<b>Current Liabilities:</b>		
Accounts payable	\$ 7,115	\$ 7,210
Prepaid service fees	4,834	10,915
Accrued expenses	23,520	24,237
Loan payable-other	-	4,000
Recoverable grant payable	45,400	46,600
Total Current Liabilities	<u>80,869</u>	<u>92,962</u>
<b>Long-term Liabilities:</b>		
Recoverable grant payable	<u>25,000</u>	<u>25,000</u>
Total Long-term Liabilities	<u>25,000</u>	<u>25,000</u>
Total Liabilities	<u>105,869</u>	<u>117,962</u>
<b>Net Assets:</b>		
Unrestricted	30,664	26,485
Temporarily restricted	75,597	73,530
Total Net Assets	<u>106,261</u>	<u>100,015</u>
Total Liabilities and Net Assets	<u>\$ 212,130</u>	<u>\$ 217,977</u>

See accompanying notes to financial statements.

**OCEANSIDE IVEY RANCH PARK ASSOCIATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,**

			<u>2008</u>	<u>2007</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Public Support, Revenues and Gains:</b>				
Program revenue	\$ 97,168	\$ 85,692	\$ 182,860	\$ 181,405
Contributions and grants	34,104	96,611	130,715	81,310
Contributions in kind	12,000	12,000	24,000	26,500
Special event income	38,118	0	38,118	43,836
Rental income	1,100	0	1,100	800
Miscellaneous income	1,973	0	1,973	0
Investment income	6	0	6	13
Loss on disposition of asset	(274)	0	(274)	0
<b>Total Public Support, Revenues and Gain</b>	<b><u>184,195</u></b>	<b><u>194,303</u></b>	<b><u>378,498</u></b>	<b><u>333,864</u></b>
<b>Expenses and Losses:</b>				
<b>Programs</b>				
Child development center	61,352	119,424	180,776	167,823
In-home respite program	2,628	55,737	58,365	48,775
Equestrian program	59,559	28,225	87,784	83,385
Other therapeutic & recreational program:	6,365	0	6,365	8,868
<b>Total programs</b>	<b><u>129,904</u></b>	<b><u>203,386</u></b>	<b><u>333,290</u></b>	<b><u>308,851</u></b>
Special event expenses	7,388	0	7,388	8,546
<b>Management and general</b>				
Depreciation	1,022	0	1,022	851
Insurance	409	0	409	354
Legal and accounting	276	0	276	47
Meals and entertainment	606	0	606	25
Miscellaneous	5,197	0	5,197	1,098
Office expense	148	0	148	1,869
Postage	13	0	13	17
Rent	12,000	0	12,000	12,000
Repairs and maintenance	954	0	954	186
Salaries and payroll taxes	10,658	0	10,658	20,629
Utilities	291	0	291	1,207
<b>Total management and general</b>	<b><u>31,574</u></b>	<b><u>0</u></b>	<b><u>31,574</u></b>	<b><u>38,283</u></b>
<b>Total Expenses and Losses</b>	<b><u>168,866</u></b>	<b><u>203,386</u></b>	<b><u>372,252</u></b>	<b><u>355,680</u></b>
Change in net assets	15,329	(9,083)	6,246	(21,816)
Net assets transferred to restricted	(11,150)	11,150	0	0
Net assets at beginning of year	<u>26,485</u>	<u>73,530</u>	<u>100,015</u>	<u>121,831</u>
Net assets at end of year	<u>\$ 30,664</u>	<u>\$ 75,597</u>	<u>\$ 106,261</u>	<u>\$ 100,015</u>

See accompanying notes to the financial statements.

**OCEANSIDE IVY RANCH PARK ASSOCIATION  
STATEMENTS OF CASH FLOW  
FOR THE YEARS ENDED JUNE 30,**

	<u>2008</u>	<u>2007</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ 6,246	\$ (21,816)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation	9,694	8,913
Contributions of in-kind donated assets	0	(2,500)
Loss on disposition of asset	274	0
(Increase) Decrease in accounts receivable	(3,168)	6,187
(Increase) Decrease in employee advances	7,214	585
(Increase) Decrease in prepaid insurance	14	29
Increase (Decrease) in accounts payable	1,471	4,594
Increase (Decrease) in accrued commissions	701	0
Increase (Decrease) in prepaid service fees	(6,082)	3,361
Increase (Decrease) in accrued expenses	(2,987)	9,340
Subtotal	<u>7,131</u>	<u>30,509</u>
Net cash provided by operating activities	<u>13,377</u>	<u>8,693</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of equipment	(7,101)	(6,494)
Additions to construction in progress	<u>(862)</u>	<u>(6,471)</u>
Net cash used in investing activities	<u>(7,963)</u>	<u>(12,965)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from short term debt	0	4,000
Principal payment of short term debt	(4,000)	0
Payment on recoverable grant payable	<u>(1,200)</u>	<u>(1,200)</u>
Net cash provided (used) in financing activities	<u>(5,200)</u>	<u>2,800</u>
Net increase (decrease) in cash and equivalents	214	(1,472)
Cash and equivalents at beginning of year	<u>2,451</u>	<u>3,923</u>
Cash and equivalents at end of year	<u>\$ 2,665</u>	<u>\$ 2,451</u>
SUPPLEMENTARY INFORMATION:		
Interest Paid	<u>\$ 0</u>	<u>\$ 0</u>
Taxes Paid	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the financial statements.

## OCEANSIDE IVEY RANCH PARK ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 and 2007

**Note 1. Summary of Significant Accounting Policies****Nature of Activities**

Oceanside Ivey Ranch Park Association (the Association) is a nonprofit public benefit California corporation incorporated on July 24, 1981. The mission of the Association is to provide educational and recreational outlets to disabled and able-bodied adults and children. Located in Oceanside, California, the Association offers daycare, summer camps, respite care and therapeutic equestrian programs.

**Financial Statement Presentation**

The financial statement presentation follows the requirements of Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

**Unrestricted Net Assets** – net assets that are not subject to donor imposed stipulations.

**Temporarily Restricted Net Assets** – net assets subject to donor imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently Restricted Net Assets** – net assets subject to donor imposed stipulations that they be maintained permanently by the Organization to use all or part of the income earned on any related investments for general or specific purposes.

**Public Support and Revenue**

Contributions are recognized when the donor makes a promise to give to the Organization a contribution that is, in substance, unconditional. Such contributions are recorded at their net realizable value. An allowance for uncollectible promises is provided based upon management's evaluation of potential uncollectible promises at year end. Grants and other contributions of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

## OCEANSIDE IVEY RANCH PARK ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 and 2007

**Note 1. Summary of Significant Accounting Policies- Continued****Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all unrestricted cash and other highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable**

Receivables become past due when they exceed their contractual due date. The allowance for uncollectibles is maintained at a level that, in the management's judgment, is adequate to absorb possible losses. This process is based on estimates, and ultimate losses may vary from current estimates. Bad debt expenses for the years ended June 30, 2008 and 2007 are \$0 and \$361, respectively.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs, such as rent, depreciation and salaries, have been allocated among the programs and supporting services benefited.

**Income Taxes**

The Organization is a not-for-profit organization that 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.

**Note 2. Property and Equipment**

The following is a summary of property and equipment as of June 30,

	<u>2008</u>	<u>2007</u>
Furniture and Equipment	\$68,401	\$68,203
Leasehold Improvements	27,707	20,804
Horses	<u>2,000</u>	<u>4,000</u>
	98,108	93,007
Less accumulated depreciation	<u>45,152</u>	<u>37,184</u>
Total	<u>\$52,956</u>	<u>\$55,823</u>

**OCEANSIDE IVEY RANCH PARK ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008 and 2007**

**Note 2. Property and Equipment-Continued**

Property and equipment is carried at cost or, if donated, at the approximated fair value at the date of donation. Furniture and equipment are being depreciated using the straight-line method over periods of 5-10 years. Leasehold improvements are depreciated over the remainder of the lease period. For the years ended June 30, 2008 and 2007, depreciation expense is \$9,694 and \$8,913, respectively.

**Note 3. Donated Services and Facilities**

The Organization receives a significant amount of donated services from unpaid volunteers who assist in the therapeutic programs and other services. No material amounts have been recognized in the statement of activities because the criteria for recognition under SFAS 116 have not been satisfied; however, management has estimated that the Organization received 5,460 volunteer hours for a total value of \$124,445 in the current year.

The City of Oceanside has provided the use of several buildings, outbuildings and acreage for the office and recreational programs of the Organization. In return for fulfilling several contractual covenants, Ivey Park Ranch receives the usage of the property without additional costs. Management has estimated the approximate fair value of the annual rent to be \$24,000, annually.

**Note 4. Construction in Progress**

Construction in progress in the amount of \$145,997 has been spent on predevelopment expenses for a proposed expansion and construction of a 5,000 square foot preschool facility for the year ended June 30, 2008. These predevelopment expenses include architectural, engineering, temporary fencing and other such costs. No completion date on the project has been fixed until additional donations and grants can be secured.

These construction costs have been capitalized in these financial statements; however, if permanent funding is not received, these assets will have little or no value and the Organization may be unable to repay grants as discussed in Note 5. The grantors have provided a "best efforts" clause in the terms of the grants. If the grantors feel the Organization made its best efforts to obtain financing for the project but are unable to complete the project, the Organization may be forgiven from the repayment obligation.

**Note 5. Recoverable Grants Payable**

The Organization received two grants that are in substance loans payable. Both grants are restricted for use in the predevelopment stage of the childcare center and both require the Organization to provide licensed childcare services. They are further explained in the following paragraphs.

## OCEANSIDE IVEY RANCH PARK ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008 and 2007

**Note 5. Recoverable Grants Payable-Continued**

The current grant payable in the original amount of \$50,000 was due on February 1, 2003 and has been extended. The grantor and the Organization have since then agreed to repayment terms of \$100 monthly, principal only, with no specified maturity date. A total of \$1,200 in principal was repaid for each of the years ended June 30, 2008 and 2007, respectively.

The long-term grant payable in the amount of \$25,000 is immediately payable if the construction project is terminated prior to its completion or the Organization secures permanent construction financing. Otherwise, the grant is required to be repaid within three years of project completion.

**Note 6. Grant Awards**

In August 2007, the Organization was awarded a CDBG (Community Development Block Grant) in the amount of \$68,321 to repair the ranch house stairs, renovate the bathroom and repair fences. Of this amount, \$43,471 has been recorded as grant income and repair expenses in the current year financial statement. The remainder of the grant is expected to be expended in subsequent years.

**Note 7. Restrictions on Net Assets**

For the years ended June 30, 2008 and 2007, there are no permanently restricted net assets. Assets held for use in the construction of the childcare center in the amount of \$73,597 and \$73,530 for the years ended June 30, 2008 and 2007, respectively, are considered temporarily restricted as of the financial statement date.

**Note 8. Economic Dependency**

The Organization receives a significant portion of its revenue under contracts with the San Diego Regional Center and other governmental agencies. Funding resources are dependent on continued support from these agencies.

**Note 9. Commitments and Contingencies**

At June 30, 2008 and 2007, the Organization has certain lease covenants with the City of Oceanside and is in compliance with them.

The board and management have indicated that as of the date of this report, no undisclosed claims, liabilities or pending lawsuits have been brought forward against the Organization.