

**MUNGER & COMPANY, CPAs**

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**OCEANSIDE IVEY RANCH  
PARK ASSOCIATION, INC.**  
Audited Financial Statements  
For the Year Ended June 30, 2018

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
**Oceanside Ivey Ranch Park Association, Inc.**

We have audited the accompanying financial statements of Oceanside Ivey Ranch Park Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses 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 from 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 Oceanside Ivey Ranch Park Association, Inc. as of June 30, 2018, 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.



November 7, 2018

Munger & Company, CPAs

**Oceanside Ivey Ranch Park Association, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2018

ASSETS

Cash	\$	57,567
Accounts Receivable		28,967
Prepaid Expenses and Other		6,512
Investments		1,265
Architectual Designs - Child Care Center		40,322
Land Improvements		47,437
Barn		590,553
Leasehold Improvments		35,935
Fixtures		56,044
Horse Equipment and Related		150,857
Vehicles		5,260
Less: Accumulated Depreciation		(322,883)
TOTAL ASSETS	\$	<u>697,836</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$	2,958
Credit Card Payable		14,583
Accrued Expenses		25,360
Advanced Tuition		5,483
TOTAL LIABILITIES		<u>48,384</u>

NET ASSETS

Unrestricted		<u>649,452</u>
TOTAL NET ASSETS		<u>649,452</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>697,836</u>

The Accompanying Notes Are an Integral Part of the Financial Statements

**Oceanside Ivey Ranch Park Association, Inc.**  
**STATEMENT OF ACTIVITIES**  
For The Year Ended June 30, 2018

<b>UNRESTRICTED REVENUES AND SUPPORT</b>	
Grants and Contracts	\$ 48,397
Contributions	19,330
In-kind Contributions	3,436
Fundraising	8,916
Program Revenues	357,505
Rental Income	10,179
Interest Income	58
Unrealized Partnership Gain	35
Unrealized Loss on Investments	(880)
Total Revenue and Support	446,976
 <b>EXPENSES</b>	
Program Services	
Horses	273,650
In-Home Respite	54,771
Child Care	119,899
Total Program Expenses	448,320
Supporting Services	
Management and General	20,458
Fundraising	13,223
Total Supporting Expenses	33,681
Total Expenses	482,001
Change in Net Assets	(35,025)
 NET ASSETS AT BEGINNING OF FISCAL YEAR	 684,477
 NET ASSETS AT END OF FISCAL YEAR	 \$ 649,452

The Accompanying Notes Are an Integral Part of the Financial Statements

**Oceanside Ivey Ranch Park Association, Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For The Year Ended June 30, 2018

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>		<u>Total</u>
	<u>Horses</u>	<u>In Home Respite</u>	<u>Child Care</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	
<b>OPERATING EXPENSES</b>						
Salaries & Wages	\$ 112,126	\$ 39,116	\$ 76,025	\$ 9,000	\$ 3,000	\$ 239,267
Payroll Taxes	9,888	3,450	6,705	794	264	21,101
Benefits	1,016	354	689	82	27	2,168
Worker's Compensation	8,097	2,825	5,490	650	217	17,279
Payroll Processing Fees	1,038	362	703	83	28	2,214
Advertising	1,890	89	330			2,309
Insurance	5,967	1,085	3,796	3,222		14,070
Professional Fees	30,606	866	3,031	4,195		38,698
Dues & Subscriptions	2,115	199	695			3,009
Grant Writing						
Education	645	66	229		8,845	940
Repairs and Maintenance	20,021	2,541	6,994	399		29,955
Transportation	2,038	371	1,297			3,706
Contract Labor	1,907	303	1,062			3,272
Food	24,240	82	832	149	130	25,433
Telephone	3,118	425	1,517			5,060
Bank and Credit Card Fees	2,511	452	1,596	15	11	4,585
Occupancy	3,171	1,114	4,168	356	89	8,898
Program Supplies	6,730	193	1,122	40	244	8,329
Office and Related	3,503	450	2,094			6,047
<b>TOTAL OPERATING EXPENSES</b>	<u>240,627</u>	<u>54,343</u>	<u>118,375</u>	<u>18,985</u>	<u>12,855</u>	<u>445,185</u>
<b>NON-OPERATING EXPENSES</b>						
Depreciation & Amortization Expense	31,395	132	460	1,347	337	33,671
Interest	975	177	649	76	19	1,896
Taxes	653	119	415	50	12	1,249
<b>TOTAL NON-OPERATING EXPENSES</b>	<u>33,023</u>	<u>428</u>	<u>1,524</u>	<u>1,473</u>	<u>368</u>	<u>36,816</u>
<b>TOTAL EXPENSES</b>	<u>\$ 273,650</u>	<u>\$ 54,771</u>	<u>\$ 119,899</u>	<u>\$ 20,458</u>	<u>\$ 13,223</u>	<u>\$ 482,001</u>

The Accompanying Notes Are an Intergal Part of the Financial Statements

**Oceanside Ivey Ranch Park Association, Inc.**  
**STATEMENT OF CASH FLOWS**  
For The Year Ended June 30, 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ (35,025)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Donated Equipment	(3,200)
Unrealized Partnership Gain	35
Unrealized Loss on Investments	(880)
Depreciation	33,671
(Increase) / Decrease in operating assets:	
Accounts Receivable	5,316
Prepaid Expenses and Other	(570)
Increase / (Decrease) in operating liabilities	
Accounts Payable	(7,846)
Credit Card Payable	5,531
Accrued Expenses	1,124
Advanced Tuition	4,057
Net Cash Provided by Operating Activities	<u>2,213</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of Fixed Assets	(10,003)
Sales of Investments	54,171
Net Cash Provided by Investing Activities	<u>44,168</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	46,381
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>11,186</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 57,567</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash Paid for Interest	\$ 1,896
Cash Paid for Taxes	<u><u>\$ 1,249</u></u>

The Accompanying Notes Are an Integral Part of the Financial Statements

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

**Note 1.        Organization**

Nature of Organization

Oceanside Ivey Ranch Park Association, Inc. (the Organization) is a not-for-profit corporation organized under the laws of the State of California in 1981. The Organization's mission is to provide services to children and young adults with and without special needs, located throughout San Diego County. The Organization provides services on an improved, 12-acre portion of the original Ivey Ranch in Oceanside, California. As a part of providing those services, the Organization received 12,650 donated volunteer hours with an estimated value by Independent Sector of \$24.69 per hour totaling \$312,329.

Income Taxes

The Organization is exempt from income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code, and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization's Exempt Return (Form 990) for the years ended June 30, 2015, 2016, and 2017 are subject to examination by the Internal Revenue Service, generally for three years after the returns were filed. The Organization Exempt State Returns (CA Forms 199 and RRF-1) for the years ended June 30, 2014, 2015, 2016, and 2017 are subject to the examination of the Franchise Tax Board generally four years after they were filed.

**Note 2.        Summary of Significant Accounting Policies**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, resulting in related receivables and payables.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted based upon the following criteria:

*Unrestricted:* These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions. The Organization only has unrestricted net assets.

*Temporarily Restricted:* The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 program or capital restrictions. The organization does not have any temporarily restricted net assets or releases of net assets for the year ended June 30, 2018.



OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

**Note 2. Summary of Significant Accounting Policies (continued)**

*Permanently Restricted:* These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit the Organization to expend the income (or other economic benefits) derived from the donated assets. The Organization did not have any permanently restricted net assets at June 30, 2018.

Cash and Cash Equivalents

Cash equivalents consist primarily of items that have an original maturity of 90 days or less. At June 30, 2018, the Organization did not have any cash equivalents.

Receivables

Receivables consist of trade receivables arising mainly from grants and donations. An allowance for doubtful accounts for estimated losses that result from the failure or inability of customers to make required payments is considered. When determining the allowance, the Organization considers the probability of recoverability of receivables based on past experience, taking into account current collection trends as well as general economic factors. Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged accounts receivable balances with allowances generally increasing as the receivable ages. The analysis of receivables is performed throughout the year. For the year ended June 30, 2018, management determined that an allowance was not necessary based upon the factors above. As a result, the allowance for uncollectible accounts is \$0 at June 30, 2018.

Property and Equipment

Property and equipment purchased with the Organization's funds are capitalized at cost. Donated equipment is recorded at estimated fair value. The Organization's policy is to capitalize acquisitions valued greater than \$250. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Liabilities

The Organization's liabilities for the year ended June 30, 2018 have been recorded. Accrued expense included payroll payables of \$7,452, accrued vacation of \$1,908, \$4,200 of professional liabilities and grant writing payables of \$11,800. This amount totaled \$25,360 for the year ended June 30, 2018. Other liabilities for the year ended June 30, 2018 were account payable of \$2,958, credit card payables of \$14,583 and advanced tuition of \$5,483 received for lessons and childcare.

Impairment of Long-lived Assets

The Organization evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down will be recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

**Note 2. Summary of Significant Accounting Policies (continued)**

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.

Donated Services

Contributed services are recognized in the financial statements when the contributed services received create or enhance non-financial assets, and because the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. This includes the estimated volunteer hours included in Note 1. The Organization received in-kind contributions from a portion of its electrical services totaling \$3,200 and donated professional consulting time totaling \$236 for the year ended June 30, 2018.

Donated Facilities

The facilities used by the Organization are provided by the City of Oceanside at no cost to the Organization. The Organization is required under the lease with the City of Oceanside to perform all necessary repairs to the facility. The facilities are considered historic by the State of California and as a result, it is not practical to assess the value of the donated space and facilities. As a result, it is not practical to record an in-kind contribution for the use of the facility. Management estimates that its required maintenance on the facilities approximates the value of the donated facilities.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements

Fair Value Measurements accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk.

Management assesses the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs are quoted market prices for identical instruments in an active market that the entity has the ability to access and are the most observable. Level 2 inputs include quoted market prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability. The Organization's investments are considered as Level 1 and Level 3 assets.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

**Note 3. Concentrations**

The Organization's receivables are mainly comprised from one funder which is from the Regional Center. In addition, the revenue received from the Regional Center comprises 38% of total revenues for the year ended June 30, 2018.

Bank Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Cash balances did not exceed this federally insured deposit limit for the year ended June 30, 2018.

The Organization maintains liquid cash of \$37,595 with a financial investment entity. This amount is not federally insured and has been included in cash on the statement of financial position at June 30, 2018.

The Organization has not experienced any losses in such accounts.

**Note 4. Fair Value Measurements**

The following assets carried at fair value are reviewed and adjusted on a recurring basis:

	Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash/Sweep Balances	\$ 57,567	\$ 57,567	\$ -	\$ -
Investment in Partnership	<u>1,265</u>			<u>1,265</u>
Total Investments	<u>\$ 58,832</u>	<u>\$ 57,567</u>	<u>\$ -</u>	<u>\$ 1,265</u>

Fair value of the Organization's investment in a partnership as the limited partner is determined by the fair value as noted on the K-1 received for the year ended June 30, 2018. The Organization owns 35 units valued at \$35.15 per unit. This amount approximates the cost basis that the Organization has for the year ended June 30, 2018 totaling \$1,038. Their respective share of profits, losses and capital are 0.000025% for all three categories for the year ended June 30, 2018. This investment is not traded on the open market and therefore, Management believes the best approximation of the Organization's fair value of the fund balance at June 30, 2018, which is a Level 3 input.

**Note 5. City of Oceanside Lease**

The City of Oceanside lease expires in 2031 which requires the Organization to continue operating with its core mission. The lease offers a one-time lease option of an additional 10 years at end of the 2031 lease.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.  
Notes to the Financial Statements  
For the Year Ended June 30, 2018

**Note 6.      Date of Management Review**

The Organization has performed an evaluation of subsequent events through November 7, 2018, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosures in, the financial statements.