



Desert Recreation Foundation

Annual Financial Report

June 30, 2013 and 2012



Charles Z. Fedak & Company

Certified Public Accountants

An Accountancy Corporation



Mission Statement

To enrich and preserve the quality of life for residents by raising funds and garnering support to purchase, develop, enhance, preserve, promote and expand the Coachella Valley's recreational activities, programs, parks, properties and facilities.

Board of Directors

Brandt Kuhn	President
Joshua Bonner	Vice President
Christopher Brooks	Treasurer
John Henry Garcia	Director
Charlie Smith	Director

**Desert Recreation Foundation
Kevin Kalman, Executive Director
45-305 Oasis Street
Indio, CA 92201
(760) 347-3484**

www.myrecreationdistrict.com/desert-recreation-foundation

Desert Recreation Foundation

Annual Financial Report

For the Fiscal Years Ended June 30, 2013 and 2012

Desert Recreation Foundation
Annual Financial Report
For the Fiscal Years Ended June 30, 2013 and 2012

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Financial Section



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Charles Z. Fedak & Company

Certified Public Accountants
An Accountancy Corporation

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Independent Auditor's Report

Board of Directors
Desert Recreation Foundation
Indio, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Desert Recreation Foundation (Foundation), which comprises the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years 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 controls 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 audits. 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 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 the Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Charles Z. Fedak & Company CPAs - An Accountancy Corporation

Charles Z. Fedak and Company, CPA's – An Accountancy Corporation

Cypress, California
November 15, 2013

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Financial Statements

Desert Recreation Foundation
Statements of Financial Position
June 30, 2013 and 2012

	2013	2012
Current assets:		
Cash and cash equivalents – unrestricted	\$ 12,550	17,848
Cash and cash equivalents – temporarily restricted	247,389	151,019
Total current assets	259,939	168,867
Non-current assets:		
Property and equipment: (note 2)		
Equipment	2,100	2,100
Vehicles	32,000	26,000
Total property and equipment	34,100	28,100
Less: Accumulated depreciation	(28,262)	(25,367)
Total non-current assets	5,838	2,733
Total assets	\$ 265,777	171,600
Current liabilities:		
Accounts payable	\$ -	-
Total liabilities	-	-
Net assets:		
Unrestricted:		
Available for operations	12,550	17,848
Net investment in property and equipment	5,838	2,733
Total unrestricted	18,388	20,581
Temporarily restricted (note 3)	247,389	151,019
Total net assets	265,777	171,600
Total liabilities and net assets	\$ 265,777	171,600

See accompanying notes to the financial statements

Desert Recreation Foundation
Statement of Activities and Changes in Net Assets
For the Fiscal Year Ended June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>
Support and other revenue:			
Contributions and grants	\$ 2,257	132,800	135,057
Sponsorships	-	29,400	29,400
Registration fees	380	-	380
Sales of donated items	-	22,233	22,233
Other income	1,997	-	1,997
Total support and other revenue	<u>4,634</u>	<u>184,433</u>	<u>189,067</u>
Fund-raising events:			
Registration fees	-	88,623	88,623
Special event fees	-	(22,527)	(22,527)
Event materials and supplies	-	(10,845)	(10,845)
Total fund-raising events, net	<u>-</u>	<u>55,251</u>	<u>55,251</u>
Net position released from restrictions	<u>143,314</u>	<u>(143,314)</u>	<u>-</u>
Total revenue	<u>147,948</u>	<u>96,370</u>	<u>244,318</u>
Program services:			
The First Tee of Coachella Valley	143,314	-	143,314
Trips for Kids	-	-	-
Total program services	<u>143,314</u>	<u>-</u>	<u>143,314</u>
Supporting services:			
General and administrative	<u>6,827</u>	<u>-</u>	<u>6,827</u>
Total expenses	<u>150,141</u>	<u>-</u>	<u>150,141</u>
Changes in net assets	(2,193)	96,370	94,177
Net assets, beginning of year	<u>20,581</u>	<u>151,019</u>	<u>171,600</u>
Net assets, end of year	<u>\$ 18,388</u>	<u>247,389</u>	<u>265,777</u>

See accompanying notes to the financial statements

Desert Recreation Foundation
Statement of Activities and Changes in Net Assets
For the Fiscal Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>
Support and other revenue:			
Contributions and grants	\$ 9,657	231,241	240,898
Sponsorships	-	14,000	14,000
Sales of donated items	-	20,860	20,860
Other income	-	8,059	8,059
Total support and other revenue	<u>9,657</u>	<u>274,160</u>	<u>283,817</u>
Fund-raising events:			
Registration fees	-	58,145	58,145
Special event fees	-	(18,295)	(18,295)
Event materials and supplies	-	(12,730)	(12,730)
Total fund-raising events, net	<u>-</u>	<u>27,120</u>	<u>27,120</u>
Net position released from restrictions	<u>202,468</u>	<u>(202,468)</u>	<u>-</u>
Total revenue	<u>212,125</u>	<u>98,812</u>	<u>310,937</u>
Program services:			
The First Tee of Coachella Valley	205,568	-	205,568
Trips for Kids	450	-	450
Total program services	<u>206,018</u>	<u>-</u>	<u>206,018</u>
Supporting services:			
General and administrative	<u>18,673</u>	<u>-</u>	<u>18,673</u>
Total expenses	<u>224,691</u>	<u>-</u>	<u>224,691</u>
Changes in net assets	<u>(12,566)</u>	<u>98,812</u>	<u>86,246</u>
Net assets, beginning of year	<u>33,147</u>	<u>52,207</u>	<u>85,354</u>
Net assets, end of year	<u>\$ 20,581</u>	<u>151,019</u>	<u>171,600</u>

See accompanying notes to the financial statements

Desert Recreation Foundation
Statements of Functional Expenses
For the Fiscal Years Ending June 30, 2013 and 2012

	<u>Program Services</u>	<u>Supporting Services</u>	<u>2013 Total</u>
Expenses:			
Advertising and promotion	\$ 1,552	-	1,552
Bank charges	1,810	903	2,713
Dues and subscriptions	-	75	75
Event materials and supplies	-	117	117
Grants and other assistance	131,200	750	131,950
License and permits	-	439	439
Materials and supplies	775	429	1,204
Printing and reproduction	2,372	-	2,372
Professional fees	3,410	3,414	6,824
Depreciation	2,195	700	2,895
Total expenses	\$ 143,314	6,827	150,141

	<u>Program Services</u>	<u>Supporting Services</u>	<u>2012 Total</u>
Expenses:			
Advertising and promotion	\$ 3,733	450	4,183
Bank charges	1,203	683	1,886
Dues and subscriptions	420	95	515
Grants and other assistance	190,670	7,500	198,170
Information technology	-	360	360
License and permits	1,403	-	1,403
Materials and supplies	-	2,467	2,467
Printing and reproduction	2,939	2,033	4,972
Professional fees	-	985	985
Special event fees	-	4,100	4,100
Depreciation	5,650	-	5,650
Total expenses	\$ 206,018	18,673	224,691

Desert Recreation Foundation
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Changes in net assets	\$ 94,177	86,246
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Deprecation and amortization	2,895	5,650
Contribution of non-cash asset	(6,000)	
Changes in assets and liabilities:		
Increase(Decrease) in liabilities:		
Accounts payable	-	-
Total adjustments	(3,105)	5,650
Net cash provided by operating activities	91,072	91,896
Cash flows from investing activities		
Purchases of property and equipment	-	(2,100)
Net cash used in investing activities	-	(2,100)
Net increase (decrease) in cash and cash equivalents	91,072	89,796
Cash and cash equivalents, beginning of year	168,867	79,071
Cash and cash equivalents, end of year	\$ 259,939	168,867

See accompanying notes to the financial statements

Desert Recreation Foundation
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(1) Reporting Entity and Summary of Significant Accounting Policies

A. The Reporting Entity

On April 23, 2001, the Coachella Valley Recreation and Park Foundation was incorporated as a California nonprofit public benefic corporation. On November 9, 2011, the Board of Directors changed the name of the Foundation to the Desert Recreation Foundation (Foundation) following the name change of the Coachella Valley Recreation and Park District to the Desert Recreation District (District) in 2011.

The specific and primary purposes of the Foundation are to initiate, sponsor, promote and carry-out plans, programs, policies and activities that tend to further park and recreational projects within the jurisdictional limits of the District.

Jointly Governed Organization

The Foundation is governed by a five-member board of directors. One of the five board members is also an elected official on the District's board of directors. Management and operations of the Foundation is carried out by management and staff of the District.

B. Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

C. Financial Reporting and Presentation

The Foundation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. This standard requires the Foundation to report information regarding its financial position and change in net assets into the following three classes of net assets:

- ***Unrestricted net assets*** are not restricted by donors or the donor-imposed restrictions have expired.
- ***Temporarily restricted net assets*** contain donor-imposed restrictions that permit the Foundation to use or expend the assets only as specified. These restrictions are satisfied either by the passage of time or by the Desert Recreation Foundation's expenditure for the specified purpose.
- ***Permanently restricted net assets*** contain donor-imposed restrictions and stipulate that the resources be maintained permanently but permit the Foundation to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. There were no permanently restricted net assets at June 30, 2013 and 2012.

Functional Allocation of Expenses

The costs of providing the Foundation's programs and administration have been summarized on a functional basis in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Temporarily Restricted Contributions

The Foundation records all revenues earned from donor-restricted contributions as temporarily restricted contributions.

Desert Recreation Foundation
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Assets

1. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in the Foundation's net assets during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

For the purpose of reporting cash flows, the Foundation considers all highly liquid debt instruments, including money market funds to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these financial instruments.

3. Property and Equipment

Property and equipment are recorded at cost if purchased or at fair market value at date of donation. Depreciation is provided using the straight-line method of depreciation over the estimated useful lives of the assets, ranging from three to ten years. Property and equipment is capitalized if the cost or donated fair market value of an asset is greater than, or equal to \$500.

4. Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of

The Foundation assesses potential impairment to its long-lived assets when there is evidence that events or changes in circumstances have made full recovery of the asset's carrying value unlikely. An impairment loss would be recognized when the sum of the expected future undiscounted net cash flows is less than the carrying amount of the asset. Should impairment exist, the impairment loss would be measured based on the excess of the carrying amount of the asset over the asset's fair value. No impairment charges were recognized on long-lived assets during 2013 and 2012.

5. Advertising Costs

Advertising costs are expensed as incurred and totaled approximately \$1,552 and \$4,183 for the years ended June 30, 2013 and 2012, respectively.

6. Income Taxes

The Foundation is a nonprofit public benefit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code and Section 23701d of the California Revenue and Taxation Code. However, the Foundation is subject to income taxes on any net income that is derived from a trade or business activity regularly carried on, and not in furtherance of the purpose for which it was granted exemption. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business activity, in the opinion of management, is not material to the financial statements taken as a whole.

The Foundation has applied the provisions of ASC Subtopic 740-10, *Income Taxes—Overall*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on recognition, classification, interest, and penalties, disclosure, and transition. The management of the Foundation believes that no such uncertain tax positions exist as of June 30, 2013 and 2012, respectively.

Desert Recreation Foundation
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(2) Property and Equipment

At June 30, 2013 property and equipment included:

	<u>Balance 2012</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2013</u>
Depreciable assets:				
Equipment	\$ 2,100	-	-	2,100
Vehicles	26,000	6,000	-	32,000
Total depreciable assets	<u>28,100</u>	<u>6,000</u>	<u>-</u>	<u>34,100</u>
Accumulated depreciation	<u>(25,367)</u>	<u>(2,895)</u>	<u>-</u>	<u>(28,262)</u>
Total property and equipment, net	<u>\$ 2,733</u>	<u>3,105</u>	<u>-</u>	<u>5,838</u>

At June 30, 2012 property and equipment included:

	<u>Balance 2011</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2012</u>
Depreciable assets:				
Equipment	\$ -	2,100	-	2,100
Vehicles	26,000	-	-	26,000
Total depreciable assets	<u>26,000</u>	<u>2,100</u>	<u>-</u>	<u>28,100</u>
Accumulated depreciation	<u>(19,717)</u>	<u>(5,650)</u>	<u>-</u>	<u>(25,367)</u>
Total property and equipment, net	<u>\$ 6,283</u>	<u>(3,550)</u>	<u>-</u>	<u>2,733</u>

(3) Temporarily Restricted Net Assets

At June 30, 2013, temporarily restricted net assets included:

	<u>Balance 2012</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2013</u>
Temporarily restricted:				
Desert Recreation District	\$ -	2,000	-	2,000
The First Tee of Coachella Valley	150,619	237,684	(143,314)	244,989
Trips for Kids	400	-	-	400
Total depreciable assets	<u>\$ 151,019</u>	<u>239,684</u>	<u>(143,314)</u>	<u>247,389</u>

At June 30, 2012, temporarily restricted net assets included:

	<u>Balance 2011</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2012</u>
Temporarily restricted:				
The First Tee of Coachella Valley	\$ 52,207	298,780	(200,368)	150,619
Trips for Kids	-	2,500	(2,100)	400
Total depreciable assets	<u>\$ 52,207</u>	<u>301,280</u>	<u>(202,468)</u>	<u>151,019</u>

Desert Recreation District – funds held for Desert Recreation District programs.

The First Tee of Coachella Valley – is a year-round child development program dedicated to the mission of impacting the lives of young people by providing learning facilities and educational programs that promote character development and life-enhancing values through the game of golf.

Trips for Kids – is a program that supports at-risk youth who get the opportunity to experience healthy activity, while broadening their perspectives and exploring new areas on their bicycles.

Desert Recreation Foundation
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2013 and 2012

(4) Related-Party Transactions

The Foundation provided grants and other assistance to the District in the amounts of \$131,200 and \$198,170 for the fiscal years ended June 30, 2013 and 2012, respectively.

Also, the Foundation reimburses the District for certain expenses incurred on behalf of the Foundation.

(5) Support from Related-Party

The Foundation receives contributed management, administrative and operational support from the District to administer its programs. No amounts have been reflected in the financial statements for the contributed services since no objective basis is available to measure the value of such services.

(6) Public Support

Volunteers from the community have donated significant amounts of their time in support of the Foundation's programs. No amounts have been reflected in the financial statements for the contributed services since no objective basis is available to measure the value of such services.

(7) Contingencies

Litigation

In the ordinary course of operations, the Foundation is subject to claims and litigation from outside parties. After consultation with management, the Foundation believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(8) Subsequent Events

Events occurring after June 30, 2013 have been evaluated for possible adjustment to the financial statements or disclosure as of November 15, 2013, which is the date the financial statements were available to be issued.