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# **RIXON & ASSOCIATES**

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ANTICIPATING THE OBSTACLES





**FINANCIAL REPORT**  
OF  
**REGIONAL ACCESS PROJECT FOUNDATION**  
(A Nonprofit Organization)  
*June 30, 2016*

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Regional Access Project Foundation  
Palm Desert, California

We have audited the accompanying financial statements of Regional Access Project Foundation (a nonprofit organization) which comprise the statement of financial position as of June 30, 2016, 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk from 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 the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Regional Access Project Foundation as of June 30, 2016, 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.

## **Report on Summarized Comparative Information**

The predecessor auditor previously audited the Regional Access Project Foundation's June 30, 2015 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated November 6, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent in all material respects, with the audited financial statements from which it has been derived.

*Rixon & Associates*

RIXON AND ASSOCIATES, INC.  
Certified Public Accountants

Palm Desert, California  
September 28, 2016

**REGIONAL ACCESS PROJECT FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**

(with Summarized Comparative Information as of June 30, 2015)

	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 784,497	\$ 692,480
Cash held for others	1,906	724
Investments - mutual funds	1,040,671	1,066,725
Assets held by Community Foundations	2,143,022	2,238,990
Other receivables	16,519	7,104
County tax increment funding receivable	776,140	785,384
Loan receivable	48,957	-
Prepaid expenses	23,699	24,126
Property and equipment, net	15,079	22,065
<b>TOTAL ASSETS</b>	<b>\$ 4,850,490</b>	<b>\$ 4,837,598</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 20,506	\$ 12,541
Accrued payroll expenses	44,571	44,328
Grants payable	87,000	18,250
Deferred revenue	3,000	-
Agency funds held for others	1,906	724
<b>TOTAL LIABILITIES</b>	156,983	75,843
 Commitments (Note 4)		
 Net Assets		
Unrestricted		
Board contributed funds	78,187	73,687
Undesignated	4,558,138	4,605,540
	4,636,325	4,679,227
Temporarily restricted	57,182	82,528
<b>TOTAL NET ASSETS</b>	<b>4,693,507</b>	<b>4,761,755</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,850,490</b>	<b>\$ 4,837,598</b>

**REGIONAL ACCESS PROJECT FOUNDATION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

(with Summarized Comparative Information for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Total	2015
<b>OPERATING SUPPORT AND REVENUE</b>				
County tax increment revenue	\$ 1,370,949	\$ -	\$ 1,370,949	\$ 1,388,818
Contributions	36,372	51,679	88,051	88,082
Grants	13,970	35,000	48,970	118,808
Other income	5,853	-	5,853	(1,939)
Net assets released from restrictions	112,025	(112,025)	-	-
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<b>1,539,169</b>	<b>(25,346)</b>	<b>1,513,823</b>	<b>1,593,769</b>
<b>OPERATING EXPENSES</b>				
Program services				
Grant allocations	628,612	-	628,612	525,908
Technical Assistance Program	267,671	-	267,671	240,718
Coachella Valley Youth Leadership	106,187	-	106,187	-
Building Healthy Communities	-	-	-	234,073
Desert Connect Program	112,345	-	112,345	268,805
Other Programs	83,389	-	83,389	103,092
Total program services	1,198,204	-	1,198,204	1,372,596
General administration	300,689	-	300,689	335,170
Fundraising	3,590	-	3,590	-
<b>TOTAL OPERATING EXPENSES</b>	<b>1,502,483</b>	<b>-</b>	<b>1,502,483</b>	<b>1,707,766</b>
<b>NET OPERATING REVENUE</b>	<b>36,686</b>	<b>(25,346)</b>	<b>11,340</b>	<b>(113,997)</b>
<b>INVESTMENT GAINS (LOSSES)</b>				
Investment income - realized	97,041	-	97,041	135,580
Unrealized loss in fair values	(176,629)	-	(176,629)	(114,556)
<b>TOTAL INVESTMENT GAINS (LOSSES)</b>	<b>(79,588)</b>	<b>-</b>	<b>(79,588)</b>	<b>21,024</b>
<b>CHANGE IN NET ASSETS</b>	<b>(42,902)</b>	<b>(25,346)</b>	<b>(68,248)</b>	<b>(92,973)</b>
<b>NET ASSETS</b>				
Beginning	4,679,227	82,528	4,761,755	4,854,728
Ending	\$ 4,636,325	\$ 57,182	\$ 4,693,507	\$ 4,761,755

**REGIONAL ACCESS PROJECT FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2016**  
**(with Summarized Comparative Information for the year ended June 30, 2015)**

	Grant Allocations	Technical Assistance Program	CV Youth Leadership	Desert Connect Program	Other Programs	Total Program Services	General Administration	Fundraising	Total	2015
Salaries	\$ 87,371	\$ 66,758	\$ 54,211	\$ 53,475	\$ 6,812	\$ 268,627	\$ 126,702	\$ 2,580	\$ 397,909	\$ 459,321
Advertising and marketing	-	550	1,461	350	6,075	8,436	3,880	-	12,316	7,431
Bank and investment fees	-	-	-	-	155	155	38,336	-	38,491	33,795
Communications	1,480	2,649	1,720	1,176	-	7,025	6,210	-	13,235	17,735
Computer services	7,168	3,992	1,068	1,500	-	13,728	7,958	-	21,686	42,029
Depreciation expense	960	960	-	-	-	1,920	6,179	-	8,099	11,913
Employee benefits	17,172	18,612	8,753	18,257	341	63,135	26,367	42	89,544	102,849
Equipment lease and maintenance	718	5,958	56	982	-	7,714	1,936	-	9,650	10,033
Event expenses	188	49,210	-	9	49,692	99,099	566	-	99,665	49,568
Grants to exempt organizations	472,755	6,030	-	10,000	13,750	502,535	500	-	503,035	515,838
Insurance	-	-	2,914	-	-	2,914	12,392	-	15,306	11,938
Office expenses	1,491	2,433	1,292	-	-	5,216	7,691	-	12,907	34,503
Other program expenses	14,805	30,850	13,405	3,593	5,503	68,156	159	-	68,315	120,898
Payroll taxes	8,309	6,705	5,141	5,697	633	26,485	9,278	169	35,932	43,303
Postage and printing	26	-	15	-	180	221	683	-	904	6,262
Professional services	945	9,312	-	-	-	10,257	24,555	644	35,456	80,086
Rent	5,175	14,293	5,194	11,320	-	35,982	10,688	-	46,670	67,701
Retirement plan	4,306	3,448	2,577	2,882	207	13,420	6,953	129	20,502	11,707
TAP assistance to other organizations	3,578	40,497	-	-	-	44,075	270	-	44,345	44,915
Training, conferences, and meetings	591	2,676	5,152	778	-	9,197	4,352	-	13,549	19,102
Travel and mileage	850	1,748	2,730	1,763	-	7,091	3,788	-	10,879	11,726
Workers' compensation insurance	724	990	498	563	41	2,816	1,246	26	4,088	5,123
<b>Total Operating Expenses</b>	<u>\$ 628,612</u>	<u>\$ 267,671</u>	<u>\$ 106,187</u>	<u>\$ 112,345</u>	<u>\$ 83,389</u>	<u>\$ 1,198,204</u>	<u>\$ 300,689</u>	<u>\$ 3,590</u>	<u>\$ 1,502,483</u>	<u>\$ 1,707,776</u>



**REGIONAL ACCESS PROJECT FOUNDATION  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2016**

**(with Summarized Comparative Information for the year ended June 30, 2015)**

	<b>2016</b>		<b>2015</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in net assets	\$ (68,248)	\$	(92,973)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	8,099		11,913
Loss on disposal of assets	-		3,056
Investment fees	37,680		35,400
Net realized and unrealized (gain) loss on investments and assets held by Community Foundations	79,588		(21,024)
Change in operating assets and liabilities:			
Other receivables	(9,415)		6,004
County tax increment funding receivable	9,244		29,864
Loan receivable	(48,957)		-
Employee advances	-		19,461
Other assets	-		4,066
Prepaid expenses	427		(17,385)
Accounts payable	7,965		(35,260)
Accrued payroll expenses	243		14,365
Grants payable	68,750		15,491
Deferred revenue	3,000		-
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>88,376</b>		<b>(27,022)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Withdrawals from investment balances	4,754		-
Purchases of property and equipment	(1,113)		(8,933)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>3,641</b>		<b>(8,933)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>92,017</b>		<b>(35,955)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning	692,480		728,435
Ending	\$ 784,497	\$	692,480

**REGIONAL ACCESS PROJECT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization – Regional Access Project Foundation (the Foundation) was incorporated on October 8, 1992, for the purpose of enhancing and facilitating health, mental health and juvenile services in eastern Riverside County, California. The Foundation’s corporate offices are located in Palm Desert, California. The Organization’s primary program services include financial grants and technical assistance to qualified exempt organizations throughout eastern Riverside County. The Foundation is both publicly and privately funded. The Foundation’s primary source of annual funding is tax increment funds (sales tax) received under an agency agreement with the County of Riverside (the County). Approximately 90% of the Foundation’s support for the year ended June 30, 2016 came from tax increment funds received under this agency agreement. The Foundation also receives grants from other exempt organizations, governmental agencies and foundations, as well as private contributions from individuals.

Program Services – The Foundation provides the following program services:

*Grant Allocations to Other Exempt Entities* – The Foundation provides cash grants to tax exempt entities that provide health, mental health, or juvenile intervention services to residents of eastern Riverside County. Cash grants are funded annually from the tax increment funding received under the agreement with the County of Riverside.

*Technical Assistance Program (TAP)* – While cash grants are a major part of the Foundation’s activities, grants of technical assistance became a priority when it was found that a variety of exempt organizations did not have the tools necessary to manage their organization or grants. The Technical Assistance Program is funded by monies received annually from the tax increment funding received under the agreement with the County of Riverside. Other grants to the Foundation come from other sources including the California Endowment.

*Coachella Valley Youth Leadership Program (CVYL)* – CVYL is an extensive volunteer mentorship program utilizing a culturally based curriculum “Joven Noble” (Noble Youth). CVYL was started in 2013 in the eastern Coachella Valley by volunteer community leaders. The Foundation provided funding for supplies to support the activities. This program incorporates 18 hour “healing camps, group sharing sessions, focused on improving the overall emotional well-being of young male adolescents so they can achieve success in their futures. The Foundation increased funding in 2015 to pay for a full-time staff member to develop the program and increase capacity.

*Desert Connect Program (DCP)* – The Foundation’s Desert Connect Program originated as an expansion of the TAP Program and has grown into a bridge between TAP and the Grant Allocations Program. DCP focuses on identifying existing projects, ideas for new projects and collaborations, identification of TAP needs and provision of TAP services where needed, building leadership within the resident families to enable “helping themselves” in improving their communities as volunteers, and the identification of means for sustainable funding/development for local projects. The Desert Connect Program is funded by monies received annually from the tax increment funding received under the agreement with the County of Riverside. Other funding sources for this program include separate program-specific grants from the California Endowment.

**REGIONAL ACCESS PROJECT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Other Grants and Programs* – Other grants and programs are funded through a variety of grants and contributions.

Income Tax Status – The Foundation, A California not-for-profit Corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Code.

The Foundation follows accounting standards relating to accounting for uncertainty in income taxes. These standards provide guidance for the accounting and disclose uncertain tax positions taken by an organization. Management assessed whether there were any uncertain tax positions which may require accrual or disclosure and determined that there were no such matters requiring recognition in the accompanying financial statements. The Foundation is subject to examination by the Internal Revenue Service for fiscal years ending June 30, 2013, through its current fiscal year, and by the Franchise Tax Board for fiscal years ending June 30, 2012, through its current fiscal year.

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting.

A not-for-profit 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. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.

*Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may be met either by actions of the Foundation and/or the 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 restriction.

*Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations requiring that they be maintained permanently by the Foundation. Income generated from these assets may or may not be restricted.

The Foundation did not have any permanently restricted net assets as of June 30, 2016.

Use of Estimates – The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 support and revenues, and expenses during the reporting period. Actual results could differ from those estimates.

**REGIONAL ACCESS PROJECT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition – Contributions are recognized as revenue when they are unconditionally pledged.

The Foundation reports contributions as restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted revenues are reclassified to unrestricted revenues and reported in the statement of activities as revenues released from restrictions. Restricted contributions whose restrictions are satisfied in the year received are classified as unrestricted contributions in the organization's financial statements.

Contributions of services are recognized if the services received (a) create or enhance the nonfinancial 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. The Foundation reports such contributions at their estimated fair value when received. During the year ended June 30, 2016, no material contributions of services were recorded.

The annual tax increment funding from the County of Riverside is accrued each quarter based upon calculations provided by the County.

Cash and Cash Equivalents – For purposes of reporting cash, the Foundation considers all highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Financial instruments that potentially subject the Foundation to concentration of credit risk are cash and cash equivalents. The Foundation maintains their cash accounts with various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash balances may exceed the FDIC insured levels at various times during the year. The Foundation believes there is little risk in any losses and has not experienced any losses in such accounts. At June 30, 2016 the Foundation did not have any funds in excess of insured amounts.

Investments – All of the Foundation's investments are invested in mutual funds and are held at readily determinable fair values and reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

Assets Held by Community Foundations – In July 2013, the Foundation transferred unrestricted funds totaling \$2,000,000 to two community foundations, Desert Community Foundation and The Community Foundation. These assets were transferred to these community foundations under reciprocal transactions. Under the Foundation's agreements with the two community foundations, the community foundations will hold, manage, and reinvest the funds, shall collect the income and shall pay and disburse the net income and principal to the Foundation for its exempt purposes. Accordingly, the Foundation has reported such funds and the related income as unrestricted assets in the accompanying financial statements. Income payments received during the year on these funds are reported as unrestricted investment income. Change in the value of the funds are reported as unrestricted gains or losses.

**REGIONAL ACCESS PROJECT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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**NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

County Tax Increment Funding Receivable and Other Receivables – Receivables are stated at net realizable values. The Foundation uses the allowance method to determine uncollectible accounts receivable. The allowance is a management estimate based upon previous collection experience and analysis of specific accounts. In the opinion of management, all of the accounts receivable balances at year-end are considered fully collectible, so no allowance for doubtful accounts has been recorded as of June 30, 2016.

Loan Receivable – In March 2016, the Foundation provided a short-term loan to a local nonprofit organization with a principal amount of \$48,975. The loan was provided interest free and had a maturity date of June 1, 2016. The loan has been subsequently repaid in full by the organization in July 2016. No allowance for doubtful accounts deemed necessary on receivable balance.

Property and Equipment – Property and equipment are recorded at cost when purchased or at fair market value at the date of the donation. The Foundation has a minimum capitalization policy of \$500. Depreciation is calculated using the straight-line method over the assets' estimated useful lives as follows:

Office Equipment	3 to 7 years
Computer Equipment	3 to 7 years
Tenant Improvements	3 to 7 years

Depreciation expense for the year ended June 30, 2016 was \$8,099.

Grants Payable – The Foundation accrued expenses for grants to tax exempt entities in the year that the grant is expected to benefit supported organizations. Grants that benefit multiple fiscal years are distributed to each fiscal year depending on the amount of benefit to be received each period by the grantee.

Agency Funds – From time to time, the Foundation enters into agency service agreements with other exempt organizations. Funds held on behalf of other agencies are maintained in separate accounts and are disbursed in accordance with directives from those entities. Such funds are reported as an offsetting asset and liability on the statement of financial position.

Functional Allocation of Expenses – The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Management and general, and fundraising expenses are separately reported and have not been allocated to program services. As a result, the expenses reported for the program services do not include the overhead costs required to support the programs.

**REGIONAL ACCESS PROJECT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

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**NOTE 2. FAIR VALUE MEASUREMENTS**

The Foundation follows accounting standards relating to fair value measurements which define fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. Fair value is 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. The accounting standards relating to the fair value measurements establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three-level valuation hierarchy on inputs is summarized as follows:

**Level 1:** Quoted prices for identical assets or liabilities in active markets at the measurement date.

**Level 2:** Observable inputs other than quoted prices as described in level 1 for the asset or liability through corroboration with market data at the measurement date.

**Level 3:** Unobservable inputs that reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date.

As of June 30, 2016, the Foundation’s financial instruments consist of cash and cash equivalents, investments, assets held at community foundations, grants and other receivables, prepaid expenses, accounts payable, accrued expense, and deferred revenue. The fair values on the Foundation’s financial instruments excluding investments and assets held at community foundations approximate their fair values because of the short-term nature of these instruments.

Assets and liabilities at fair value on a recurring basis are summarized as follows:

	Fair Value Measurements at June 30, 2016, using:			Total
	Quoted Prices			
	in Active	Significant	Significant	
	Markets for	Other	Unobservable	
	Identical Assets	Observable	Inputs	
	(Level 1)	Inputs (Level 2)	(Level 3)	
<u>Assets</u>				
Investments - Mutual Funds	\$ 1,040,671	\$ -	\$ -	\$ 1,040,671
Assets held by Community Foundations	-	-	2,143,022	2,143,022
	\$ 1,040,671	\$ -	\$ 2,143,022	\$ 3,183,693

The Foundation has investments in mutual funds which are based upon quoted market prices at June 30, 2016. The Foundation has Assets held by Community Foundations which are based upon the fund balances as calculated by those Community Foundations. These are considered level 3 on the fair value hierarchy since the Foundation does not have these assets directly invested into the markets themselves.

**REGIONAL ACCESS PROJECT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

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**NOTE 2. FAIR VALUE MEASUREMENTS (continued)**

The Foundation's level 3 assets reconcile to its opening account balance as follows:

	Desert Community Foundation	The Community Foundation	Total
Beginning of year - July 1, 2015	\$ 1,112,498	\$ 1,126,492	\$ 2,238,990
Realized investment income	41,354	24,230	65,584
Unrealized market value changes	(80,966)	(54,273)	(135,239)
Investment fees	(13,660)	(12,653)	(26,313)
End of year balance - June 30, 2016	<u>\$ 1,059,226</u>	<u>\$ 1,083,796</u>	<u>\$ 2,143,022</u>

**NOTE 3. PROPERTY AND EQUIPMENT**

Property, and equipment at June 30, 2016 was comprised of the following:

Computer equipment	\$ 59,501
Office equipment	32,919
Tenant improvements	<u>1,000</u>
	93,420
Less Accumulated Depreciation	<u>(78,341)</u>
	<u>\$ 15,079</u>

**NOTE 4. COMMITMENTS**

Operating Lease Commitments

The Foundation has a lease for office space and equipment under operating leases that expire through January 2017, at which point the Foundation's office space becomes a month-to-month lease agreement. The Foundation is required to make future minimum lease payments of \$14,831 during the year ended June 30, 2017 under these lease arrangements. The rental expense under these lease agreements was \$46,670 during the year ended June 30, 2016.

Grant Funding Commitments

As of June 30, 2016 the Foundation has committed to fund \$304,259 of grants to other exempt organizations for future fiscal years. The Foundation will expense the grants in the fiscal year that the grant funding is expected to benefit the supported organizations.

**REGIONAL ACCESS PROJECT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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**NOTE 5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following as of June 30, 2016:

Special events	\$ 33,042
Prevent Child Abuse Riverside County - restricted funds	12,675
The California Endowment - grant writer	<u>11,465</u>
	<u>\$ 57,182</u>

**NOTE 6. NET ASSETS RELEASED FROM RESTRICTION**

Temporarily restricted net assets were released from the following purposes during the year ended June 30, 2016:

Special events	\$ 55,525
Coachella Valley Leadership Program	25,000
Desert Fast Pitch Event	20,000
Other programs	6,500
Technical Assistance Program	<u>5,000</u>
	<u>\$ 112,025</u>

**NOTE 7. UNRESTRICTED BOARD CONTRIBUTED FUNDS**

Contributions made by board members are separately tracked as unrestricted funds, and are to be used in the future as best determined by the board and management. These funds allow the Foundation to fund activities under the Foundation's exempt purpose that would otherwise not be eligible under the agreement with the County of Riverside.

**NOTE 8. FUNDING FROM RIVERSIDE COUNTY**

The Foundation is party to an agreement with the County of Riverside entitled "County of Riverside Service Agreement" dated March 29, 2016 (which superseded the August 16, 1994 agreement) (County Agreement) pursuant to which the County agreed to distribute to the Foundation certain sales tax funds received by the County. The County's Governmental Revenue Sharing Agreements with the City of Palm Desert (the City) contains a provision that the City shall pay to the County the amount of redevelopment "tax increment that is equal to the amount of sales taxes paid to the City from the redevelopment site" (Alternative Funding Provisions).



**REGIONAL ACCESS PROJECT FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2016**

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**NOTE 8. FUNDING FROM RIVERSIDE COUNTY (continued)**

The County Agreement provided for an initial one-year term, but renews automatically “each year on July 1, unless the County notifies the Foundation of its intent to terminate pursuant to Section 5 of the Agreement”, which allows for termination upon 30 days written notice. Based upon the fact that no such termination notice has been received by the Foundation, and the fact that the Agency Agreement can be terminated prospectively upon written notice, management is of the opinion that the Foundation accrues the right to receive sums due under this Agreement as and when the County accrued the right to receive the applicable tax increment upon with payments to the Foundation are based. Accordingly, as described in note 1 above, the Foundation has recorded a receivable of \$776,140 from the County as of June 30, 2016.

**NOTE 9. GRANT ALLOCATIONS TO OTHER EXEMPT ENTITIES**

As described in Note 1, the Foundation provides cash grants to tax exempt entities that provide health, mental health, or juvenile intervention services to residents of eastern Riverside County. For the year ended June 30, 2016 the Foundation provided grants for the following purposes:

Health Grants	\$ 190,464
Health Grants	180,996
Juvenile Intervention Grants	74,295
Board Designated Grants	41,250
Other grants	<u>16,030</u>
	<u><u>\$ 503,035</u></u>

**NOTE 10. EMPLOYEE RETIREMENT BENEFIT PLAN**

The Foundation contributes on behalf of its employees to a 401k retirement plan. All full-time employees who are at least 18 years of age are eligible to participate in the plan. Under this plan, the Foundation contributes a dollar for dollar match of the participating employees’ deferral amounts each year, up to 5% of the employees’ compensation for the plan year. The Foundation made \$20,503 of matching contributions to employee retirement plans during the year ended June 30, 2016.

**NOTE 11. COMPARATIVE FINANCIAL STATEMENTS**

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation’s financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Certain June 30, 2015 balance sheet and expense groupings have been changed to match the June 30, 2016 presentation. These groupings have no effect on the net assets of the Foundation.

**REGIONAL ACCESS PROJECT FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2016**

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**NOTE 12. SUBSEQUENT EVENTS**

The Foundation evaluated subsequent events through September 28, 2016, when the financial statements were available to be issued, and determined the following event should be disclosed:

Effective August 1, 2016, the Coachella Youth Valley Leadership Program (CYVL) is no longer operated by the Foundation, and the CYVL program is now being operated through the Coachella Valley Unified School District offices with assistance from the Riverside County Latino Commission. The Foundation will continue to provide funding to support the program's operations through its grant allocations budget.