

**Regional Access  
Project Foundation**

**Financial Statements**

**June 30, 2015**

**Regional Access Project Foundation**

**Financial Statements**

**June 30, 2015**

# **Regional Access Project Foundation**

**June 30, 2015**

## **Table Of Contents**

**Page**

|   |               |
|---|---------------|
| <b>Independent Auditor's Report</b>     | <b>1 - 2</b>  |
| <b>Statement of Financial Position</b>  | <b>3</b>      |
| <b>Statement of Activities</b>          | <b>4</b>      |
| <b>Statement Of Cash Flows</b>          | <b>5</b>      |
| <b>Statement of Functional Expenses</b> | <b>6 - 7</b>  |
| <b>Notes to Financial Statements</b>    | <b>8 - 16</b> |



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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
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, 2015 and the related statements of activities, cash flows and functional expenses 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 statement, 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 Regional Access Project Foundation as of June 30, 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.

***Report on Summarized Comparative Information***

We have previously audited Regional Access Project Foundation's financial statements as of and for the year ended June 30, 2014, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Backstrom, Gandhi & Soni, LLP*

Palm Desert, California  
November 6, 2015



# Regional Access Project Foundation

June 30, 2015

## Statement of Financial Position

|   | 2014               |                                  |
|---|--------------------|----------------------------------|
|   | Total              | For Comparative<br>Purposes Only |
| <b>Assets</b>   |                    |                                  |
| Cash and Cash Equivalents                                   | \$692,480          | \$728,435                        |
| Cash Held for Others  | 724                | 1,250                            |
| Investments - Mutual Funds                                  | 1,066,725          | 1,069,069                        |
| Beneficial Interest in Assets Held by Community Foundations | 2,238,990          | 2,251,022                        |
| Grants Receivable   | 7,104              | 13,108                           |
| County Tax Increment Funding Receivable                     | 785,384            | 815,248                          |
| Employee Advances   | -                  | 19,461                           |
| Other Assets  | -                  | 4,066                            |
| Prepaid Expenses  | 24,126             | 6,741                            |
| Property and Equipment, Net                                 | 22,065             | 28,101                           |
| <b>TOTAL ASSETS</b>   | <b>4,837,598</b>   | <b>4,936,501</b>                 |
| <b>Liabilities</b>  |                    |                                  |
| Accounts Payable  | 12,541             | 47,801                           |
| Accrued Payroll Expenses                                    | 44,328             | 29,963                           |
| Grants Payable to Other Exempt Entities                     | 18,250             | 2,759                            |
| Agency Funds Held for Others                                | <u>724</u>         | <u>1,250</u>                     |
| <b>TOTAL LIABILITIES</b>                                    | <b>75,843</b>      | <b>81,773</b>                    |
| <b>Net Assets</b>   |                    |                                  |
| Unrestricted  | 4,679,227          | 4,616,696                        |
| Temporarily Restricted                                      | <u>82,528</u>      | <u>238,032</u>                   |
| <b>TOTAL NET ASSETS</b>                                     | <b>4,761,755</b>   | <b>4,854,728</b>                 |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                     | <b>\$4,837,598</b> | <b>\$4,936,501</b>               |

*The accompanying notes are an integral part of these financial statements.*

# Regional Access Project Foundation

Year Ended June 30, 2015

Statement of Activities

|  | Unrestricted       | Temporarily Restricted | Permanently Restricted | Total              | 2014<br>For Comparative Purposes Only |
|--|--------------------|------------------------|------------------------|--------------------|---------------------------------------|
| <b>SUPPORT AND REVENUES</b>  |                    |                        |                        |                    |                                       |
| Contributions  | \$2,600            | \$85,482               | -                      | \$88,082           | \$26,720                              |
| County Tax Increment Revenue   | 1,388,818          | -                      | -                      | 1,388,818          | 1,413,535                             |
| Grants   | 97,308             | 21,500                 | -                      | 118,808            | 602,896                               |
| Investment Income - Realized   | 135,580            | -                      | -                      | 135,580            | 121,224                               |
| Investment Gains (Losses) -<br>Unrealized                                    | (114,556)          | -                      | -                      | (114,556)          | 230,516                               |
| Other Income, Gains (Losses)   | (1,939)            | -                      | -                      | (1,939)            | 3,213                                 |
| Net Assets Released from Restrictions:<br>Restrictions Satisfied by Payments | 262,486            | (262,486)              | -                      | -                  | -                                     |
| <b>TOTAL SUPPORT AND REVENUES</b>  | <b>1,770,297</b>   | <b>(155,504)</b>       | <b>-</b>               | <b>1,614,793</b>   | <b>2,398,104</b>                      |
| <b>EXPENSES</b>  |                    |                        |                        |                    |                                       |
| Building Healthy Communities   |                    |                        |                        |                    |                                       |
| <b>Program Services:</b>   |                    |                        |                        |                    |                                       |
| Grant Allocations to Exempt Entities   | 525,908            | -                      | -                      | 525,908            | 676,936                               |
| Technical Assistance Program   | 240,718            | -                      | -                      | 240,718            | 376,242                               |
| Building Healthy Communities   | 234,073            | -                      | -                      | 234,073            | 426,065                               |
| Desert Connect Program   | 268,805            | -                      | -                      | 268,805            | 207,160                               |
| Other Programs   | <u>103,092</u>     | -                      | -                      | <u>103,092</u>     | <u>207,713</u>                        |
| <b>Total Program Services</b>  | <b>1,372,596</b>   | <b>-</b>               | <b>-</b>               | <b>1,372,596</b>   | <b>1,894,116</b>                      |
| <b>Support Services:</b>   |                    |                        |                        |                    |                                       |
| Management and General   | 335,170            | -                      | -                      | 335,170            | 235,042                               |
| Fund-raising   | <u>-</u>           | -                      | -                      | <u>-</u>           | <u>-</u>                              |
| <b>Total Support Services</b>  | <b>335,170</b>     | <b>-</b>               | <b>-</b>               | <b>335,170</b>     | <b>235,042</b>                        |
| <b>TOTAL EXPENSES</b>  | <b>1,707,766</b>   | <b>-</b>               | <b>-</b>               | <b>1,707,766</b>   | <b>2,129,158</b>                      |
| <b>CHANGE IN NET ASSETS</b>  | <b>62,531</b>      | <b>(155,504)</b>       | <b>-</b>               | <b>(92,973)</b>    | <b>268,946</b>                        |
| Net Assets, Beginning of Year  | 4,616,696          | 238,032                | -                      | 4,854,728          | 4,585,782                             |
| <b>NET ASSETS, END OF YEAR</b>   | <b>\$4,679,227</b> | <b>\$82,528</b>        | <b>-</b>               | <b>\$4,761,755</b> | <b>\$4,854,728</b>                    |

The accompanying notes are an integral part of these financial statements.

# Regional Access Project Foundation

Year Ended June 30, 2015

## Statement of Cash Flows

|   | 2014             |                                  |
|---|------------------|----------------------------------|
|   | Total            | For Comparative<br>Purposes Only |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                  |                                  |
| Change in Net Assets  | (\$92,973)       | \$268,946                        |
| Adjustments to Reconcile Change in Net Assets<br>to Net Cash Provided (Used) by Operating Activities: |                  |                                  |
| Depreciation  | 11,913           | 10,184                           |
| (Increase) Decrease in Operating Assets:  |                  |                                  |
| Grants Receivable   | 6,004            | (4,595)                          |
| County Tax Increment Funding Receivable   | 29,864           | 16,699                           |
| Employee Advances   | 19,461           | (11,061)                         |
| Other Assets  | 4,066            | (587)                            |
| Prepaid Expenses  | (17,385)         | 22,785                           |
| Increase (Decrease) in Operating Liabilities:   |                  |                                  |
| Accounts Payable  | (35,260)         | 34,273                           |
| Accrued Payroll Expenses  | 14,365           | 479                              |
| Grants Payable  | 15,491           | (99,730)                         |
| <b>Total Adjustments</b>  | <b>48,519</b>    | <b>(31,553)</b>                  |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <b>(44,454)</b>  | <b>237,393</b>                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                  |                                  |
| Change in Investments and in Beneficial Interest<br>in Assets Held at Community Foundations           | 14,376           | (2,817,184)                      |
| Purchase of Property and Equipment  | (8,933)          | (15,313)                         |
| Disposition of Property and Equipment   | 3,056            | 1,065                            |
| <b>Net Cash Provided (Used) by Investing Activities</b>   | <b>8,499</b>     | <b>(2,831,432)</b>               |
| <b>Net Change in Cash and Cash Equivalents</b>  | <b>(35,955)</b>  | <b>(2,594,039)</b>               |
| <b>Cash and Cash Equivalents, Beginning of Year</b>   | <b>728,435</b>   | <b>3,322,474</b>                 |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <b>\$692,480</b> | <b>\$728,435</b>                 |

*The accompanying notes are an integral part of these financial statements.*



# Regional Access Project Foundation

Year Ended June 30, 2015

Statement of Functional Expenses - Program Services

|                                       | Grant Allocations | TAP-Technical Assistance | BHC Program      | Desert Connect   | Other Programs   | Total Program Services | 2014 For Comparative Purposes Only |
|---------------------------------------|-------------------|--------------------------|------------------|------------------|------------------|------------------------|------------------------------------|
| <b>Salaries</b>                       | <b>\$80,071</b>   | <b>\$90,473</b>          | <b>\$48,021</b>  | <b>\$106,640</b> | <b>\$7,994</b>   | <b>\$333,199</b>       | <b>\$525,613</b>                   |
| <b>Direct Program Costs</b>           |                   |                          |                  |                  |                  |                        |                                    |
| Advertising and Marketing             | 625               | 318                      |                  | 975              | 4,857            | 6,775                  | -                                  |
| Allocated Indirect Costs              | -                 | -                        | 10,434           | -                | -                | 10,434                 | 460                                |
| Bank and Investment Fees              | -                 | -                        | 17               | 33               | -                | 50                     | -                                  |
| Communications                        | 513               | 1,071                    | 6,341            | 1,448            | 90               | 9,463                  | 10,403                             |
| Computer Services                     | 8,330             | 3,822                    | 12,175           | 4,549            | 100              | 28,976                 | 21,458                             |
| Depreciation Expense                  | -                 | 1,002                    | -                | -                | -                | 1,002                  | 5,380                              |
| Employee Benefits                     | 18,954            | 18,228                   | (2,512)          | 27,871           | 821              | 63,362                 | 66,024                             |
| Equipment Lease and Maintenance       | 273               | 7,560                    | -                | 423              | -                | 8,256                  | 12,133                             |
| Event Expenses                        | -                 | -                        | 8,280            | 3,158            | 36,130           | 47,568                 | 51,803                             |
| Grants Allocations to Exempt Entities | 382,727           | -                        | 33,111           | 72,500           | 27,500           | 515,838                | 644,636                            |
| Insurance                             | -                 | -                        | -                | -                | -                | -                      | 8,346                              |
| Office Expenses                       | 729               | 1,927                    | 6,498            | 7,103            | -                | 16,257                 | 12,034                             |
| Other Program Expenses                | 9,900             | 24,625                   | 65,364           | 1,852            | 17,895           | 119,636                | 44,022                             |
| Payroll Taxes                         | 7,469             | 8,184                    | 4,049            | 10,390           | 696              | 30,788                 | 46,087                             |
| Postage and Printing                  | 80                | -                        | 3,282            | 78               | 2,582            | 6,022                  | 3,133                              |
| Professional Services                 | 6,520             | 3,719                    | 29,096           | 5,210            | -                | 44,545                 | 137,715                            |
| Rent                                  | 4,613             | 34,388                   | 3,500            | 9,205            | 500              | 52,206                 | 102,730                            |
| Retirement Plan Expense               | 2,897             | 2,398                    | 991              | 3,406            | 25               | 9,717                  | 19,556                             |
| TAP Assistance to Other Organizations | -                 | 40,745                   | -                | -                | 1,672            | 42,417                 | 110,284                            |
| Training, Conferences and Meetings    | 1,215             | 1,183                    | 3,765            | 7,727            | 250              | 14,140                 | 35,239                             |
| Travel and Mileage                    | 526               | 541                      | 1,297            | 5,530            | 1,933            | 9,827                  | 33,337                             |
| Workers' Compensation Insurance       | 466               | 534                      | 364              | 707              | 47               | 2,118                  | 3,723                              |
| <b>Total Program Services</b>         | <b>\$525,908</b>  | <b>\$240,718</b>         | <b>\$234,073</b> | <b>\$268,805</b> | <b>\$103,092</b> | <b>\$1,372,596</b>     | <b>\$1,894,116</b>                 |

The accompanying notes are an integral part of these financial statements.

# Regional Access Project Foundation

Year Ended June 30, 2015

## Statement of Functional Expenses - Support Services

|                                       | Management<br>& General | Fund<br>Raising | Total<br>Support<br>Services | 2014<br>For Comparative<br>Purposes Only |
|---------------------------------------|-------------------------|-----------------|------------------------------|--|
| <b>Salaries</b>                       | <b>\$126,112</b>        | -               | <b>\$126,112</b>             | <b>\$95,331</b>                          |
| <b>Direct Service Costs</b>           |                         |                 |                              |  |
| Advertising and Marketing             | 656                     | -               | 656                          | -  |
| Allocated Indirect Costs              | (10,434)                | -               | (10,434)                     | (460)                                    |
| Bank and Investment Fees              | 33,745                  | -               | 33,745                       | -  |
| Communications                        | 8,272                   | -               | 8,272                        | 1,705                                    |
| Computer Services                     | 13,053                  | -               | 13,053                       | 17,454                                   |
| Depreciation Expense                  | 10,911                  | -               | 10,911                       | 4,804                                    |
| Dues and Subscriptions                | -                       | -               | -                            | 3,872                                    |
| Employee Benefits                     | 39,487                  | -               | 39,487                       | 4,284                                    |
| Equipment Expenditures                | -                       | -               | -                            | 1,885                                    |
| Equipment Lease and Maintenance       | 1,777                   | -               | 1,777                        | 789                                      |
| Event Expenses                        | 2,000                   | -               | 2,000                        | -  |
| Insurance                             | 11,938                  | -               | 11,938                       | 2,474                                    |
| Office Expenses                       | 18,246                  | -               | 18,246                       | 6,153                                    |
| Other Program Expenses                | 1,262                   | -               | 1,262                        | -  |
| Payroll Taxes                         | 12,515                  | -               | 12,515                       | 7,842                                    |
| Postage and Printing                  | 240                     | -               | 240                          | 1,815                                    |
| Professional Services                 | 35,541                  | -               | 35,541                       | 64,494                                   |
| Rent                                  | 15,495                  | -               | 15,495                       | 10,361                                   |
| Retirement Plan Expense               | 1,990                   | -               | 1,990                        | 2,616                                    |
| TAP Assistance to Other Organizations | 2,498                   | -               | 2,498                        | -  |
| Training, Conferences and Meetings    | 4,962                   | -               | 4,962                        | 6,285                                    |
| Travel and Mileage                    | 1,899                   | -               | 1,899                        | 1,698                                    |
| Workers' Compensation Insurance       | 3,005                   | -               | 3,005                        | 1,640                                    |
| <b>Total Support Services</b>         | <b>\$335,170</b>        | -               | <b>\$335,170</b>             | <b>\$235,042</b>                         |

# Regional Access Project Foundation

Year Ended June 30, 2015

Notes To Financial Statements

## NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Organization and Nature of Activities*

Regional Access Project Foundation (the Organization) 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 Organization'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 Organization is both publicly and privately funded. The Organization'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 83% and 59% of the Organizations support for the years ended June 30, 2015 and 2014, respectively, came from the tax increment funds received under this agency agreement. The Organization also receives grants from other exempt organizations, governmental agencies and foundations, as well as private contributions from individuals. During the prior year, the Organization also received significant grant funding from The California Endowment ("TCE").

### *Support and Revenue*

Grants and contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Grants and other contributions of cash and other assets are reported 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 purpose 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 restrictions. Contributions of donated noncash assets are recorded at their fair value 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.

The annual tax increment funding from the County of Riverside is accrued each quarter based upon calculations provided by the County. Payments are received semi-annually.

### *Grants, Contracts and Accounts Receivable*

Grants, contracts and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and contracts and individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable.

### *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

### *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are 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 passage of time or by use) in the reporting period in which the income and gains are recognized.

# Regional Access Project Foundation

Year Ended June 30, 2015

Notes To Financial Statements

## NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Beneficial Interest in Assets Held by Community Foundations*

The Organization has placed a portion of its unrestricted investment funds with two community foundations, Desert Community Foundation and The Community Foundation. The Organization has specified itself as the beneficiary of these assets and accordingly, the funds transferred to the community foundations have been reported as an asset, *Beneficial Interest in Assets Held by Community Foundations*.

### *Agency Funds*

From time to time, the Organization 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 a liability in the Organization's Statement of Financial Position.

### *Property and Equipment*

The Organization's property and equipment are stated at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives, which range from three to seven years.

### *Income Taxes*

The Organization is a California nonprofit corporation, which operates as a public charity and is exempt from Federal and State Corporate income taxes under Section 501 (c) (3) of the Internal Revenue Code and similar state statutes. Therefore, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. U.S. Generally Accepted Accounting Principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has reviewed the significant tax positions taken by the Organization in its federal and state information returns, and believes that all of the tax positions taken by the Organization are more likely than not to be sustained upon examination. The Organization's tax and information returns are subject to examination by federal and state taxing authorities, generally for three and four years respectively, after they are filed. Tax years 2011 through 2014 are subject to examination by the Internal Revenue Service. Tax years 2010 through 2014 are subject to examination by California state taxing authorities.

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

### *Net Assets*

*Unrestricted Net Assets:* This is the portion of net assets over which the governing board has discretionary control for general operations of the Organization. The only limits on unrestricted net assets are limits resulting from contractual agreements.

*Temporarily Restricted Net Assets:* This is the portion of net assets resulting from contributions, pledges and other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that expire by passage of time or accomplishment of purpose. When the purpose/time restrictions are accomplished, the temporarily restricted net assets are reclassified to unrestricted net assets.

*Permanently Restricted Net Assets:* These net assets are permanently restricted by donors and are generally in the form of endowments. The Organization has no permanently restricted net assets.

# Regional Access Project Foundation

Year Ended June 30, 2015

Notes To Financial Statements

## NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Contributed Services and Materials*

The Organization records donated services and materials when an objective basis is available to measure the value of those donations, and when the services or materials would be purchased if they were not donated. Contributions of donated noncash assets are recorded at their fair value 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.

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its program services and fundraising campaigns. No amounts for such donated services have been recognized in the accompanying financial statements since no objective basis is available to measure the value of such services.

### *Fair Value Measurements*

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level. The three levels are based on “observable” inputs and “unobservable” inputs:

Level 1 – Valuations based on quoted prices in active markets for identical assets

Level 2 – Valuations based on quoted prices in active or inactive markets for the same or similar assets

Level 3 – Valuations based on estimates using the best information available when there is little or no market and involve management judgment

The Organization is required to measure the following types of assets and the related revenues at fair value: investments, grants and accounts receivable and non-cash contributions. The specific techniques used to measure the fair value for these elements is described in the following notes that relate to each element.

### *Nature of Prior Period Information*

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2014, from which the summarized information was derived. Certain prior-year balances have been reclassified in order for them to conform to current year reporting categories.

### *Program Services and Functional Allocation of Expenses*

The Organization provides the following program services:

#### *Grant Allocations to Other Exempt Entities*

The Organization 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.

# Regional Access Project Foundation

Year Ended June 30, 2015

Notes To Financial Statements

## NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Program Services and Functional Allocation of Expenses-* Continued

#### *Technical Assistance Program (“TAP”)*

While cash grants are a major part of the Organization’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 organizations or grants. The Technical Assistance Program is funded by monies received annually from the County of Riverside. Other grants to the Organization come from other sources including The California Endowment.

#### *Building Healthy Communities (“BHC”)*

The Building Healthy Communities program is sponsored by The California Endowment and focuses on impacts to economically disadvantaged areas. This program works towards building a better quality of life for residents of those economically disadvantaged communities. The Organization’s BHC Program is one of fourteen sites throughout the State of California. This program focuses on building a better quality of life for residents of the communities of Coachella, Thermal, Mecca, North Shore and certain other unincorporated areas in eastern Riverside County. The California Endowment granted funds to the Organization for the activities of the BHC program. Funds for this program service were also provided by The California Endowment’s BHC partners. The BHC program was transferred to another fiscal agent in October 2014, under the Organization’s separate agreement with The California Endowment.

#### *Desert Connect Program (“DC”)*

The Organization’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. DC 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 Connections Program is funded by monies received annually from the County of Riverside. Other funding sources for this program include separate program-specific grants from The California Endowment and Riverside County.

#### *Other Grants and Programs*

Other grants and programs are funded through a variety of grants and contributions including AmeriCorps funding from The California Endowment and Kern County Superintendent of Schools, and special project grants from the County of Riverside.

The costs of providing the Organization’s various program and support services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services benefited.

# Regional Access Project Foundation

Year Ended June 30, 2015

Notes To Financial Statements

## NOTE 2 – INVESTMENTS IN MUTUAL FUNDS

The Organization’s investments at June 30, 2015 are as follows:

|              | <u>Cost<br/>Basis</u> | <u>Unrealized<br/>Gains (Losses)</u> | <u>Fair<br/>Value</u> |
|--------------|-----------------------|--------------------------------------|-----------------------|
| Mutual Funds | <u>\$1,079,644</u>    | <u>(\$12,919)</u>                    | <u>\$1,066,725</u>    |

Fair value of investments measured on a recurring basis is as follows:

|              | <u>Fair Value</u>  | <u>Level 1</u>     | <u>Fair Value<br/>Measurements<br/>Using</u> | <u>Level 2</u> | <u>Level 3</u> |
|--------------|--------------------|--------------------|--|----------------|----------------|
| Mutual Funds | <u>\$1,066,725</u> | <u>\$1,066,725</u> | =  |                | =              |

Change in investment balance from the prior year is as follows:

|                                      |                    |
|--------------------------------------|--------------------|
| Beginning of the Year - July 1, 2014 | \$1,069,069        |
| Investment Income                    | 55,154             |
| Investment Gains (Losses) – Realized | --                 |
| Market Values Changes - Unrealized   | (46,834)           |
| Investment Fees                      | <u>(10,664)</u>    |
| Balance - June 30, 2015              | <u>\$1,066,725</u> |

## NOTE 3 – BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS

In July 2013, the Organization transferred unrestricted funds totaling \$2,000,000 to two community foundations, Desert Community Foundation and The Community Foundation. These assets were transferred to the community foundations under reciprocal transactions. The Organization specified itself as the beneficiary and accordingly, the funds transferred to the community foundations have been reported as an asset, *Beneficial Interest in Assets Held by Community Foundations*. Under the Organization’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 Organization for use by the Organization in its charitable, tax-exempt purposes. Accordingly, the Organization 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 at the community foundations are reported as unrestricted Gains or Losses.

*Continued*

# Regional Access Project Foundation

Year Ended June 30, 2015

Notes To Financial Statements

## NOTE 3 – BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS (Continued)

Activity in the Organization’s funds held at community foundations was as follows:

|                                      | <u>Desert<br/>Community<br/>Foundation</u> | <u>The<br/>Community<br/>Foundation</u> | <u>Total</u>              |
|--------------------------------------|--|---|---------------------------|
| Original Investment - July 2013      | <u>\$1,000,000</u>                         | <u>\$1,000,000</u>                      | <u>\$2,000,000</u>        |
| Current Year Activity:               |  |   |                           |
| Beginning of the Year - July 1, 2014 | \$1,120,173                                | \$1,130,849                             | \$2,251,022               |
| Investment Income                    | 20,742                                     | 27,244                                  | 47,986                    |
| Investment Gains (Losses) - Realized | (5,079)                                    | 36,088                                  | 31,009                    |
| Market Values Changes - Unrealized   | (13,223)                                   | (54,499)                                | (67,722)                  |
| Investment Fees                      | <u>(10,115)</u>                            | <u>(13,190)</u>                         | <u>(23,305)</u>           |
| Fund Balance - June 30, 2015         | <u><b>\$1,112,498</b></u>                  | <u><b>\$1,126,492</b></u>               | <u><b>\$2,238,990</b></u> |

At June 30, 2015, the fair value of the Organization’s beneficial interest in community foundations is the same as the fund balances and is measured using Level 3 Inputs – Valuations based on estimates using the best information available.

## NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 are comprised of the following:

|                                |                         |
|--------------------------------|-------------------------|
| Office Equipment and Furniture | \$ 57,396               |
| Computer Equipment             | 58,389                  |
| Leasehold Improvements         | <u>1,000</u>            |
|                                | 116,785                 |
| Less Accumulated Depreciation  | <u>(94,720)</u>         |
| Net Property and Equipment     | <u><b>\$ 22,065</b></u> |

## NOTE 5 – GRANTS RECEIVABLE

Grants receivable at June 30, 2015 were comprised of the following: Riverside County Rethink Your Drink Grant - \$7,104. This amount was collected in full in July 2015.

At June 30, 2015, the fair value of the Organization’s outstanding grants receivable is the same as their carrying values.



# Regional Access Project Foundation

Year Ended June 30, 2015

Notes To Financial Statements

## NOTE 6 – COUNTY TAX INCREMENT FUNDING RECEIVABLE

As discussed in Note 1 previously, the Organization receives an annual funding of tax increment (sales tax) from the County of Riverside. The annual tax increment is computed by the County and the County remits the funds to the Organization on a semi-annual basis. At June 30, 2015, outstanding funding receivable from the County totaled \$785,384. This balance was collected in full in July 2015.

At June 30, 2015, the fair value of the Organization’s outstanding County tax increment funding receivable is the same as their carrying values.

## NOTE 7 - FUNDING FROM THE COUNTY OF RIVERSIDE

The Organization is party to an agreement with the County of Riverside entitled “County of Riverside Service Agreement” dated August 16, 1994 (“County Agreement”) pursuant to which the County agreed to distribute to the Organization 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” (the “Alternative Funding Provisions”).

The County Agreement provided for an initial one-year term, but renews automatically “each year on July 1, unless the County notifies the Organization of its intent to terminate pursuant to Section 5 of the Agreement” (allowing for termination upon 30 days written notice). Based upon the fact that no such termination notice has been received by the Organization, and the fact that the Agency Agreement can be terminated prospectively upon written notice, management is of the opinion that the Organization accrues the right to receive sums due under this Agreement as and when the County accrues the right to receive the applicable tax increment upon which payments to the Organization are based. Accordingly, as described in Note 6 above, the Organization has recorded a receivable of \$785,384 from the County at June 30, 2015.

## NOTE 8 - GRANT ALLOCATIONS TO OTHER EXEMPT ENTITIES

As described in Note 1, the Organization 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, 2015, the Organization provided the following grants:

|                              |                         |
|------------------------------|-------------------------|
| Juvenile Intervention Grants | \$133,116               |
| Health Grants                | \$337,222               |
| Other Grants                 | \$ 8,000                |
| Board Designated Grants      | <u>\$ 37,500</u>        |
| <b>Total</b>                 | <b><u>\$515,838</u></b> |

While a majority of the above grants were funded from the annual County incremental tax funding, during the current year, the Organization also received funding from The California Endowment and its BHC partners and from Riverside County, for the purpose of providing grants to other tax exempt entities.

*Continued*

# Regional Access Project Foundation

Year Ended June 30, 2015

Notes To Financial Statements

## NOTE 8 - GRANT ALLOCATIONS TO OTHER EXEMPT ENTITIES (Continued)

During the current year, the Organization implemented a new RFP (“Request for Proposal”) program for the Organization’s Mental Health Initiative. Several applications received during the current year under this new program were approved and funded in the subsequent year.

## NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are subject to donor or grantor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. Temporarily restricted net assets are available for the following purpose at June 30, 2015:

|                           |          |
|---------------------------|----------|
| Purpose Restricted Grants | \$82,528 |
|---------------------------|----------|

The above balance includes \$12,675 for Prevent Child Abuse Riverside County – Coachella Valley Council (“PCARC-CVC”). In June 2014, the Organization entered into a fiscal sponsorship agreement with PCARC-CVC under which the Organization was granted variance power and will receive donations that are to be disbursed based on specific direction from PCARC-CVC. These funds are expected to be disbursed in the next fiscal year.

## NOTE 10 - EMPLOYEE RETIREMENT BENEFIT PLAN

The Organization contributes on behalf of its employees to a 401-K retirement (profit-sharing) plan. All full-time employees who are at least 18 years of age are eligible to participate in the plan. Under this plan, the Organization contributes a dollar for dollar match of the participating employees’ elective deferral amounts each year, up to 5% of compensation for the plan year. Retirement expense for the year ended June 30, 2015 was \$11,706.

## NOTE 11 - ACCUMULATED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The value of accumulated vacation leave at June 30, 2015 is \$26,052 and has been included in Accrued Payroll Expenses in the Statement of Financial Position.

# Regional Access Project Foundation

Year Ended June 30, 2015

Notes To Financial Statements

## NOTE 12 - OPERATING LEASE COMMITMENTS

The Organization leases certain office equipment, storage space and facilities under operating leases on a month-to-month basis and long term leases with expiration dates through January 2017. Future minimum payments under operating lease arrangement for facilities and equipment are as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|----------------------------|---------------|
| 2016                       | \$53,121      |
| 2017                       | \$15,091      |

Facilities rent and storage expenses totaling \$67,701 were incurred for the year ended June 30, 2015. Equipment lease expense for the year ended June 30, 2015 was \$10,033.

## NOTE 13 - CONCENTRATION OF CREDIT RISK

The Organization holds its financial resources at various financial institutions. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Company also holds funds in accounts that are not insured or guaranteed by the FDIC. At certain times during the year and at June 30, 2015, the Company's cash funds maintained at its financial institutions exceeded federally insured limits. Management does not believe that these balances represent a significant credit risk.

In July 2013, the Organization invested funds totaling \$2,000,000 in two community foundations. The Organization's beneficial interest in assets held by these community foundations is not insured or guaranteed.

## NOTE 14 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 6, 2015, which is the date the financial statements were available to be issued.

As discussed in Note 8 previously, several grant applications received during the current year under the Organization's new Mental Health Initiative program were approved and funded subsequent to June 30, 2015.