

**DEL MAR SCHOOLS  
EDUCATION FOUNDATION  
FINANCIAL STATEMENTS  
JUNE 30, 2008**

**DEL MAR SCHOOLS EDUCATION FOUNDATION  
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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Del Mar Schools Education Foundation  
Del Mar, California**

We have audited the accompanying statement of financial position of Del Mar Schools Education Foundation, a non-profit organization, as of June 30, 2008 and the related combined statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Del Mar Schools Education Foundation's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Del Mar Schools Education Foundation as of June 30, 2008 and the changes in its net assets and its cash flows for the year then ended.

*Wilkinson Hadley King & Co. LLP*

El Cajon, California  
September 29, 2008

## **FINANCIAL STATEMENTS**

**DEL MAR SCHOOLS EDUCATION FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2008**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents \$ 176,772

**TOTAL ASSETS** **\$ 176,772**

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable \$ 1,978

**TOTAL LIABILITES** **1,978**

**NET ASSETS**

Unrestricted 127,773  
Temporarily restricted 47,021  
Permanently restricted -

**TOTAL NET ASSETS** **174,794**

**TOTAL LIABILITIES AND NET ASSETS** **\$ 176,772**

The notes to the financial statements are an integral part of this statement.

**DEL MAR SCHOOLS EDUCATION FOUNDATION  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>REVENUES AND SUPPORT</b>				
Annual Appeal	\$ -	\$ 574,967	\$ -	\$ 574,967
Fundraising income	124,904	-	-	124,904
Interest income	8,086	-	-	8,086
Donated supplies and services	1,437	-	-	1,437
Other donations	-	5,000	-	5,000
Miscellaneous income	2,514	-	-	2,514
Net assets released from restriction	<u>586,151</u>	<u>(586,151)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES AND SUPPORT</b>	<u>723,092</u>	<u>(4,224)</u>	<u>-</u>	<u>716,908</u>
<b>EXPENSES</b>				
Program Services:				
Restricted donations to DMUSD (Note C)	564,537	-	-	564,537
Unrestricted donations To DMUSD (Note C)	13,235	-	-	13,235
Tile wall	5,457	-	-	5,457
Children's Creative Workshop	9,085	-	-	9,085
Del Mar Heights	4,517	-	-	4,517
Ocean Air	788	-	-	788
Sage Canyon	290	-	-	290
Sycamore Ridge	2,773	-	-	2,773
Torrey Hills	1,739	-	-	1,739
Annual Appeal	<u>16,374</u>	<u>-</u>	<u>-</u>	<u>16,374</u>
Total Program Services	<u>618,795</u>	<u>-</u>	<u>-</u>	<u>618,795</u>
Supporting Services:				
Salaries	31,360	-	-	30,629
Payroll taxes	1,008	-	-	1,008
Fundraising expense	36,836	-	-	36,836
Insurance	1,267	-	-	1,267
Professional fees	15,283	-	-	15,283
Realized loss on donated stock	35	-	-	35
Software and website	2,700	-	-	2,700
Supplies	1,437	-	-	1,437
Outside services	13,685	-	-	13,685
Miscellaneous expenses	<u>1,566</u>	<u>-</u>	<u>-</u>	<u>1,566</u>
Total Supporting Services	<u>105,177</u>	<u>-</u>	<u>-</u>	<u>105,177</u>
<b>TOTAL EXPENSES</b>	<u>723,972</u>	<u>-</u>	<u>-</u>	<u>723,972</u>
<b>CHANGE IN NET ASSETS</b>	(2,840)	(4,224)	-	(7,064)
<b>NET ASSETS, JULY 1, 2007</b>	<u>130,613</u>	<u>51,245</u>	<u>-</u>	<u>181,858</u>
<b>NET ASSETS, JUNE 30, 2008</b>	<u>\$ 127,773</u>	<u>\$ 47,021</u>	<u>\$ -</u>	<u>\$ 174,794</u>

The notes to the financial statements are an integral part of this statement.

**DEL MAR SCHOOLS EDUCATION FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (7,064)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in accounts receivable	3,900
Decrease in accounts payable	<u>(3,022)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(6,186)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(6,186)
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2007</b>	<u>182,958</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2008</b>	<u>\$ 176,772</u>

The notes to the financial statements are an integral part of this statement.

**DEL MAR SCHOOLS EDUCATION FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

**Organization and Summary of Significant Accounting Policies:**

*Organization*

The Del Mar Schools Education Foundation (the Foundation) is a California non-profit organization. The Foundation was organized with the purpose of providing benefit to the education programs and services of the Del Mar Union School District (the District). The Foundation is authorized to operate as an independent organization of the Del Mar Union School District in accordance with the provisions of Article 6 of Chapter 6 of Part 45 of the Education Code.

*Basis of Accounting*

The Foundation utilizes the accrual basis of accounting whereby income is recorded when earned and expenses are recorded when incurred.

Funds restricted by outside sources are so indicated and are distinguished from unrestricted funds for specific purposes by action of the Board of Directors. Externally restricted funds may only be utilized in accordance with the purposes established by the sources of such funds and are in contrast with unrestricted funds over which the Board retains full control to use in achieving any of its purposes.

*Basis of Presentation*

The financial statements have been prepared to present the financial position and results of operation of the Foundation in accordance with Financial Accounting Standards Board Statement Nos. 116 and 117, AICPA Audit Guide *Financial Statements for the Not-for-Profit Organizations*.

The Foundation has adopted Statement of Financial Accounting Standard (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with this statement, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and nature of any donor restrictions. Also, the Foundation has adopted Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under the provisions of these statements, the Foundation is required to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

*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 financial statements and the reported amounts of revenues and expenses during the reporting period.

*Cash and Cash Equivalents*

For the purposes of the statement of financial position and the statement of cash flows, the Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**DEL MAR SCHOOLS EDUCATION FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2008**  
**(Continued)**

**A. Organization and Summary of Significant Accounting Policies (Continued):**

*Revenues and Support*

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor, source or purpose. All donor-restricted contributions are reported as an increase in permanently or temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities in net assets released from restrictions.

*Donated Services*

The Foundation records the value of donated services or materials when there is an objective basis available to measure their value. No amounts have been reflected in these financial statements as no objective basis was available to measure their value. Nevertheless, a substantial number of volunteers have donated their time and services to the Foundation.

*Income Taxes*

The Foundation is exempt from federal and state income taxes as a non-profit organization under Internal Revenue Code Section 501(c)(3) and therefore made no provision for federal or state income taxes. The Foundation has no excise tax or unrelated business income.

*Donated services and supplies*

The organization received a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

In addition, the Organization received donated supplies and service agreements from the Del Mar Union School District. Those donations have been recognized in the statement of activities.

**B. Cash and Cash Equivalents:**

Cash and cash equivalents at June 30, 2008 consist of:

Union Bank of California – Checking	\$ 54,553
Union Bank of California – Money Market	<u>122,219</u>
Total cash and cash equivalents	<u>\$ 176,772</u>

**DEL MAR SCHOOLS EDUCATION FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2008**  
**(Continued)**

**C. Donations to Del Mar Union School District**

The Foundation, having been organized to provide benefit to the educational programs and services of the District, donates monies each year to the District. Restricted donations to the District for the year ending June 30, 2008 consist of monies for enrichment teachers, the libraries, music programs, physical education programs, science programs, playground expenses and other specific district programs and expenses. Unrestricted donations are donations made to the district through the individual schools to be used by the schools for additional needs as discerned by the school principals.

**D. Restriction on Net Assets:**

Temporarily restricted net assets at June 30, 2008 are available for the following purposes:

Children's Creative Workshop	\$ 22,935
Ashley Falls	5,670
Carmel Del Mar	350
Del Mar Heights	11,789
Del Mar Hills	4,493
Ocean Air	612
Sage Canyon	1,046
Sycamore Ridge	177
Torrey Hills	<u>(51)</u>
Total	<u>\$ 47,021</u>

**SUPPLEMENTAL INFORMATION**

**DEL MAR SCHOOLS EDUCATION FOUNDATION  
BOARD OF DIRECTORS  
JUNE 30, 2008**

<u>Member</u>	<u>Office</u>
Bob Gans .....	President
D.J. Carney .....	Vice President
Jennifer McCroskey .....	Treasurer
Robyn London .....	Co-Secretary
Debbie Negulescu .....	Co-Secretary
Maria Olson .....	Ex-Officio - Executive Director
Tom Bishop .....	DMUSD Superintendent
Steven McDowell .....	Ex-Officio - DMUSD Board of Trustees
Allison Healy-Poe .....	Member
Denise Galluzi .....	Member
Susan Gilleon .....	Member
Marie LeRose .....	Member
Jay Lichter .....	Member
John Logan .....	Member
Vivian Lozano .....	Member
Rob Pecsar .....	Member
Jeb Spencer .....	Member
Lawrence Taylor .....	Member