

DEL MAR SCHOOLS EDUCATION FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2003

**DEL MAR SCHOOLS EDUCATION FOUNDATION
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**DEL MAR SCHOOLS EDUCATION FOUNDATION
BOARD OF DIRECTORS
JUNE 30, 2003**

Member

Marilee Pacelli

Chris Breault

Sue Husband

Candace Leeds-Sears

Jayne Chaffin

Jill Colburn

Kim Filanc

Myra Fleischer

Crane Harris

Gary Jacobs

Bret Johnsen

Janet Lamborghini

Debra McGinty-Poteet

Ginny Merrifield

Ellen Mitgang

Jonathan Schwartz

Molly Tello

Gerald Wheeler

Office

President

Vice President

Treasurer

Secretary

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

Member

WILKINSON & HADLEY LLP

CERTIFIED PUBLIC ACCOUNTANTS

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EL CAJON, CA 92020
TEL (619) 447-6700 • FAX (619) 447-6707

INDEPENDENT AUDITOR'S REPORT


**To the Board of Directors
Del Mar Schools Education Foundation:**

We have audited the accompanying statement of financial position-cash basis of Del Mar Schools Education Foundation, a non-profit organization, as of June 30, 2003 and the related combined statement of activities and changes in net assets and cash flows-cash basis for the year then ended. These financial statements are the responsibility of the 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 accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, these financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2003 and the changes in its net assets and its cash flows for the year then ended on the basis of accounting described in Note A.



El Cajon, California
February 27, 2004

**DEL MAR SCHOOLS EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2003**

ASSETS

CURRENT ASSETS

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | <u>\$ 369,532</u> |
|---------------------------|-------------------|

LIABILITIES AND NET ASSETS

LIABILITIES

\$ 0

NET ASSETS

| | |
|--------------|--------|
| Unrestricted | 67,494 |
|--------------|--------|

Temporarily restricted

| | | |
|-----------------|---------------|--|
| Ashley Falls | 50,938 | |
| Carmel Del Mar | 57,038 | |
| Del Mar Heights | 64,472 | |
| Del Mar Hills | 32,418 | |
| Sage Canyon | 54,788 | |
| Torrey Hills | <u>41,482</u> | |

| | |
|------------------------------|---------|
| Total Temporarily Restricted | 301,136 |
|------------------------------|---------|

| | |
|------------------------|------------|
| Permanently restricted | <u>902</u> |
|------------------------|------------|

TOTAL NET ASSETS

\$ 369,532

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, 2003**

| | <u>Permanently Restricted</u> | <u>Temporarily Restricted</u> | <u>Unrestricted</u> | <u>Total</u> |
|---------------------------------------|-----------------------------------|-----------------------------------|---------------------|------------------|
| REVENUES AND SUPPORT | | | | |
| Del Mar Hills Endowment Fund | \$ 450 | \$ - | \$ - | \$ 450 |
| Ashley Falls | - | 129,462 | - | 129,462 |
| Carmel Del Mar | - | 103,708 | - | 103,708 |
| Del Mar Heights | - | 81,371 | - | 81,371 |
| Del Mar Hills | - | 77,591 | - | 77,591 |
| Sage Canyon | - | 126,077 | - | 126,077 |
| Torrey Hills | - | 107,104 | - | 107,104 |
| Art and Soul | - | - | 164,632 | 164,632 |
| Annual Appeal Admin. Fee | - | - | 25,619 | 25,619 |
| Other Programs | - | - | 1,046 | 1,046 |
| Special Events | - | - | 3,870 | 3,870 |
| Net Assets Released From Restrictions | <u>-</u> | <u>(471,681)</u> | <u>471,681</u> | <u>-</u> |
| TOTAL REVENUES AND SUPPORT | <u>450</u> | <u>153,632</u> | <u>666,848</u> | <u>820,930</u> |
| EXPENSES | | | | |
| Program Services: | | | | |
| Ashley Falls | - | - | 99,800 | 99,800 |
| Carmel Del Mar | - | - | 73,000 | 73,000 |
| Del Mar Heights | - | - | 69,172 | 69,172 |
| Del Mar Hills | - | - | 54,000 | 54,000 |
| Sage Canyon | - | - | 99,587 | 99,587 |
| Torrey Hills | - | - | 76,122 | 76,122 |
| Art and Soul | - | - | 44,743 | 44,743 |
| Annual Appeal | - | - | 7,669 | 7,669 |
| Unrestricted Allocations | - | - | 75,000 | 75,000 |
| Salaries | - | - | 294 | 294 |
| Other | <u>-</u> | <u>-</u> | <u>5,274</u> | <u>5,274</u> |
| Total Program Services | <u>-</u> | <u>-</u> | <u>604,661</u> | <u>604,661</u> |
| Supporting Activities: | | | | |
| Insurance | - | - | 3,141 | 3,141 |
| Professional Fees | - | - | 10,213 | 10,213 |
| Office Expense | - | - | 7,359 | 7,359 |
| Other | <u>-</u> | <u>-</u> | <u>9,481</u> | <u>9,481</u> |
| Total Supporting Activities | <u>-</u> | <u>-</u> | <u>30,194</u> | <u>30,194</u> |
| TOTAL EXPENSES | <u>-</u> | <u>-</u> | <u>634,855</u> | <u>634,855</u> |
| Increase in Net Assets | 450 | 153,632 | 31,993 | 186,075 |
| NET ASSETS, July 1, 2002 | <u>452</u> | <u>147,504</u> | <u>35,501</u> | <u>183,457</u> |
| NET ASSETS, June 30, 2003 | <u>\$ 902</u> | <u>\$301,136</u> | <u>\$67,494</u> | <u>\$369,532</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, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|---|-------------------|
| Increase in net assets | . | <u>\$ 186,075</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | <u>186,075</u> |
| NET INCREASE IN CASH | | 186,075 |
| CASH AND CASH EQUIVALENTS, Beginning of Year | | <u>183,457</u> |
| CASH AND CASH EQUIVALENTS, End of Year | | <u>\$ 369,532</u> |

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

DEL MAR SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

A. 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 educational 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 cash basis of accounting whereby income is recorded when received and expenses are recorded when paid.

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 operations of the Foundation in accordance with Financial Accounting Standards Board Statement numbers 116 and 117, AICPA Audit Guide *Financial Statements for 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.

DEL MAR SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)

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

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.

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.

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 restriction is accomplished), permanently 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 or unrelated business income.

**DEL MAR SCHOOLS EDUCATION FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003
(Continued)**

B. Cash and Cash Equivalents:

Cash and cash equivalents at June 30, 2003 consist of:

| | |
|---|------------------|
| Union Bank of California - Checking | \$ 135,056 |
| Union Bank of California - Money Market | 234,276 |
| Petty Cash | <u>200</u> |
| Total | <u>\$369,532</u> |

C. Unrestricted Allocations:

In May 2003, the Board of Directors voted to allocate \$12,500 in unrestricted funds to each of the six schools in the District. A total of \$75,000 in unrestricted funds were transferred to temporarily restricted funds and are reflected in the temporarily restricted revenues of each school.

D. Restrictions on Net Assets:

Temporarily restricted net assets at June 30, 2003 are available for the following purposes:

| | |
|--------------------------|-------------------|
| Available future periods | <u>\$ 301,136</u> |
|--------------------------|-------------------|

Permanently restricted net assets at June 30, 2003 are available for the following purposes:

| | |
|-------------------------|---------------|
| Endowment-Del Mar Hills | <u>\$ 902</u> |
|-------------------------|---------------|