

**DEL MAR SCHOOLS  
EDUCATION FOUNDATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2005**

**DEL MAR SCHOOLS EDUCATION FOUNDATION  
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JUNE 30, 2005**

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying statement of financial position of Del Mar Schools Education Foundation, a non-profit organization, as of June 30, 2005 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 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 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, 2005 and the changes in its net assets and its cash flows for the year then ended.

*Wilkinson Hadley & Co., LLP*

El Cajon, California  
January 13, 2006

**FINANCIAL STATEMENTS**

**DEL MAR SCHOOLS EDUCATION FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2005**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ <u>428,494</u>
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<b>TOTAL ASSETS</b>	<b>\$ <u>428,494</u></b>
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**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable	\$ 208,111
Payroll advance	<u>20,000</u>

<b>TOTAL LIABILITIES</b>	<b>228,111</b>
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**NET ASSETS**

Unrestricted	7,130
Temporarily restricted:	
Children's Creative Workshop	54,645
Ashley Falls	34,769
Carmel Del Mar	6,395
Del Mar Heights	58,467
Del Mar Hills	18,966
Sage Canyon	10,160
Torrey Hills	<u>5,899</u>
Total temporarily restricted	189,301
Permanently restricted	<u>3,952</u>

<b>TOTAL NET ASSETS</b>	<b><u>200,383</u></b>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>428,494</u></b>
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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, 2005**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>REVENUES AND SUPPORT</b>				
Del Mar Hills Endowment Fund	\$ -	\$ -	\$ 1,500	\$ 1,500
Donations	-	47,059	-	47,059
PE income	-	110,909	-	110,909
Annual Appeal	-	484,914	-	484,914
Fundraising administrative fee	53,359	-	-	53,359
Hot lunch profits	-	221,258	-	221,258
Children's Creative Workshop	-	5,617	-	5,617
Art and Soul	96,310	-	-	96,310
Corporate campaign	53,518	-	-	53,518
Golf fundraiser	26,420	-	-	26,420
Powerwalk fundraiser	92,641	-	-	92,641
Interest income	3,535	-	-	3,535
DMUSD contribution	21,757	-	-	21,757
Miscellaneous income	10,618	-	-	10,618
Net assets released from restriction	986,635	(986,635)	-	-
<b>TOTAL REVENUES AND SUPPORT</b>	<u>1,344,793</u>	<u>(116,878)</u>	<u>1,500</u>	<u>1,229,415</u>
<b>EXPENSES</b>				
Program Services:				
Donation to DMUSD	63,409	-	-	63,409
Ashley Falls	151,622	-	-	151,622
Carmel Del Mar	126,084	-	-	126,084
Del Mar Heights	188,951	-	-	188,951
Del Mar Hills	189,658	-	-	189,658
Sage Canyon	160,266	-	-	160,266
Torrey Hills	162,923	-	-	162,923
Annual Appeal	8,535	-	-	8,535
Art and Soul	53,718	-	-	53,718
Total Program Services	<u>1,105,166</u>	<u>-</u>	<u>-</u>	<u>1,105,166</u>
Supporting Services:				
Salaries	142,659	-	-	142,659
Payroll taxes	6,658	-	-	6,658
Golf fundraiser	25,424	-	-	25,424
Powerwalk fundraiser	28,724	-	-	28,724
Professional fees	9,525	-	-	9,525
Bank fees	8,825	-	-	8,825
Printing expense	3,507	-	-	3,507
Insurance	3,570	-	-	3,570
Event coordinator	3,911	-	-	3,911
Realized investment loss	1,476	-	-	1,476
Miscellaneous expenses	11,238	-	-	11,238
Total Supporting Services	<u>245,517</u>	<u>-</u>	<u>-</u>	<u>245,517</u>
<b>TOTAL EXPENSES</b>	<u>1,350,683</u>	<u>-</u>	<u>-</u>	<u>1,350,683</u>
<b>CHANGE IN NET ASSETS</b>	(5,890)	(116,878)	1,500	(121,268)
<b>NET ASSETS, JULY 1, 2004</b>	<u>13,020</u>	<u>306,179</u>	<u>2,452</u>	<u>321,651</u>
<b>NET ASSETS, JUNE 30, 2005</b>	<u>\$ 7,130</u>	<u>\$ 189,301</u>	<u>\$ 3,952</u>	<u>\$ 200,383</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, 2005**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	\$ (121,268)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts payable	208,111
Increase in payroll deposit	<u>20,000</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>106,843</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	106,843
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2004</b>	<u>321,651</u>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2005</b>	<u>\$ 428,494</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, 2005**

**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 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.

**DEL MAR SCHOOLS EDUCATION FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

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

*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 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.

**B. Cash and Cash Equivalents**

Cash and cash equivalents at June 30, 2005 consists of:

Union Bank of California – Checking	\$ 181,558
Union Bank of California – Money market	<u>246,936</u>
Total cash and cash equivalents	<u>\$ 428,494</u>

**C. Payroll Advance**

The Foundation shares an employee with the Del Mar Union Elementary School District, as this employee spends approximately 50% of her time working for the district and 50% of her time working for the Foundation; therefore, the district has agreed to pay for one half of her salary. The district provided the Foundation with a \$20,000 advance as of June 30, 2005 which intended to pay for 50% of this employees' salary for the 2005-06 fiscal year.

**DEL MAR SCHOOLS EDUCATION FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2005**

**D. Payroll Advance**

The Foundation shares an employee with the Del Mar Union Elementary School District, as this employee spends approximately 50% of her time working for the district and 50% of her time working for the Foundation; therefore, the district has agreed to pay for one half of her salary. The district provided the Foundation with a \$20,000 advance as of June 30, 2005 which intended to pay for 50% of this employees' salary for the 2005-06 fiscal year.

**E. Restriction on Net Assets**

Temporarily restricted net assets at June 30, 2005 are available for the following purposes:

Children's Creative Workshop	\$ 54,645
Ashley Falls	34,769
Carmel Del Mar	6,395
Del Mar Heights	58,467
Del Mar Hills	18,966
Sage Canyon	10,160
Torrey Hills	<u>5,899</u>
Total	<u>\$ 189,301</u>

Permanently restricted net assets at June 30, 2005 are available for the following purposes:

General Restricted	<u>\$ 3,952</u>
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**SUPPLEMENTAL INFORMATION**

**DEL MAR SCHOOLS EDUCATION FOUNDATION  
BOARD OF DIRECTORS  
JUNE 30, 2005**

<b>Member</b>	<b>Office</b>
Debra McGinty-Poteet.....	Co-President
Chris Breault.....	Co-President
Cathy Swindelhurst.....	Vice President
Tim Malott.....	Treasurer
Marilee Pacelli.....	Secretary
Maria Olson.....	Executive Director
Kris Kissner.....	Administrative Assistant
Tom Bishop.....	DMUSD Superintendent
Barbara Myers.....	DMUSD Board of Trustees
Peggy Yamamoto.....	DMUSD Board of Trustees
Beth Joyce.....	Member
Jayne Chaffin.....	Member
Jill Colburn.....	Member
Karen Gilbert.....	Member
Crane Harris.....	Member
Amelia Morris.....	Member
Martha Murphy.....	Member
Lawerence Taylor.....	Member
Candace Leeds-Sears.....	Member
Janette White Shelton.....	Member
Sandra Wolfson.....	Member