

REGIONAL PARKS FOUNDATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2010**

**MAZE &
ASSOCIATES**

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INTRODUCTORY SECTION

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REGIONAL PARKS FOUNDATION
Financial Statements
For the Year Ended December 31, 2010

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REGIONAL PARKS FOUNDATION

**BOARD OF DIRECTORS AND
MANAGEMENT PERSONNEL**

DECEMBER 31, 2010

BOARD OF DIRECTORS

William Acevedo
Chris Barrere
Bob Brown
Christina Clark
Raquel Donoso
Jane Fruin
Jay Gilson, CPA
Jeanne Kennedy
June Nye-Nebel
Stephen Leshner
Madelyn Mallory
Christopher R. O'Brien
James W. Potts III
Mitch Randall
Paul Records
George Sloan
Douglas F. Sterne
Rand H. Swenson
William Yarborough

MANAGEMENT

Rosemary Cameron-Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors,
Regional Parks Foundation

We have audited the statement of financial position of the Regional Parks Foundation (a nonprofit organization) as of December 31, 2010 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Regional Parks Foundation's financial statements and, in our report dated February 24, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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.

In our opinion, the financial statements referred to above present fairly in all material respects the financial position of the Regional Parks Foundation as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



February 24, 2011

REGIONAL PARKS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
WITH SUMMARIZED TOTALS AT DECEMBER 31, 2009

	2010	2009
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 2B)	\$233,986	\$321,211
Investments (Note 3)	2,142,035	1,925,818
Contributions receivable (Note 4)	18,285	10,226
Prepaid expenses	57,397	36,956
Total Current Assets	2,451,703	2,294,211
Property and equipment, net of accumulated depreciation of \$39,516 and \$36,868 respectively (Note 5)	7,096	4,094
Total Assets	\$2,458,799	\$2,298,305
LIABILITIES		
Current Liabilities:		
Accounts payable	\$26,539	\$6,945
Accrued liabilities	41,465	20,175
Deferred revenue		98,450
Total Current Liabilities	68,004	125,570
NET ASSETS		
Unrestricted (Note 6C)	542,424	617,844
Board Designated (Note 6D)	268,271	
Temporarily restricted (Note 6A)	1,422,700	1,449,891
Permanently restricted (Note 6B)	157,400	105,000
Total Net Assets	2,390,795	2,172,735
Total Liabilities and Net Assets	\$2,458,799	\$2,298,305

See accompanying notes to financial statements

REGIONAL PARKS FOUNDATION
STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2010	2009
REVENUES					
Private gifts, grants and benefits	\$225,108	\$596,483	\$1,550	\$823,141	\$770,648
Contributed services and property (Note 7)	583,327	85,000		668,327	665,740
Membership fees	531,176			531,176	519,896
Investment income, net (Note 3)	221,367	16,222		237,589	386,124
Net assets released from restrictions:					
Satisfaction of usage requirements	674,046	(674,046)			
Total Revenues	2,235,024	23,659	1,550	2,260,233	2,342,408
EXPENSES					
Program services	1,611,280			1,611,280	1,696,847
Supporting services:					
General and administrative	180,623			180,623	155,213
Fundraising and development	250,270			250,270	38,716
Total Expenses	2,042,173			2,042,173	1,890,776
TRANSFERS					
Transfer		(50,850)	50,850		
Total Transfers		(50,850)	50,850		
Change in Net Assets	192,851	(27,191)	52,400	218,060	451,632
Net Assets at Beginning of Year	617,844	1,449,891	105,000	2,172,735	1,721,103
Net Assets at End of Year	<u>\$810,695</u>	<u>\$1,422,700</u>	<u>\$157,400</u>	<u>\$2,390,795</u>	<u>\$2,172,735</u>

See accompanying notes to financial statements

REGIONAL PARKS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$218,060	\$451,632
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	2,648	4,506
Unrealized (gains) on investments	(114,546)	(389,051)
Changes in operating assets and liabilities:		
Contributions receivable	(8,059)	(3,307)
Prepaid expenses	(20,441)	(26,278)
Accounts payable	19,594	(59,305)
Accrued liabilities	21,290	(7,145)
Deferred revenue	(98,450)	90,090
Net Cash Provided by Operating Activities	20,096	61,142
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(5,650)	
Purchases of investments	(632,440)	(489,624)
Proceeds from sale of investments	530,769	561,929
Net Cash (Used) Provided by Investing Activities	(107,321)	72,305
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(87,225)	133,447
Cash and cash equivalents, beginning of year	321,211	187,764
Cash and cash equivalents, end of year	\$233,986	\$321,211

See accompanying notes to financial statements

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 - ORGANIZATION

Regional Parks Foundation (the Foundation) is a California nonprofit corporation, established in 1969 for the purpose of acquiring, developing, and making available property, services, and funds to the East Bay Regional Park District (the District). Sources of revenue and support include direct public support, interest income, and contributed services and property.

The Foundation does not have any of its own employees. The District contributes the services of its employees to the Foundation (see Note 8). In addition, buildings and the majority of equipment, furniture and fixtures utilized by the Foundation are owned by the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Financial Statement Presentation*

The Foundation presents its financial statements under Statement of Financial Accounting Standards (SFAS) No. 117, "*Financial Statements of Not-for-Profit Organizations*." Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. SFAS No. 117 also requires presentation of a statement of cash flows.

B. *Cash and Cash Equivalents*

The Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents were \$233,986 and \$321,211 at December 31, 2010 and 2009, respectively.

C. *Investments*

The Foundation accounts for investments under SFAS No. 124, "*Accounting for Certain Investments Held by Not-for-Profit Organizations*." Under SFAS No. 124, investments are reported at their fair values in the statement of financial position. Fair values are provided by quoted market prices. Investment income, gains and losses are included as increases or decreases in unrestricted, temporarily restricted, or permanently restricted net assets in the statement of activities.

D. *Property and Equipment*

Property and equipment are recorded at cost, unless they are donated. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated assets for a specific purpose. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method for financial statement purposes. Expenses for maintenance and repairs are charged to expenses as incurred. Replacements and capital improvements of assets are capitalized. The Foundation has assigned a useful life of five years to all fixed assets.

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Contributions

The Foundation accounts for contributions under SFAS No. 116, "*Accounting for Contributions Received and Contributions Made*," whereby contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. Restrictions that are met in the year received are recorded as unrestricted.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

F. Designated Support

All unrestricted financial support received by the Foundation is considered to be designated by the Board of Directors to support programs which benefit the East Bay Regional Park District.

G. Income Taxes

The Foundation has been granted exemption from federal and State corporate income taxes under Internal Revenue Service Code Section 501(c)(3), and California Revenue and Taxation Code Section 23701(e), and therefore has no provision for federal or State income taxes. In addition, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the fiscal year ended December 31, 2010.

As required by the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification, the Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. The Foundation does not believe its financial statements include any uncertain tax positions.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 3 - INVESTMENTS

Substantially all of the Foundation's investments are in the custody of and managed by six different investment management firms with coordination and oversight provided by UBS. The following tables summarized the Foundation's investments at December 31, 2010 and 2009:

	Fair Value	
	2010	2009
Bonds	\$951,834	\$1,056,687
Securities	660,001	376,446
Mutual fund	437,936	395,797
UBS money market	92,264	96,888
Totals	<u>\$2,142,035</u>	<u>\$1,925,818</u>

Investment return for the years ended December 31, 2010 and 2009 consisted of the following:

	2010	2009
Dividends and interest income	\$70,390	\$76,913
Realized gain (loss) on investments	52,653	(79,840)
Unrealized gain on investments	114,546	389,051
Total	<u>\$237,589</u>	<u>\$386,124</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2010 and 2009 of \$18,285 and \$10,226 respectively, are due within one year or less. Management has deemed all contributions receivable to be fully collectible, therefore, no allowance for uncollectible receivables was deemed necessary as of December 31, 2010 or 2009.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2010	2009
Computer equipment	\$46,612	\$40,962
Accumulated depreciation	(39,516)	(36,868)
Property and Equipment, net	<u>\$7,096</u>	<u>\$4,094</u>

Depreciation expense was \$2,648 and \$4,506 at December 31, 2010 and 2009, respectively.

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 6 - NET ASSETS

A. Temporarily Restricted

Temporarily restricted net assets represent contributions whose use by Regional Parks Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by action of Regional Parks Foundation pursuant to those stipulations. At December 31, 2010 and 2009, temporarily restricted net assets of \$1,422,700 and \$1,449,891, respectively, were available for use subject to donor-imposed restrictions, generally for the support of the District and its programs.

B. Permanently Restricted

A permanently restricted contribution of \$40,000 was received in 2000. Interest income earned on these assets is restricted for use in the Campership program.

Investment income is reported as an increase in unrestricted, temporarily restricted, or permanently restricted net assets, depending on donor stipulations, if any, on the use of the income.

Additional permanently restricted contributions of \$61,000 were received in 2008. These contributions are associated with the purposes of the Regional Park Foundation Endowment Fund.

At December 31, 2010 the balances of these funds are as follows:

	<u>2009</u>	<u>Additions</u>	<u>2010</u>
Campership Program	\$40,000		\$40,000
Regional Park Foundation Endowment	65,000	\$1,500	66,500
Botanic Garden Endowment		50,900	50,900
	<u> </u>	<u> </u>	<u> </u>
Permanently Restricted Assets	<u>\$105,000</u>	<u>\$52,400</u>	<u>\$157,400</u>

C. Unrestricted

Unrestricted net assets are not subject to donor-imposed stipulations.

D. Regional Park Foundation Endowment Fund

In 2008 the Foundation established the Regional Park Foundation Endowment Fund. The purpose of the Fund is to support projects to further the charitable and educational purposes of the East Bay Regional Parks District. The intent of the Fund is to provide a permanent source of income for the stated purposes on a long-term basis. Only a portion of the earnings of the Fund will be spent with the excess being added to the principal balance. In 2008 the Foundation made an initial contribution in the form of a Quasi Endowment by designating \$250,000 from the Foundation's Unrestricted /Fund Balance to the Fund. The \$250,000 designation is included in the Unrestricted Fund net assets.

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 7 - ENDOWMENTS

In 2009, the FASB issued ASC 958-205-45, Classification of Donor Restricted Endowment Funds Subject to UPMIFA, which provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). UPMIFA was enacted in California on September 30, 2009 with an effective date of January 1, 2009. The net asset classification provisions of FASB ASC 958-205-45 were adopted by the Foundation in 2009.

The Foundation has investment policies that attempt to provide a predictable stream of funding to programs supported by operations as well as endowment donations. Endowment assets include those assets of donor-restricted funds that the Foundation may hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Assets are invested in a manner that is intended to produce results that exceed the respective benchmark while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints.

The endowment net asset composition by type of fund as of December 31, 2010, consists of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		\$13,810	\$157,400	\$171,210
Board-designated endowment funds	<u>\$268,272</u>			<u>268,272</u>
Total fund	<u>\$268,272</u>	<u>\$13,810</u>	<u>\$157,400</u>	<u>\$439,482</u>

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 7 - ENDOWMENTS (Continued)

The changes in endowment net assets for the year ended December 31, 2010, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$238,684	\$406	\$105,000	\$344,090
Investment Return:				
Investment income	6,577	2,698		9,275
Realized Gain/Loss	7,063	2,137		9,200
Unrealized Gain/Loss	15,947	9,400		25,347
Net appreciation	23,010	11,537		34,547
Contributions			1,550	1,550
Transfer of funds to adjust prior year			50,850	50,850
Appropriation of endowment assets for expenditure		(831)		(831)
Endowment net assets, end of year	<u>\$268,271</u>	<u>\$13,810</u>	<u>\$157,400</u>	<u>\$439,481</u>

The endowment net asset composition by type of fund as of December 31, 2009, consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	(\$583)	\$406	\$105,000	\$104,823
Board-designated endowment funds	239,267			239,267
Total fund	<u>\$238,684</u>	<u>\$406</u>	<u>\$105,000</u>	<u>\$344,090</u>

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 7 - ENDOWMENTS (Continued)

The changes in endowment net assets for the year ended December 31, 2009, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$178,022		\$101,000	\$279,022
Investment Return:				
Investment income	9,496	\$406		9,902
Realized Gain/Loss	(13,212)			(13,212)
Unrealized Gain/Loss	64,378			64,378
Net appreciation	51,166			51,166
Contributions				
Transfer of funds to adjust prior year			4,000	4,000
Appropriation of endowment assets for expenditure				
Endowment net assets, end of year	<u>\$238,684</u>	<u>\$406</u>	<u>\$105,000</u>	<u>\$344,090</u>

NOTE 8 - CONTRIBUTED SERVICES, SUPPLIES AND PROPERTY

Contributed services, supplies, and property are recorded at estimated fair value at the date of the donation. Fair value is determined by appraisals or estimates made by the Foundation. During 2010 and 2009, the Foundation received contributed services, supplies, and property with an estimated fair value of \$668,327 and \$665,740, respectively.

Of this amount, the District contributed staffing and other services valued at \$531,456 and \$639,890 for the years ended December 31, 2010 and 2009, respectively. These amounts are reflected as both revenue and expense in the statement of activities.

The District contributed property and supplies to the Foundation with an estimated fair value of \$136,871 and \$25,850 for the years ended December 31, 2010 and 2009, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2010 and 2009, respectively, the Foundation made distributions of \$675,301 and \$760,768 to the East Bay Regional Park District to support the programs, services, and projects at the respective parks.

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 10 - CONCENTRATIONS

A. *Contributors*

In 2010 and 2009, the East Bay Regional Park District contributed services that accounted for 30% and 28% respectively, of the Foundation's total support and revenue.

B. *Membership Fees*

In 2010 and 2009, respectively, park membership fees accounted for 24% and 22% of the Foundation's total support and revenue.

NOTE 11 - SUBSEQUENT EVENTS

Regional Parks Foundation evaluated subsequent events for recognition and disclosure through March 31, 2011, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2010 that require recognition or disclosure in such financial statements.

REGIONAL PARKS FOUNDATION
SCHEDULE OF FUNCTIONAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Services	General & Administrative	Fundraising & Development	Totals	
				2010	2009
FUNCTIONAL EXPENSES					
Fundraising			\$170,965	\$170,965	\$25,083
Professional services		\$3,613	8,845	12,458	24,008
Advocacy		2,500		2,500	500
Scholarships	\$267,652			267,652	196,262
Distribution to EBRPD	675,301			675,301	760,768
In kind property distributions	136,871			136,871	25,850
In kind labor distributions	531,456			531,456	639,890
Bank charges		18,492		18,492	14,594
Investment expense		19,513		19,513	17,308
Computer expense		26,934		26,934	18,469
Contract services		59,746		59,746	54,968
Depreciation		2,648		2,648	4,506
Fines and penalties		366		366	24
Insurance		1,975		1,975	3,125
Legal and accounting		21,692		21,692	14,269
Public relations/Promotion		8,682		8,682	2,795
Dues and subscriptions		2,302		2,302	3,405
Miscellaneous		4,269		4,269	2,708
Office supplies		976		976	354
Postage and courier fees		2,165		2,165	3,328
Membership program			70,460	70,460	74,077
Taxes		925		925	2,268
Conferences and meetings		1,694		1,694	985
Travel and entertainment		2,131		2,131	1,232
Total Functional Expenses	\$1,611,280	\$180,623	\$250,270	\$2,042,173	\$1,890,776

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