

REGIONAL PARKS FOUNDATION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2016**

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INTRODUCTORY SECTION

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REGIONAL PARKS FOUNDATION
Financial Statements
For the Year Ended December 31, 2016

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REGIONAL PARKS FOUNDATION

**BOARD OF DIRECTORS AND
MANAGEMENT PERSONNEL**

DECEMBER 31, 2016

BOARD OF DIRECTORS

William Yarborough
Chip Conradi
John Dilsaver
Robert Jacques
Lisa Baldinger
Jess Brown
Christina Clark
Patricia Deutsche
Nathan Falk
Les Hausrath
Audree Jones-Taylor
Peter Liu
Jenny Mack
Thomas Meier
Helane Morrison
Brian Sharpes
George Sloan

MANAGEMENT

Carol Johnson, Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Regional Parks Foundation
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Regional Parks Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation'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 Foundation'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 the Regional Parks Foundation as of December 31, 2016, 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 the Regional Parks Foundation's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 26, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2017, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
April 5, 2017

REGIONAL PARKS FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
WITH COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 2B)	\$599,306	\$729,529
Investments (Note 3)	3,459,942	2,778,065
Contributions receivable (Note 4)	608	145
Prepaid expenses	<u>105,871</u>	<u>80,969</u>
Total Current Assets	<u>4,165,727</u>	<u>3,588,708</u>
Property and equipment, net of accumulated depreciation of \$60,885 and \$58,987, respectively (Note 5)	<u>2,630</u>	<u>3,789</u>
Total Assets	<u><u>\$4,168,357</u></u>	<u><u>\$3,592,497</u></u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$87,401	\$100,078
Accrued liabilities	<u>21,616</u>	<u>35,690</u>
Total Current Liabilities	<u>109,017</u>	<u>135,768</u>
NET ASSETS (NOTE 2A)		
Unrestricted (Note 6A)	607,562	422,623
Board Designated (Note 6B)	<u>359,508</u>	<u>361,725</u>
Total Unrestricted	<u>967,070</u>	<u>784,348</u>
Temporarily restricted (Note 6C)	2,765,741	2,346,102
Permanently restricted (Note 6D)	<u>326,529</u>	<u>326,279</u>
Total Net Assets	<u>4,059,340</u>	<u>3,456,729</u>
Total Liabilities and Net Assets	<u><u>\$4,168,357</u></u>	<u><u>\$3,592,497</u></u>

See accompanying notes to financial statements

REGIONAL PARKS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2016</u>	<u>2015</u>
REVENUES					
Private gifts, grants and benefits	\$352,491	\$1,040,917	\$250	\$1,393,658	\$982,980
Contributed services and property (Note 8)	4,388,873			4,388,873	740,721
Membership fees	737,384	29,105		766,489	729,622
Investment income, net (Note 3)	178,718	27,720		206,438	19,500
Net assets released from restrictions:					
Satisfaction of usage requirements	<u>678,103</u>	<u>(678,103)</u>			
Total Revenues	<u>6,335,569</u>	<u>419,639</u>	<u>250</u>	<u>6,755,458</u>	<u>2,472,823</u>
EXPENSES					
Program services	5,643,296			5,643,296	1,841,777
Supporting services:					
General and administrative	288,736			288,736	217,962
Fundraising and development	<u>220,815</u>			<u>220,815</u>	<u>151,490</u>
Total Expenses	<u>6,152,847</u>			<u>6,152,847</u>	<u>2,211,229</u>
Change in Net Assets	<u>182,722</u>	<u>419,639</u>	<u>250</u>	<u>602,611</u>	<u>261,594</u>
Net Assets at Beginning of Year	<u>784,348</u>	<u>2,346,102</u>	<u>326,279</u>	<u>3,456,729</u>	<u>3,195,135</u>
Net Assets at End of Year	<u>\$967,070</u>	<u>\$2,765,741</u>	<u>\$326,529</u>	<u>\$4,059,340</u>	<u>\$3,456,729</u>

See accompanying notes to financial statements

REGIONAL PARKS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	General & Administrative	Fundraising & Development	Totals	
				2016	2015
FUNCTIONAL EXPENSES					
In kind property distributions (Note 8)	\$3,750,000			\$3,750,000	
Support for EBRPD (Note 9)	939,991			939,991	\$829,494
In kind labor distributions (Note 8)	638,873			638,873	740,721
Scholarships	314,432			314,432	271,562
Membership program			\$145,130	145,130	110,029
Marketing, collateral & graphic design		\$59,559		59,559	61,406
Computer expense		39,652		39,652	38,604
Contract services		48,105		48,105	32,167
Bank charges		28,832		28,832	27,162
Investment expense		22,535		22,535	21,682
Grant writing & database consulting			49,516	49,516	19,061
Conferences and meetings		22,145		22,145	7,603
Legal and accounting		22,026		22,026	13,760
Professional services			26,169	26,169	22,400
Postage and courier fees		4,408		4,408	5,094
Dues and subscriptions		3,764		3,764	2,380
Depreciation (Note 5)		1,898		1,898	2,056
Travel and entertainment		7,500		7,500	1,345
Taxes		1,234		1,234	1,293
D & O Insurance		1,400		1,400	1,400
Office supplies		13,203		13,203	2,010
Public relations/Promotion		12,475		12,475	
Total Functional Expenses	\$5,643,296	\$288,736	\$220,815	\$6,152,847	\$2,211,229

See accompanying notes to financial statements

REGIONAL PARKS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$602,611	\$261,594
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	1,898	2,056
Unrealized loss (gains) on investments	(3,738)	148,212
Changes in operating assets and liabilities:		
Contributions receivable	(463)	12,405
Prepaid expenses	(24,902)	(42,046)
Accounts payable	(12,677)	(1,696)
Accrued liabilities	(14,074)	1,024
Net Cash Provided (Used) by Operating Activities	<u>548,655</u>	<u>381,549</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(739)	
Purchase of investments	(2,898,969)	(1,392,836)
Proceeds from sale of investments	<u>2,220,830</u>	<u>1,248,764</u>
Net Cash (Used) by Investing Activities	<u>(678,878)</u>	<u>(144,072)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(130,223)	237,477
Cash and cash equivalents, beginning of year	<u>729,529</u>	<u>492,052</u>
Cash and cash equivalents, end of year	<u><u>\$599,306</u></u>	<u><u>\$729,529</u></u>
SUPPLEMENTAL DISCLOSURES:		
Non-Cash Activities		
Contribution of property	<u><u>\$3,750,000</u></u>	<u><u></u></u>

No taxes or interest were paid by the Foundation during 2016 or 2015.

See accompanying notes to financial statements

REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 1 - ORGANIZATION

The Regional Parks Foundation (the Foundation) was established in 1969 to support the East Bay Regional Park District (the District). The Regional Parks Foundation supports the East Bay Regional Park District through fundraising to provide universal access, environmental stewardship, educational and recreational programs and the acquisition of parklands. At the Regional Parks Foundation we believe connections with nature are critical for leading a healthy, balanced life. Every day, we provide resources to ensure underserved populations have equal access to nature through the East Bay Regional Park District's parks, trails, programs and services. When we do, lives are changed, and we inspire the next generation of environmental stewards to value and protect open space and the environment. Sources of revenue and support include direct public support, interest income, and contributed services and property.

The Foundation is not a direct employer. The District contributes the services of its employees to the Foundation (see Note 8). In addition, the District owns the majority of furniture, fixtures and equipment, as well as buildings used by the Foundation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC), No. 958, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The financial statements are presented on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Under the provisions of ASC No. 958, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation, and changes therein, are classified and reported as follows:

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

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that are to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned or related investments for general or specific purposes.

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 \$599,306 and \$729,529 at December 31, 2016 and 2015, respectively.

REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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C. *Investments*

The Foundation accounts for investments under FASB 958 (formerly, SFAS No. 124, "*Accounting for Certain Investments Held by Not-for-Profit Organizations.*") Under FASB ASC 958, 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. The Foundation capitalizes property and equipment with an original cost in excess of \$500. 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.

E. *Contributions*

The Foundation accounts for contributions under FASB ASC 958 (formerly, 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.

REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
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G. Income Taxes

The Foundation is exempt from income tax under Section 501(c)(3) of The U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Foundation paid no taxes on unrelated business income in the years ended December 31, 2016 or 2015.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that the Foundation does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Foundation's tax returns will not be challenged by the taxing authorities and that the Foundation will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, the Foundation's tax returns remain open for federal income tax examination for three years from the date of filing.

H. Use of 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.

I. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. The three levels are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management's judgment about the assumptions that market participants would use in pricing the asset or liability.

J. Comparative Data

The financial statement information for the year ended December 31, 2015, presented for comparative purposes, is not intended to be a complete financial statement presentation. For a complete presentation, please refer to the financial statements for that fiscal year.

REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 3 - INVESTMENTS

The Foundation's investment policy allows management to invest in the following investment types:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	% of Portfolio	Maximum Investment In One Issuer
Short Term Pool				
Equities	N/A	N/A	0-20%	10%
Fixed Income	N/A	N/A	0%	N/A
Alternative Investment	N/A	N/A	0%	N/A
Cash & Equivalents	N/A	N/A	80-100%	N/A
Medium Term Pool				
Equities	N/A	N/A	0-35%	10%
Fixed Income	N/A	N/A	0-100%	10%
Alternative Investment	N/A	N/A	0%	N/A
Cash & Equivalents	N/A	N/A	0-100%	N/A
Long Term Pool				
Equities	N/A	N/A	35-75%	10%
Fixed Income	N/A	N/A	25-50%	10%
Alternative Investment	N/A	N/A	0-20%	10%
Cash & Equivalents	N/A	N/A	0-10%	N/A

Substantially all of the Foundation's investments are in the custody of and managed by eight different investment management firms with coordination and oversight provided by UBS Financial Services, Inc. The following table summarizes the Foundation's investments at December 31:

	Fair Value (Level 1)	
	2016	2015
Stocks/Bonds	\$853,661	\$862,742
Equities	1,889,754	1,263,158
Mutual funds	459,448	346,000
UBS money market	257,079	306,165
Totals	<u>\$3,459,942</u>	<u>\$2,778,065</u>

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

NOTE 3 – INVESTMENTS (Continued)

Investment return consisted of the following for the years ended December 31:

	2016	2015
Dividends and interest income	\$76,700	\$67,833
Realized gain on investments	126,000	99,879
Unrealized gain (loss) on investments	3,738	(148,212)
Total	<u>\$206,438</u>	<u>\$19,500</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2016 and 2015 of \$608 and \$145, 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, 2016 or 2015.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2016	2015
Computer equipment	\$63,515	\$62,776
Accumulated depreciation	(60,885)	(58,987)
Property and Equipment, net	<u>\$2,630</u>	<u>\$3,789</u>

Depreciation expense was \$1,898 and \$2,056 at December 31, 2016 and 2015, respectively.

NOTE 6 - NET ASSETS

A. *Unrestricted*

Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets at December 31, 2016 and 2015, amounted to \$607,562 and \$422,623, respectively.

B. *Board Designated Regional Park Foundation Endowment*

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 Board Designated Endowment Fund at December 31, 2016 and 2015, amounted to \$359,508 and \$361,725, respectively.

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

NOTE 6 - NET ASSETS (Continued)

C. 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, 2016 and 2015, temporarily restricted net assets of \$2,765,741 and \$2,346,102, respectively, were available for use subject to donor-imposed restrictions, generally for the support of the District and its programs.

D. Permanently Restricted

Permanently restricted net assets represent contributions whose use by the Regional Park Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

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.

Campership Program - 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.

Regional Park Foundation Endowment - Permanently restricted contributions of \$66,750 have been received as of December 31, 2016. These contributions are associated with the purposes of the Regional Park Foundation Endowment Fund.

Botanic Garden Endowment – Permanently restricted contributions of \$219,779 have been received as of December 31, 2016. Interest income earned on these assets is restricted for the specific charitable and educational programs related to the East Bay Regional Park District's Botanic Garden.

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

	<u>2015</u>	<u>Additions</u>	<u>2016</u>
Campership Program	\$40,000		\$40,000
Regional Park Foundation Endowment	66,500	\$250	66,750
Botanic Garden Endowment	<u>219,779</u>		<u>219,779</u>
Permanently Restricted Assets	<u>\$326,279</u>	<u>\$250</u>	<u>\$326,529</u>

REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

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, 2016, consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		\$111,077	\$326,529	\$437,606
Board-designated endowment funds	<u>\$359,508</u>			<u>359,508</u>
Total fund	<u>\$359,508</u>	<u>\$111,077</u>	<u>\$326,529</u>	<u>\$797,114</u>

REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016

NOTE 7 – ENDOWMENTS (Continued)

The changes in endowment net assets for the year ended December 31, 2016, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$361,725	\$61,420	\$326,279	\$749,424
Investment Return:				
Investment income	8,868	9,635		18,503
Realized Gain	13,835	14,946		28,781
Unrealized Gain (Loss)	2,916	3,139		6,055
Net appreciation (depreciation)	<u>16,751</u>	<u>18,085</u>		<u>34,836</u>
Contributions			250	250
Transfer of funds to adjust prior year	(25,000)	25,000		
Release of assets for fees and taxes	<u>(2,836)</u>	<u>(3,063)</u>		<u>(5,899)</u>
Endowment net assets, end of year	<u>\$359,508</u>	<u>\$111,077</u>	<u>\$326,529</u>	<u>\$797,114</u>

The endowment net asset composition by type of fund as of December 31, 2015, consists of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds		\$61,420	\$326,279	\$387,699
Board-designated endowment funds	<u>\$361,725</u>			<u>361,725</u>
Total fund	<u>\$361,725</u>	<u>\$61,420</u>	<u>\$326,279</u>	<u>\$749,424</u>

**REGIONAL PARKS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

NOTE 7 – ENDOWMENTS (Continued)

The changes in endowment net assets for the year ended December 31, 2015, are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$362,252	\$61,929	\$326,179	\$750,360
Investment Return:				
Investment income	8,523	9,255		17,778
Realized Gain	12,720	13,729		26,449
Unrealized Gain (Loss)	<u>(18,875)</u>	<u>(20,369)</u>		<u>(39,244)</u>
Net appreciation (depreciation)	<u>(6,155)</u>	<u>(6,640)</u>		<u>(12,795)</u>
Contributions			100	100
Release of assets for fees and taxes	<u>(2,895)</u>	<u>(3,124)</u>		<u>(6,019)</u>
Endowment net assets, end of year	<u>\$361,725</u>	<u>\$61,420</u>	<u>\$326,279</u>	<u>\$749,424</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 2016 and 2015, the Foundation received contributed services, supplies, and property with an estimated fair value of \$4,388,873 and \$740,721, respectively.

Of this amount, the donors contributed staffing and other services valued at and \$638,873 and \$740,721 for the years ended December 31, 2016 and 2015, respectively. These amounts are reflected as both revenue and expense in the statement of activities.

The Foundation received a one-time donation of a 50-acre property located within the city limits of Antioch, California. The property had a market value of \$3,750,000 on the date of donation. Subsequently, the property was transferred to the East Bay Regional Park District.

NOTE 9 - RELATED PARTY TRANSACTIONS

For the years ended December 31, 2016 and 2015, respectively, the Foundation made distributions of \$939,991 and \$829,494 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
For the Year Ended December 31, 2016

NOTE 10 - CONCENTRATIONS

A. Contributors

In 2016 and 2015, respectively, the East Bay Regional Park District contributed services that accounted for 21% and 30%, of the Foundation's support and revenue, excluding the one-time contribution of property.

B. Membership Fees

In 2016 and 2015, respectively, park membership fees accounted for 26% and 30% of the Foundation's total support and revenue, excluding the one-time contribution of property.

NOTE 11 – SUBSEQUENT EVENTS

Regional Parks Foundation evaluated subsequent events for recognition and disclosure through April 5, 2017, the date which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2016 that requires recognition or disclosure in such financial statements.

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the
Regional Parks Foundation
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Regional Parks Foundation (Foundation), as of and for the year ended December 31, 2016, and have issued our report thereon dated April 5, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated April 5, 2017 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
April 5, 2017