# PLEASANTON PARTNERSHIPS IN EDUCATION

## AUDIT REPORT

**For the Year Ended**
**June 30, 2012**

christy white
A PROFESSIONAL
ACCOUNTANCY CORPORATION
associates

**PLEASANTON PARTNERSHIPS IN EDUCATION**
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## FINANCIAL SECTION

# FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors
Pleasanton Partnerships in Education
Pleasanton, California

We have audited the accompanying statement of financial position of Pleasanton Partnerships in Education (the "Organization"), as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Christy White Associates

San Diego, California
October 24, 2012

**PLEASANTON PARTNERSHIPS IN EDUCATION**
**STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2012**

| | | |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ | 113,154 |
| Investments | | 58,414 |
| Other current assets | | 2,675 |
| Total current assets | | 174,243 |
| **Total Assets** | $ | 174,243 |
| **NET ASSETS** | | |
| Net assets | | |
| Unrestricted | $ | 121,843 |
| Temporarily restricted | | 52,400 |
| **Total Net Assets** | $ | 174,243 |

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

**PLEASANTON PARTNERSHIPS IN EDUCATION**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2012**

| | Unrestricted | Temporarily Restricted | Total |
|---|---|---|---|
| **SUPPORT AND REVENUES** | | | |
| Contributions | $ 54,831 | $ 348,925 | $ 403,756 |
| Special events | 20,143 | - | 20,143 |
| Less direct benefit to donors | 66,238 | - | 66,238 |
| Net investment income | 921 | - | 921 |
| Donor Restrictions Satisfied | 349,626 | (349,626) | - |
| **Total Support and Revenues** | 491,759 | (701) | 491,058 |
| **EXPENSES** | | | |
| Program services | 421,212 | - | 421,212 |
| Management and general | 39,713 | - | 39,713 |
| **Total Expenses** | 460,925 | - | 460,925 |
| **CHANGE IN NET ASSETS** | 30,834 | (701) | 30,133 |
| **Net Assets - Beginning** | 91,009 | - | 91,009 |
| Prior period adjustment | - | 53,101 | 53,101 |
| **Net Assets - Beginning, restated** | 91,009 | 53,101 | 144,110 |
| **Net Assets - Ending** | $ 121,843 | $ 52,400 | $ 174,243 |

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

**PLEASANTON PARTNERSHIPS IN EDUCATION**
**STATEMENT OF FUNCTIONAL EXPENSES**
**FOR THE YEAR ENDED JUNE 30, 2012**

| | Program Services | Management and General | Total |
|---|---|---|---|
| **EXPENSES** | | | |
| Grants and assistance | $ 385,213 | $ - | $ 385,213 |
| Contracted personnel | 23,137 | 23,138 | 46,275 |
| Fees for service | - | 1,100 | 1,100 |
| Utilities | - | 2,434 | 2,434 |
| Event expenses | 12,862 | - | 12,862 |
| Miscellaneous | - | 13,041 | 13,041 |
| **Total Expenses** | $ 421,212 | $ 39,713 | $ 460,925 |

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

**PLEASANTON PARTNERSHIPS IN EDUCATION**
**STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED JUNE 30, 2012**

| | | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ | 30,133 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Reinvestment of interest | | (60) |
| (Increase) decrease in operating assets | | |
| Other current assets | | (2,675) |
| **Net cash provided by (used in) operating activities** | | 27,398 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | 27,398 |
| **Cash and cash equivalents - Beginning** | | 85,756 |
| **Cash and cash equivalents - Ending** | $ | 113,154 |

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

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Pleasanton Partnerships in Education (the "Organization"), was formed as a California nonprofit public benefit corporation in August 1998. The Organization's mission is to enhance learning experiences for students of the Pleasanton Unified School District through a partnership with businesses, schools, and the community.

The Organization's primary source of income is fundraising events and donations from members and businesses in the community.

### B. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

### C. Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenditures have been allocated between program and supporting services based on management's estimates.

### D. Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

### E. Financial Statement Presentation

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. Unrestricted net assets include all resources available for use by the Board of Directors and management's discretion in carrying out the activities of the Organization in accordance with its Bylaws. Temporarily or permanently restricted net assets are restricted by the donor or as matter of law. Temporarily restricted net assets are only expendable for the purposes specified by the donor or though the passage of time. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets. Permanently restricted net assets are generally required to be held by the organization in perpetuity while the earnings on those assets are available for use by the organization to support its activities. Donors can place restrictions on the earnings from permanently restricted contributions at the time the contributions are made or pledged.

### F. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions. A contribution is recognized as income at the date the contribution is received or pledged.

Non-cash contributions of goods and materials are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone who possesses those skills, and would have to be purchased by the organization if not donated.

### G. Income Taxes

The Organization is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private organization. The Organization is also exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code and is registered with the California Attorney General as a charity.

Income that is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Organization did not have any net unrelated business income for the year ended June 30, 2012. It is management's belief that the Organization does not hold any uncertain tax positions that would materially impact the financial statements. The Organization's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

**H. Property and Equipment**

The Organization has adopted a policy to capitalize purchases of $1,000 or more of property and equipment used for administrative purposes. Title to property and equipment acquired with grant and contract funds generally revert to the funding agency when it is no longer needed for the applicable program; therefore, it is not capitalized.

Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has placed a time or purpose restriction on the asset. Property and equipment are depreciated using the straight-line method.

**I. Deferred Revenue**

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the Organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met or when the Organization has a legal claim to the resources, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

**J. Cash and Cash Equivalents**

The Organization considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

**K. Investments**

The Organization's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Unrealized gains and losses are included in the accompanying statement of activities.

## NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

### L. Fair Value Hierarchy

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

## NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2012, consist of amounts held in non-interest bearing checking, interest bearing checking, money market, and brokerage accounts totaling $113,154.

### Cash in Banks – Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The Foundation does not have a policy for custodial credit risk for deposits. The FDIC insures 100% of non-interest bearing accounts and up to $250,000 per depositor of interest bearing accounts per insured bank. As of June 30, 2012, the Organization was not exposed to custodial credit risk as there were no deposits over $250,000 at any one insured bank.

## NOTE 3 – INVESTMENTS

The Organization classifies certificates of deposit with original maturities of ninety days or more as held-to-maturity investments, which are valued at cost plus accrued interest, not fair value. The carrying value of the certificates of deposit was $58,414 as of June 30, 2012.

## NOTE 4 – RELATED PARTIES

The Organization's stated purpose is to support Pleasanton Unified School District; therefore, transactions between the Organization and the District, and the involvement of District personnel and parents of students attending schools in the District, is expected. During the year ended June 30, 2012, the Organization contributed $385,213 to the District in support of its educational programs. In addition, the Organization collected $52,400 toward future programs, which is recorded as temporarily restricted net assets in these financial statements.

The Organization maintains two accounts at Fremont Bank. A member of the Board of Directors is an employee of the bank and is not otherwise involved in the Organization's banking relationship.

## NOTE 5 – PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2012, the Organization determined that $53,101 recorded as payable to the District as of June 30, 2011 was improperly recorded as a liability under generally accepted accounting principles. The accompanying financial statements include an adjustment to beginning net assets in the amount of $53,101 to reclassify that amount as temporarily restricted net assets. This change has the effect of increasing temporarily restricted net assets as of July 1, 2011.

## NOTE 6 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events for the period from June 30, 2012 through October 24, 2012, the date the financial statements were available to be issued. Management did not identify any transactions that require disclosure or that would have an impact on the financial statements.