

Laguna Beach Seniors, Inc.

Annual Financial Report

For the Years Ended December 31, 2009 & 2008

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Financial Section

Independent Auditor's Report

Board of Directors
Laguna Beach Seniors, Inc.
Laguna Beach, California

We have audited the accompanying statements of financial position of the Laguna Beach Seniors, Inc. (Organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended, which collectively comprise the Organization's financial statements. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Laguna Beach Seniors, Inc. as of December 31, 2009 and 2008, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

March 1, 2010
Cypress, California

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Basic Financial Statements

Laguna Beach Seniors, Inc.
Statements of Financial Position
As of December 31, 2009 and 2008

<i>Assets</i>	2009	2008
Current assets:		
Cash and cash equivalents	\$ 92,657	358,166
Certificate-of-deposits	455,308	296,365
Pledges receivable – current (note 2)	5,600	20,100
Prepaid expenses and other assets	623	631
Total current assets	554,188	675,262
Non-current assets:		
Pledges receivable (note 2)	16,800	22,400
Furniture and equipment, net (note 3)	126,884	43,743
Total non-current assets	143,684	66,143
Total assets	\$ 697,872	741,405
<i>Liabilities and Net Assets</i>		
Current liabilities:		
Accounts and other payables	\$ 10,377	6,306
Total current liabilities	10,377	6,306
Total liabilities	10,377	6,306
Net assets:		
Unrestricted:		
Available for operations	538,211	173,682
Net investment in furniture and equipment	126,884	43,743
Total unrestricted	665,095	217,425
Temporarily restricted	22,400	517,674
Total net assets	687,495	735,099
Total liabilities and net assets	\$ 697,872	741,405

See accompanying notes to the basic financial statements

Laguna Beach Seniors, Inc.
Statement of Activities
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2009 Total</u>
Support and other revenue:			
Contributions and grants	\$ 144,077	-	144,077
Fund-raising events	74,494	-	74,494
Special events	4,124	-	4,124
Program service revenue	7,359	-	7,359
Investment earnings	5,459	-	5,459
Other revenue	3,784	-	3,784
Total support and other revenue	<u>239,297</u>	<u>-</u>	<u>239,297</u>
Net assets released from restrictions	<u>495,274</u>	<u>(495,274)</u>	<u>-</u>
Total revenue	<u>734,571</u>	<u>(495,274)</u>	<u>239,297</u>
Program services:			
Program and special events	<u>222,278</u>	<u>-</u>	<u>222,278</u>
Total program expenses	<u>222,278</u>	<u>-</u>	<u>222,278</u>
Supporting services:			
Management and general	26,342	-	26,342
Fund-raising	<u>38,281</u>	<u>-</u>	<u>38,281</u>
Total supporting services	<u>64,623</u>	<u>-</u>	<u>64,623</u>
Total expenses	<u>286,901</u>	<u>-</u>	<u>286,901</u>
Change in net assets	447,670	(495,274)	(47,604)
Net assets, beginning of year	<u>217,425</u>	<u>517,674</u>	<u>735,099</u>
Net assets, end of year	<u>\$ 665,095</u>	<u>22,400</u>	<u>687,495</u>

See accompanying notes to the basic financial statements

Laguna Beach Seniors, Inc.
Statement of Activities
For the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>
Support and other revenue:			
Contributions and grants	\$ 83,682	293,993	377,675
Membership dues	-	-	-
Fund-raising events	74,873	-	74,873
Special events	3,689	-	3,689
Program service revenue	7,900	84	7,984
Investment earnings	2,956	20,571	23,527
Other revenue	1,500	-	1,500
Total support and other revenue	<u>174,600</u>	<u>314,648</u>	<u>489,248</u>
Net assets released from restrictions	<u>93,553</u>	<u>(93,553)</u>	<u>-</u>
Total revenue	<u>268,153</u>	<u>221,095</u>	<u>489,248</u>
Program services:			
Program and special events	<u>7,153</u>	<u>-</u>	<u>7,153</u>
Total program expenses	<u>7,153</u>	<u>-</u>	<u>7,153</u>
Supporting services:			
Management and general	172,752	-	172,752
Fund-raising	45,594	-	45,594
Total supporting services	<u>218,346</u>	<u>-</u>	<u>218,346</u>
Total expenses	<u>225,499</u>	<u>-</u>	<u>225,499</u>
Change in net assets	42,654	221,095	263,749
Net assets, beginning of year	<u>174,771</u>	<u>296,579</u>	<u>471,350</u>
Net assets, end of year	<u>\$ 217,425</u>	<u>517,674</u>	<u>735,099</u>

See accompanying notes to the basic financial statements

Laguna Beach Seniors, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Change in net assets	\$ (47,604)	263,749
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Deprecation	25,990	55
Changes in assets and liabilities:		
(Increase)Decrease in assets:		
Pledges receivable	20,100	97,548
Prepaid expenses and other assets	8	616
Increase(Decrease) in liabilities:		
Accounts and other payables	4,071	2,485
Due to City of Laguna Beach for Senior Center	-	(1,121,000)
Total adjustments	50,169	(1,020,296)
Net cash provided by (used in) operating activities	2,565	(756,547)
Cash flows from investing activities		
Proceeds from the sales and maturities of investments	-	10,199
Purchases of certificate-of-deposits	(158,943)	(296,365)
Purchases of furniture and equipment	(109,131)	(43,798)
Net cash used in investing activities	(268,074)	(329,964)
Net decrease in cash and cash equivalents	(265,509)	(1,086,511)
Cash and cash equivalents, beginning of year	358,166	1,444,677
Cash and cash equivalents, end of year	\$ 92,657	358,166

See accompanying notes to the basic financial statements

Laguna Beach Seniors, Inc.
Notes to the Basic Financial Statements, continued
December 31, 2009 and 2008

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The stated mission of the Laguna Beach Seniors, Inc. (Organization) is to "provide programs and services that promote independence, wellness, and community." These are provided independently and in collaboration with the City of Laguna Beach and other community nonprofits, and currently include: educational classes, fitness/wellness activities, social clubs, case management, outreach, benefits counseling, medical assessments, nutrition services, legal aid, and various other outreach services to the senior community of the City of Laguna Beach.

B. Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

C. Financial Reporting and Presentation

In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, contributions, including unconditioned promises to give, are recognized as revenue at their fair value in the period received. It also requires that the value of certain contributed services be recognized in the year received.

Under the provision of SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*, net assets, revenues, expenses gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

These are net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Organization.

Temporarily Restricted Net Assets

These are net assets that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions. However, donor-imposed stipulations on contributions whose stipulation are met in the same reporting period are recorded as unrestricted net assets.

Permanently Restricted Net Assets

These are net assets that the donor has stipulated that the original amount donated be maintained into perpetuity. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

D. Assets, Liabilities and Net Assets

1. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in Organization net assets during the reporting period. Actual results could differ from those estimates.

Laguna Beach Seniors, Inc.
Notes to the Basic Financial Statements, continued
December 31, 2009 and 2008

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities and Net Assets

2. Cash and Cash Equivalents

For the purpose of reporting cash flows, the Organization considers all highly liquid debt instruments, including money market funds, purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these financial instruments.

3. Prepaid Expenses and Other Assets

Certain payments to vendors reflects costs or deposits applicable to future accounting periods and are recorded as prepaid items

4. Furniture and Equipment

Furniture and equipment are recorded at cost if purchased or at fair market value at date of donation. Depreciation is provided using the straight-line method of depreciation over the estimated useful lives of the assets, ranging from three to Seven years. Furniture and equipment are capitalized if the cost or donated fair market value of an asset is greater than, or equal to \$500.

5. Revenue Recognition

Revenues from grants and fees for services are recognized in the period in which the related service occurs.

6. Functional Expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on an evaluation by management.

7. Income Taxes

As a publicly supported organization, the Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c) and the corresponding provisions of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in the financial statements.

(2) Pledges Receivable

Unconditional pledges to give as of December 31, were as follows:

	<u>2009</u>	<u>2008</u>
Pledges receivable	\$ 22,400	42,500
Less: Discount to net present value	-	-
Total	<u>22,400</u>	<u>42,500</u>
Pledges receivable – current	5,600	20,100
Pledges receivable – noncurrent	16,800	22,400
Total	<u>\$ 22,400</u>	<u>42,500</u>

All pledges are temporarily restricted until received. No discount was recorded for the non-current pledges receivable in fiscal years 2009 and 2008.

(3) Furniture and Equipment

At December 31, furniture and equipment consisted of the following:

At December 31, furniture and equipment included:

	<u>Balance 2008</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2009</u>
Depreciable assets:				
Furniture and equipment	\$ 43,798	109,131	-	152,929
Total depreciable assets	43,798	109,131	-	152,929
Accumulated depreciation	(55)	(25,990)	-	(26,045)
Total furniture and equipment, net	\$ 43,743	83,141	-	126,884

(4) Public Support

Volunteers from the community have donated significant amounts of their time in support of the Organization's programs. No amounts have been reflected in the financial statements for the contributed services since no objective basis is available to measure the value of such services.

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Supplementary Information

Laguna Beach Seniors, Inc.
Schedule of Functional Expenses
For the Year Ended December 31, 2009

	Program and Special Events	Total Program Services	Management and General	Fund Raising	Total
Salaries and benefits	\$ 105,521	105,521	8,339	-	113,860
Program and special events	62,099	62,099	767	37,316	100,182
Professional services	-	-	2,527	-	2,527
Printing and postage	6,270	6,270	349	965	7,584
Insurance	13,784	13,784	-	-	13,784
Computer assistance	8,613	8,613	-	-	8,613
Telephone and internet	-	-	2,294	-	2,294
Accounting and auditing	-	-	6,205	-	6,205
Office expenses	-	-	5,064	-	5,064
Depreciation	25,991	25,991	-	-	25,991
Bank and credit card fees	-	-	797	-	797
	<u>\$ 222,278</u>	<u>222,278</u>	<u>26,342</u>	<u>38,281</u>	<u>286,901</u>

Laguna Beach Seniors, Inc.
Schedule of Functional Expenses
For the Year Ended December 31, 2008

	<u>Program and Special Events</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and benefits	\$ -	-	117,777	-	117,777
Program and special events	4,137	4,137	1,000	45,096	50,233
Professional services	-	-	28,710	-	28,710
Printing and postage	2,789	2,789	-	499	3,288
Insurance	-	-	12,571	-	12,571
Telephone and internet	-	-	917	-	917
Accounting and auditing	-	-	10,485	-	10,485
Office expenses	172	172	365	-	537
Depreciation	55	55	-	-	55
Bank and credit card fees	-	-	927	-	927
	<u>\$ 7,153</u>	<u>7,153</u>	<u>172,752</u>	<u>45,594</u>	<u>225,499</u>