

**CORONADO SCHOOLS FOUNDATION  
FINANCIAL STATEMENTS  
JUNE 30, 2010**

## **CORONADO SCHOOLS FOUNDATION**

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**CONSIDINE CONSIDINE**  
CERTIFIED PUBLIC ACCOUNTANTS

To The Board of Directors  
Coronado Schools Foundation  
201 Sixth Street  
Coronado, CA 92118

**Accountant's Compilation Report**

We have compiled the accompanying statement of financial position - income tax basis of Coronado Schools Foundation, a nonprofit organization, as of June 30, 2010, and the related statements of activities, functional expenses and cash flows - income tax basis for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared on the income tax basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP).

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Foundation's assets, liabilities, equity, revenue, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

*Considine & Considine*

CONSIDINE & CONSIDINE  
An Accountancy Corporation

November 4, 2010

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**CORONADO SCHOOLS FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010**

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**ASSETS**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>CURRENT ASSETS</b>				
Cash	\$ 279,015	\$ -	\$ -	\$ 279,015
Accounts Receivable	41,518	-	-	41,518
Prepaid Expenses	6,599	-	-	6,599
	327,132	-	-	327,132
<b>PROPERTY &amp; EQUIPMENT (Note 3)</b>	2,960	-	-	2,960
<b>OTHER ASSETS</b>				
Endowment Fund (Note 4)	-	-	998,079	998,079
<b>TOTAL ASSETS</b>	330,092	-	998,079	1,328,171
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accrued Liabilities	478	-	-	478
Block Grants Due	262,303	-	-	262,303
Accrued Scholarships and Grants	18,385	-	-	18,385
Due Endowment Fund (Note 5)	28,885	-	-	28,885
<b>TOTAL LIABILITIES</b>	310,051	-	-	310,051
<b>NET ASSETS</b>	20,041	-	998,079	1,018,120
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 330,092	\$ -	\$ 998,079	\$ 1,328,171

See Accountant's Report and Accompanying Notes

**CORONADO SCHOOLS FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>REVENUES</b>				
Special Events & Activities Revenue	\$ -	\$ 400,318	\$ -	\$ 400,318
Special Events & Activities Cost	-	(145,029)	-	(145,029)
Net Special Events & Activities (Note 6)	-	255,289	-	255,289
Contributions	-	327,598	88,228	415,826
Interest and Dividend Income (Note 4)	2,607	-	26,750	29,357
Unrealized Gains (Note 4)	-	-	64,491	64,491
	2,607	582,887	179,469	764,963
Net Assets Released from Temporary Restrictions	585,387	(582,887)	(2,500)	-
	587,994	-	176,969	764,963
<b>EXPENSES</b>				
Program Services	468,244	-	-	468,244
Management & General	50,456	-	1,000	51,456
Fundraising	57,431	-	-	57,431
	576,131	-	1,000	577,131
<b>INCREASE IN NET ASSETS</b>	11,863	-	175,969	187,832
<b>NET ASSETS, BEGINNING OF YEAR</b>	8,178	-	822,110	830,288
<b>NET ASSETS, END OF YEAR</b>	\$ 20,041	\$ -	\$ 998,079	\$ 1,018,120

**CORONADO SCHOOLS FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010**

	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
<b>EXPENSES</b>				
Awards	\$ -	\$ -	\$ 126	\$ 126
Bank Service Charge	-	5,923	-	5,923
Block Grant Expense	249,142	-	-	249,142
Board Retreat	349	-	-	349
Community Involvement	-	-	870	870
CUSD Directories	9,565	-	-	9,565
Depreciation	-	796	-	796
Designated Donations	8,138	-	-	8,138
Dues and Subscriptions	245	245	-	490
Dinner Auction Fund An Item	12,400	-	-	12,400
Endowment Contribution	28,885	-	-	28,885
Endowment Management (In house)	-	1,000	-	1,000
Foundation Grant	44,250	-	-	44,250
Insurance	2,268	3,530	2,592	8,390
Investment Management - In Kind	5,805	-	-	5,805
Intern	250	-	250	500
Office	-	1,029	-	1,029
Operations	-	1,906	-	1,906
Payroll Taxes	3,321	2,372	3,795	9,488
Printing	5	5	38	48
Professional Services	-	1,900	-	1,900
Program Funding	2,500	-	-	2,500
PTO Support	21,078	-	-	21,078
Rent	8,400	2,400	1,200	12,000
Scholarships	28,972	-	-	28,972
Training and Seminars	181	-	-	181
Wages	42,490	30,350	48,560	121,400
<b>TOTAL EXPENSES</b>	<b>\$ 468,244</b>	<b>\$ 51,456</b>	<b>\$ 57,431</b>	<b>\$ 577,131</b>

**CORONADO SCHOOLS FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**CASH FLOWS PROVIDED BY OPERATING ACTIVITIES**

Increase in Net Assets	\$	187,832
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**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Depreciation		796
Interest and Dividend Income		(26,750)
Unrealized Gain on Assets Held in Endowment Fund		(61,991)
Loss on Disposal of Asset		126
Increase in Accounts Receivable		(19,346)
Increase in Prepaid Expenses		27
Decrease in Accrued Liabilities		(233)
Increase in Block Grants Due		53,025
Decrease in Accrued Scholarships and Grants		(17,953)
Decrease in Unearned Revenue		(750)
Increase in Due Endowment Fund		5,076
		(67,973)

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

119,859

**NET CASH USED BY INVESTING ACTIVITIES**

Purchase of Property and Equipment		(2,187)
Permanently Restricted Contributions and Expenses		(87,228)
		(89,415)

**NET INCREASE IN CASH**

30,444

**CASH, BEGINNING OF YEAR**

248,571

**CASH, END OF YEAR**

\$ 279,015

**CORONADO SCHOOLS FOUNDATION  
A NONPROFIT ORGANIZATION  
SELECTED INFORMATION - SUBSTANTIALLY ALL DISCLOSURES  
REQUIRED BY GAAP ARE NOT INCLUDED  
JUNE 30, 2010**

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**NOTE 1 THE FOUNDATION**

The Foundation was incorporated under the laws of the State of California in April, 1981 as a nonprofit community organization. The Foundation operates exclusively for educational and charitable purposes, in order to promote and help maintain quality education and the welfare of all the students within the boundaries of the Coronado Unified School District. The Foundation is supported primarily through individual donations and proceeds from special fundraising events.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** - The financial statements have been prepared using the income tax basis of accounting. The Foundation's income tax basis of accounting is the accrual method which records revenue when earned and expenses when incurred. Accordingly, the accompanying financial statements are not intended to be in conformity with generally accepted accounting principles.

**Cash** - The Foundation considers financial instruments with a fixed maturity date of less than three months to be cash equivalents.

**Property and Equipment** - Property and equipment are carried at cost. Depreciation is computed using the straight-line method of depreciation over the asset's estimated useful life of 5 years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

**Endowment Funds** - The Policy Manual of the Foundation prescribes that an Endowment Fund shall be maintained for the purpose of ensuring the Foundation's continuing financial viability. It is the goal of the Foundation that the Endowment Fund reach a balance of \$1,000,000. Prior to reaching that level, income and capital gains earned by the Endowment Fund shall be reinvested and considered part of the principal of the Endowment Fund. Also allocated to the Endowment Fund is 10% of the annual excess of revenues over operating expenses and designated or restricted contributions. Any excess monies are allocated to the Block Grant expense. Once the \$1,000,000 goal is met, income and capital gains earned will be allocated to the payment of program and operating expenses. The allocation consists of a minimum of 33% of annual income and capital gains being reinvested in the Endowment Fund. The remaining amount will be used for program and operating expenses to support the Foundation's charitable purpose.

**CORONADO SCHOOLS FOUNDATION**  
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**JUNE 30, 2010**

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

As of June 30, 2010, the Foundation held in trust four sub-endowment funds in addition to its General Endowment Fund. The sub-endowment funds are the SDL Endowment Fund, Burke Couture Endowment Fund, Robert J. Oliver (RJO) Scholarship Fund, and the Patricia Davies Scholarship fund. The details are summarized as follows:

SDL Endowment Fund - The Foundation received a donation of an art collection in a prior fiscal year. After being held for the minimum five years the art was sold and the net proceeds were deposited into the investment account used for donor contributions.

Burke Couture Endowment Fund - The Foundation received an endowment from a donor family for the purpose of granting an annual scholarship to an eligible student within the Coronado Unified School District who will attend either University of San Diego or University of California San Diego.

RJO Scholarship Fund - The Foundation received an endowment from a donor family for the purpose of granting an annual scholarship to an eligible student within the Coronado Unified School District who will be attending a college or university in the following school year.

Patricia Davies Scholarship Fund – Coronado High School received an estate gift to fund an annual scholarship for an eligible student within the senior class of the Coronado Unified School District. These funds were invested in the CSF endowment fund.

State law allows the governing board to appropriate so much of the net appreciation and investment earnings as is prudent considering long and short-term needs, present and anticipated financial requirements, expected total return on investment, price level trends, and general economic conditions.

Investments - The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the changes in net assets in the accompanying Statement of Activities. At June 30, 2010 the investments, held with an Independent Investment Manager, consisted of a mix of fixed income equity funds, corporate bonds and a money market fund. The approximate mix at year end was 58%, 40% and 2%, respectively.

**CORONADO SCHOOLS FOUNDATION**  
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**JUNE 30, 2010**

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Donor-Imposed Restrictions - All contributions are considered to be unrestricted unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted, increasing those net asset classes. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as temporarily restricted and then released from restriction in the same period.

Donated Services - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. The Foundation received \$17,805 in donated accounting and investment management services and office space rent for the year ended June 30, 2010.

Unrestricted net assets - The unrestricted net asset account is utilized to record donations, fund-raising, and other forms of unrestricted revenues and expenditures related to the general operations and fundraising efforts of the Foundation.

Restricted Assets - Restricted assets are donations received with donor imposed restrictions as to their use. These assets can be classified as either permanently restricted, those in which the principal cannot be liquidated, or temporarily restricted, those in which the principal may be liquidated for a specific purpose.

Income Taxes - The organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and under Section 23701(d) of the California Franchise Tax Code.

**NOTE 3 PROPERTY & EQUIPMENT**

Property and equipment consists of the following:

Office Equipment	\$ 5,755
Accumulated Depreciation	(2,795)
	<u>\$ 2,960</u>

See Accountant's Compilation Report

**CORONADO SCHOOLS FOUNDATION  
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JUNE 30, 2010**

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**NOTE 4 ENDOWMENT FUND**

Coronado Schools Foundation maintains an investment account for donor contributions of marketable securities. The marketable securities are valued at fair value and gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

The following schedule summarizes the investment return and its classification in the statement of activities:

	Permanently Restricted
Unrealized Gain on Marketable Securities	\$ 64,491
Interest and Dividend Income	26,750
	\$ 91,241

**NOTE 5 DUE ENDOWMENT FUND**

The Due Endowment Fund represents proceeds from the Foundation's annual contribution to the Endowment Fund of \$28,885.

**NOTE 6 SPECIAL EVENTS & ACTIVITIES**

Revenues and expenses from Special Events & Activities are directly related to fundraising and consist of the following:

Revenue:	
Telethon Donations	\$ 159,859
Dinner Auction Contributions	169,633
Dinner Auction Ticket Sales	70,826
	400,318
Expenses:	
Dinner Auction	86,735
Membership/Telethon	43,294
Functional Coordinator	15,000
	145,029
Special Events & Activities Income	\$ 255,289

See Accountant's Compilation Report