

CANYON CREST ACADEMY FOUNDATION, INC.
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

Independent Accountant's Audit Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 8

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors and Members
Canyon Crest Academy Foundation, Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Canyon Crest Academy Foundation, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities 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 the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canyon Crest Academy Foundation, Inc. as of June 30, 2018, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.


La Mesa, California
February 6, 2019

CANYON CREST ACADEMY FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS

Current Assets:

Cash & Cash Equivalents	\$ 814,323
Certificates of Deposit	600,000
Investments	237,343
Other Receivables	3,862
Prepaid Camp Expenses	11,706
Other Prepaid Expenses	19,565
Total Current Assets	1,686,799

Property & Equipment:

Furniture, Fixtures, & Equipment	4,143
Computer Software	1,320
Total Property & Equipment	5,463
Less Accumulated Depreciation	(5,463)
Net Property & Equipment	-

Other Assets

Organization Costs	500
Less Accumulated Amortization	(500)
Net Other Assets	-

Total Assets	\$ 1,686,799
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable and Accrued Expenses	\$ 282,839
Unearned and Deferred Revenue	400,277
Retirement Plan Payable	2,882
Security Deposit	10,000
Total Current Liabilities	695,998

Total Liabilities	695,998
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Net Assets

Unrestricted	662,653
Temporarily restricted	328,148
Total Net Assets	990,801

Total Liabilities and Net Assets	\$ 1,686,799
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See accompanying notes and independent auditor's report.

CANYON CREST ACADEMY FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributed Support	\$ 138,888	\$ 619,649	\$ 758,537
Special Events	118,436	101,157	219,593
Program Revenue	515,557	443,220	958,777
Interest	8,518	-	8,518
Gain (Loss) on Investments	(378)	-	(378)
Net assets released from restrictions & adjustments	<u>1,054,307</u>	<u>(1,054,307)</u>	<u>-</u>
 Total Support and Revenue	 <u>1,835,328</u>	 <u>109,719</u>	 <u>1,945,047</u>
 EXPENSES			
Academics	41,214	-	41,214
Athletics	405,654	-	405,654
Envision	197,304	-	197,304
Grad Night	65,832	-	65,832
Counseling, College Career Center	67,353	-	67,353
Technology	70,845	-	70,845
Special Events	33,373	-	33,373
General & Administrative	61,069	-	61,069
Salaries & Related Expenses	204,206	-	204,206
Other Program Expenses	<u>366,848</u>	<u>-</u>	<u>366,848</u>
 Total Expenses	 <u>1,513,698</u>	 <u>-</u>	 <u>1,513,698</u>
 Change in Net Assets	 321,630	 109,719	 431,349
 Net Assets			
Beginning of year	<u>341,023</u>	<u>218,429</u>	<u>559,452</u>
End of year	<u>\$ 662,653</u>	<u>\$ 328,148</u>	<u>\$ 990,801</u>

See accompanying notes and independent auditor's report.

CANYON CREST ACADEMY FOUNDATION, INC.
STATEMENT OF CASH FLOWS
JUNE 30, 2018

Cash Flows from Operating Activities

Change in Net Assets	\$ 431,349
Reconciliation to net cash provided by (used in) operating activities:	
(Increase) decrease in operating assets	
Investments	(109,312)
Other Receivables	(1,356)
Prepaid Camp Expenses	(7,231)
Other Prepaid Expenses	(19,565)
Increase (decrease) in operating liabilities	
Accounts Payable and Accrued Expenses	(8,177)
Unearned and Deferred Revenue	53,611
Section 125 Fund	(2,143)
Retirement Plan Payable	2,882
Net cash provided by (used in) operating activities	340,058

Increase (Decrease) in Cash and Cash Equivalents \$ 340,058

Cash and Cash Equivalents

Beginning of year	1,074,265
End of year	\$ 1,414,323

See accompanying notes and independent auditor's report.

CANYON CREST ACADEMY FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Special Events	91,793	-	33,373	125,166
Other Program Events	197,221	-	-	197,221
Salaries & Related Expenses	109,389	94,817	-	204,206
Academic	124,503	-	-	124,503
Counseling, College Career Center	29,962	-	-	29,962
Technology	70,845	-	-	70,845
Non-Employee Compensation	391,560	-	-	391,560
Equipment & Supplies	169,819	-	-	169,819
Tournaments & Travel	28,406	-	-	28,406
Officials & Trainers	9,550	-	-	9,550
Transportation	41,013	-	-	41,013
Management & General Expenses	33,454	87,993	-	121,447
Total Expenses	<u>\$1,297,515</u>	<u>\$ 182,810</u>	<u>\$ 33,373</u>	<u>\$ 1,513,698</u>

See accompanying notes and independent auditor's report.

CANYON CREST ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. NATURE OF ORGANIZATION

Canyon Crest Academy Foundation, Inc. (“the Organization”) was incorporated on March 10, 2004 under the general non-profit laws of the State of California. The mission of the Organization is to partner with students, parents, and staff to facilitate community involvement and provide financial support for the Canyon Crest Academy’s educational programs and priorities. Located in San Diego, California, the Organization solicits funds from businesses, parents, and the educational community for high school programs including academics, arts, athletics, and technology.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The Organization utilizes the accrual method of accounting for financial statement presentation, in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Revenue from donations, fundraisers, etc. are available for general use unless specifically restricted by the donor. Other than promises to give, revenues from donations are not recognized until received.

Donated Services

A number of businesses and unpaid volunteers have made significant contributions of time to the Organization’s fundraising and operations. Contributed services are recorded at fair value at the date of donation only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. During the year, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, restricted, and permanently restricted net assets.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restricted Support and Net Assets

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period, are reported as unrestricted support in the period.

CANYON CREST ACADEMY FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Property and Equipment

Office furniture, fixtures, and equipment have been recorded at cost if purchased or at fair market value at the time of donation. The Organization's policy is to capitalize acquisitions of property and equipment in excess of \$500. Depreciation is provided over the estimated useful lives of the respective depreciable assets on a straight-line basis.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents.

Income Tax Status

The Organization has qualified for tax-exempt status under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Organization has also been classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 170(c)(2). Income for certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. No provision for income taxes has been made in the accompanying financial statements since there is no unrelated business activity.

The Organization recognizes the financial statement benefit of tax positions, such as its income tax exempt filing status, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

Allocation of Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 3. CONCENTRATIONS OF CASH & CASH EQUIVALENTS

The Organization maintains cash in several accounts in financial institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year cash balances may exceed this amount. At June 30, 2018, the Organization had \$119,605 in excess of the FDIC amount.

NOTE 4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2018:

Stem	\$ 31,697
Grad Night	51,778
Athletics	133,716
Envision	<u>110,956</u>
Total	<u>\$328,147</u>

CANYON CREST ACADEMY FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

A summary of temporarily restricted net assets is as follows:

Balance – June 30, 2017	\$218,429
Current year net income	102,779
Current year adjustments	<u>(6,940)</u>
Balance – June 30, 2018	<u>\$328,148</u>

NOTE 5. FAIR VALUE MEASUREMENTS

Fair values are measured along the following criteria:

- Level 1 input: Quoted prices in active markets for identical assets
- Level 2 input: Significant observable inputs
- Level 3 input: Significant unobservable inputs

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents: The carrying amount approximates fair value because of the short maturities.
- Certificates of deposit: The fair value of certificates of deposit is determined based on quoted market prices.

Fair values of the Organization's financial instruments at June 30, 2018 are as follows, and all values are classified as Level 1 inputs:

	Carrying Amount	Fair Value
Financial Assets:		
Cash and Cash Equivalents	\$814,323	\$814,323
Certificates of Deposit	600,000	600,000
Investments	237,343	240,308

NOTE 6. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 6, 2019.