



Annual Financial Report  
June 30, 2019

## P.F. Bresee Foundation

(A California Nonprofit Public Benefit Corporation)

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

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**JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
P.F. Bresee Foundation  
Los Angeles, California

### Report on the Financial Statements

We have audited the accompanying financial statements of P.F. Bresee Foundation (the Foundation) (a California nonprofit public benefit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows, and functional expenses 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 *Governmental 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 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 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 Foundation as of June 30, 2019, 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.

## **Correction of Error**

The financial statements of the Foundation as of and for the year ended June 30, 2018, were audited by other auditors, whose report dated December 19, 2018, expressed an unmodified opinion on those statements. As discussed in Note 8 to the financial statements, certain errors resulting in incorrect classification of net asset restrictions previously reported as of June 30, 2018, were discovered by management of the Foundation during the current year. Accordingly, the 2018 financial statements have been restated to correct this error.

## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Additional Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenue by Division and Schedule of Expenses by Division are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020, on our consideration of P.F. Bresee Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely 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 the effectiveness of the Foundation's 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 P.F. Bresee Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
January 31, 2020

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

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	<u><b>June 30, 2019</b></u>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 839,707
Accounts receivable	582,111
Prepaid expenses	18,755
Total Current Assets	<u>1,440,573</u>
Noncurrent Assets	
Capital assets, net	1,882,630
Total Assets	<u><u>\$ 3,323,203</u></u>
 <b>LIABILITIES AND NET ASSETS</b>	
Current Liabilities	
Accounts payable	\$ 259,913
Notes payable, current portion	23,980
Total Current Liabilities	<u>283,893</u>
 Long-Term Liabilities	
Notes payable	204,333
Total Liabilities	<u>488,226</u>
 <b>NET ASSETS</b>	
Assets without donor restrictions	2,352,262
Assets with donor restrictions	482,715
Total Net Assets	<u>2,834,977</u>
Total Liabilities and Net Assets	<u><u>\$ 3,323,203</u></u>

See the accompanying notes to financial statements.

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>June 30, 2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES</b>			
Individual support	\$ 52,915	\$ 56,363	\$ 109,278
Contributions	467,600	810,617	1,278,217
Government grants	1,398,138	-	1,398,138
Special event - Dinner Gala	211,626	-	211,626
Other Income	33,081	-	33,081
Assets released from restrictions	666,456	(666,456)	-
Total Revenues	<u>2,829,816</u>	<u>200,524</u>	<u>3,030,340</u>
<b>EXPENSES</b>			
Administrative expenses	305,736	-	305,736
Programming expenses	2,396,380	-	2,396,380
Fundraising expenses	331,442	-	331,442
Total Expenses	<u>3,033,558</u>	<u>-</u>	<u>3,033,558</u>
<b>OTHER INCOME</b>			
Interest	<u>6,113</u>	<u>-</u>	<u>6,113</u>
<b>CHANGE IN NET ASSETS</b>	(197,629)	200,524	2,895
<b>NET ASSETS, BEGINNING OF YEAR, RESTATED</b>	<u>2,549,891</u>	<u>282,191</u>	<u>2,832,082</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,352,262</u>	<u>\$ 482,715</u>	<u>\$ 2,834,977</u>

See the accompanying notes to financial statements.

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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	<b><u>Year Ended June 30, 2019</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 2,895
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities	
Depreciation	117,971
Change in assets and liabilities	
Prepaid expenses	478
Accounts receivable	(130,299)
Accounts payable	<u>105,437</u>
Net Cash Flows From Operating Activities	<u>96,482</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	<u>(71,574)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal payment on payment on notes payable	<u>(23,055)</u>
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	 1,853
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>837,854</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 839,707</u></u>

See the accompanying notes to financial statements.



**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Year Ended June 30, 2019</b>				
	<u>Administrative</u>	<u>Programming</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 160,366	\$ 1,584,733	\$ 249,174	\$ 1,994,273
Professional fees	55,124	177,626	28,866	261,616
Interest expense	2,499	7,496	-	9,995
Insurance	2,342	21,083	-	23,425
Office supplies	12,697	16,014	1,154	29,865
Other supplies and emergency funds	3,729	134,168	4,376	142,273
Telephone and internet	2,396	15,475	-	17,871
Postage and printing	4,449	10,801	635	15,885
Equipment and maintenance	26	14,414	-	14,440
Transportation and meals	7,467	24,392	1,478	33,337
Staff development and trainings	22,188	8,449	354	30,991
Special event - Dinner Gala	-	-	45,405	45,405
Scholarship	-	85,873	-	85,873
Support services and activities	335	61,505	-	61,840
Facilities	14,658	133,840	-	148,498
Depreciation	17,460	100,511	-	117,971
Total Expenses	<u>\$ 305,736</u>	<u>\$ 2,396,380</u>	<u>\$ 331,442</u>	<u>\$ 3,033,558</u>

See the accompanying notes to financial statements.

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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***NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The significant accounting policies followed by P.F. Bresee Foundation (the Foundation) are described below to enhance the usefulness of the financial statements to the reader.

**Organization and Nature of Activities**

P.F. Bresee Foundation, (the Foundation) is a California nonprofit public benefit corporation chartered on November 29, 1982. The Foundation is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes and not for the private gain of any individual. The Foundation's mission is to battle poverty by empowering youth and families in Los Angeles with the skills, resources, and relationships necessary to thrive. The Foundation envisions a diverse community of Angelenos working together to break down barriers and lead fulfilling lives. The Foundation's work is focused on three key program areas: Youth Programs, Family Services, and Gang Reduction and Youth Development. The Youth Programs team provides comprehensive after- school programs that equip underserved youth to pursue academic excellence, achieve their full potential, and learn the value of service. Programs include Academics, Career-readiness, STEM, Arts, Athletics and Service. The Family Services team provides intensive wrap-around support for the families of the youth the Foundation serves and social and economic stability for the community at large. Programs include emergency food and rental assistance, parenting classes, academic case management, and referrals to a variety of social services. The Gang Reduction team prevents the most at-risk 10-15 year olds in the Rampart/Pico Union area from joining a gang through the Gang Reduction and Youth Development Model of Practice. Programs are tailored to the risk factors of individual students, including intensive case management, family therapy and high- quality youth development activities. All three programs connect young people and families with caring adults, serving the goal of equipping youth to overcome various community risk-factors. Administration handles accounting and personnel functions of the Foundation.

At June 30, 2019, the Board of Directors included:

<u>Name</u>	<u>Title</u>
Craig Beatty	President
Tim Martin	Vice President
Heidi Feng	Treasurer
Rob Longnecker	Secretary
Eddie Bader	Member at Large
Jennifer Brown	Member at Large
Lilianna Granda	Member at Large
Linda Kim	Member at Large
Michael Lee	Member at Large
Rich Orosco	Member at Large
Marco Orozco	Member at Large
Ramon Pack III	Member at Large
Maki Villacarillo	Member at Large

**P.F. BRESEE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**Financial Statement Presentation**

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. In addition, the Foundation is required to present a statement of cash flows. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

**Net Asset Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset types established according to their nature and purpose. Separate accounts are maintained for each net asset type; however, in the accompanying financial statements, net asset types that have similar characteristics have been combined into groups as follows:

*Net Assets Without Donor Restrictions* - Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions represents all resources over which the Board of Directors has discretionary control for use in operating the Foundation, as well as all property, plant, and equipment of the Foundation.

*Net Assets With Donor Restrictions* - Net assets that are contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Public Support and Revenue**

Contributions are measured at their fair value at the date of contribution and are reported as an increase in net assets. The Foundation reports gifts of cash or other assets in the category designated by the donor. The Foundation reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulation about where the contributions are to be spent, the Foundation reports these contributions as without donor restrictions.

**P.F. BRESEE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**Donated Services**

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. A number of volunteers have donated time to the Foundation, which have not been reflected in the accompanying financial statements because the recognition criteria were not met.

**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 at the reporting date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash**

Cash consists of cash held in checking and money market accounts with maturities of less than 90 days. Cash accounts maintained by the Foundation are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2019, the Foundation had \$327,368 of uninsured funds.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from the outstanding balance. Management provides an analysis of the probable collection of the accounts through a provision for bad debt expense and an adjustment to a valuation allowance. At June 30, 2019, management had reviewed all accounts receivable and determined all amounts were fully collectable. No allowance for doubtful accounts has been established.

**Property and Equipment**

Capital purchases comprise of land, vehicles, buildings, equipment, and furniture. The Foundation maintains a unit capitalization threshold of \$2,000 and an estimated useful life of greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The cost of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the related assets, which range as follow:

	<u>Years</u>
Vehicles	5
Building and Land Improvements	39
Equipment	3-10
Furniture and fixtures	10

**P.F. BRESEE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**Income Taxes**

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and, accordingly, the Foundation's net investment income is exempt from income taxes. The Foundation has obtained a favorable tax determination letter from the IRS, and the plan sponsor believes that the Foundation, as amended, continues to qualify and to operate in accordance with applicable provisions of the IRC.

The Foundation has been classified as a publicly supported charitable organization under Section 509(a)(1) of the Internal Revenue Code and qualifies for the maximum charitable contribution deduction by donors.

U.S. GAAP requires Foundation management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

**Allocation of Functional Expenses**

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

**New Accounting Pronouncements**

In February 2016, FASB issued ASU 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its statement of financial position for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Although the full impact of this Update on the Foundation's financial statements has not yet been determined, the future adoption of this guidance will require the Foundation to record assets and liabilities on its statement of financial position relating to facility and other leases currently being accounted for as operating leases.

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). ASU 2018-08 clarifies how a not-for-profit entity determines whether a resource provider is participating in an exchange transaction or a contribution, helps an entity to evaluate whether contributions are considered conditional or unconditional by stating that a conditional contribution must have (1) a barrier that must be overcome and (2) a right of return or release of obligation, and modifies the simultaneous release option currently in GAAP, which allows a not-for-profit entity to recognize a restricted contribution directly in unrestricted net assets/net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. Accounting for contributions is an issue primarily for not-for-profit entities because contributions are a significant source of revenue. However, the amendments in the Update apply to all organizations that receive or make contributions of cash and other assets, including business enterprises. The amendments do not apply to transfers of assets from governments to businesses. For contributions received, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For contributions made, ASU 2018-08 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020.

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position comprise of the following:

Cash and cash equivalents	\$ 589,707
Accounts Receivable	582,111
	<u>\$ 1,171,818</u>

**Liquidity Management**

To manage liquidity, the Foundation structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Foundation management monitors daily cash balances.

Foundation management has implemented cash management procedures that include the monthly reconciliation of banked cash deposits and disbursements to related receipts and disbursement records.

**NOTE 3 - ACCOUNTS RECEIVABLE**

As of June 30, 2019, the Foundation's account receivables balance consisted of \$557,111 of grant monies and \$25,000 related to contributions.

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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the Foundation for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Capital Assets Not Being Depreciated				
Land	\$ 363,614	\$ -	\$ -	\$ 363,614
Construction in process	-	-	-	-
Total Capital Assets Not Being Depreciated	363,614	-	-	363,614
Capital Assets Being Depreciated				
Vehicles	131,578	1,600	-	133,178
Buildings and land equipment	2,304,068	20,250	-	2,324,318
Equipment and Furniture	640,262	49,724	-	689,986
Total Capital Assets Being Depreciated	3,075,908	71,574	-	3,147,482
Less Accumulated Depreciation				
Vehicles	111,833	6,404	-	118,237
Buildings and land equipment	989,030	61,136	-	1,050,166
Equipment and furniture	409,632	50,431	-	460,063
Total Accumulated Depreciation	1,510,495	117,971	-	1,628,466
Capital Assets, Net	\$ 1,929,027	\$ (46,397)	\$ -	\$ 1,882,630

Depreciation expense for the year ended June 30, 2019, was \$117,971.

**NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are gifts of cash restricted by the donor for a specific use or for a time in the future. As restrictions on the net assets expire due to the passage of time or satisfaction of purpose, the assets are released to assets without donor restrictions for expenditure.

Donor restricted net assets with time and/or purpose restrictions are comprised of the following:

	Restated Beginning Balance	Revenue	Assets Released	Ending Balance
Program support	\$ 282,191	\$ 866,980	\$ (666,456)	\$ 482,715

**P.F. BRESEE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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**NOTE 6 - ACCOUNTS PAYABLE**

As of June 30, 2019, the Foundation's account payable balance of \$259,913 consisted salaries and benefits, credit card expenses, and vendor payables.

**NOTE 7 - NOTES PAYABLE**

P.F. Bresee's \$270,000 mortgage loan, originally held by Wells Fargo Bank, was refinanced with First Citizens Bank on August 4, 2017, with a maturity date of August 4, 2027. The note bears interest at 4.10 percent per annum, with monthly payments of principal and interest in the amount of \$2,754.16 amortized over 10 years. As of June 30, 2019, the outstanding balance was \$228,313. The note payable will mature according to the schedule below:

Fiscal Year Ended	
June 30,	
2020	\$ 23,980
2021	25,021
2022	26,081
2023	27,186
2024	28,325
Thereafter	97,720
	<u>\$ 228,313</u>

**NOTE 8 - RESTATEMENT OF PRIOR YEAR NET ASSETS**

The Foundation's beginning net assets has been restated as of July 1, 2018.

The beginning net assets were restated to reflect the appropriate restricted balances based off management's evaluation as noted below:

	Without Donor Restrictions	With Donor Restrictions	Total
Net Assets - Beginning Balances	\$ 1,998,819	\$ 833,263	\$ 2,832,082
Restatement	551,072	(551,072)	-
Net Assets - Beginning, as Restated	<u>\$ 2,549,891</u>	<u>\$ 282,191</u>	<u>\$ 2,832,082</u>



**P.F. BRESEE FOUNDATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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***NOTE 9 - SUBSEQUENT EVENTS***

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from June 30, 2019 through January 31, 2020, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.



## **SUPPLEMENTARY INFORMATION**

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
CDBG - Entitlement Grants Cluster			
Passed through City of Los Angeles - Housing Community Investment Department			
Community Development Block Grants/Entitlements Grants - Wilshire FamilySource Center	14.218	C-131616	\$ 360,077
Total CDBG - Entitlement Grants Cluster			<u>360,077</u>
Total U.S. Department of Housing and Urban Development			<u>360,077</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through Los Angeles Unified School District: Title IV, Part B, 21st Century Community Learning Centers Program	84.287	4400002788	134,631
Total U.S. Department of Education			<u>134,631</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through City of Los Angeles - Housing Community Investment Department			
Community Services Block Grant - Wilshire FamilySource Center	93.569	C-131616	197,942
Total U.S. Department of Health and Human Services			<u>197,942</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 692,650</u></u>

See the accompanying note to supplementary information.

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

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***NOTE 1 - PURPOSE OF THE SCHEDULE***

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Foundation has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.



## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**SCHEDULE OF REVENUE BY DIVISION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>Year Ended June 30, 2019</b>					
	<u>Administration</u>	<u>Family Services</u>	<u>Youth Programs</u>	<u>Gang Reduction and Youth Development</u>	<u>Total</u>
Individual support	\$ 105,668	\$ 3,610	\$ -	\$ -	\$ 109,278
Contributions	548,600	42,610	662,007	25,000	1,278,217
Government grants	-	776,607	152,821	468,710	1,398,138
Special event - Dinner Gala	211,505	-	121	-	211,626
Other income	32,581	-	500	-	33,081
Total Revenues	<u>\$ 898,354</u>	<u>\$ 822,827</u>	<u>\$ 815,449</u>	<u>\$ 493,710</u>	<u>\$ 3,030,340</u>

See the accompanying note to additional supplementary information.

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**SCHEDULE OF EXPENSES BY DIVISION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Year Ended June 30, 2019					
	Administration	Family Services	Youth Programs	Gang Reduction and Youth Development	Fundraising	Total
Payroll	\$ 160,366	\$ 522,498	\$ 708,690	\$ 353,545	\$ 249,174	\$ 1,994,273
Professional fees	55,124	106,325	60,221	11,080	28,866	261,616
Interest expense	2,499	2,498	2,499	2,499	-	9,995
Insurance	2,342	9,370	7,028	4,685	-	23,425
Office supplies	12,697	4,915	5,980	5,119	1,154	29,865
Other supplies and emergency funds	3,729	47,834	81,360	4,974	4,376	142,273
Telephone and internet	2,396	6,873	5,165	3,437	-	17,871
Postage and printing	4,449	4,290	5,017	1,494	635	15,885
Equipment and maintenance	26	1,286	8,784	4,344	-	14,440
Transportation and meals	7,467	5,826	12,620	5,946	1,478	33,337
Staff development and trainings	22,188	1,854	4,873	1,722	354	30,991
Special event - Dinner Gala	-	-	-	-	45,405	45,405
Scholarship	-	-	85,873	-	-	85,873
Support services and activities	335	20,611	16,839	24,055	-	61,840
Facilities	14,658	49,008	49,630	35,202	-	148,498
Depreciation	17,460	25,104	51,612	23,795	-	117,971
Total Expenses	<u>\$ 305,736</u>	<u>\$ 808,292</u>	<u>\$ 1,106,191</u>	<u>\$ 481,897</u>	<u>\$ 331,442</u>	<u>\$ 3,033,558</u>

See the accompanying note to additional supplementary information.

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

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***NOTE 1 - PURPOSE OF THE SCHEDULES***

**Schedule of Revenue by Division**

The Schedule of Revenue by Division is presented on the full accrual basis of accounting. This information is not a required component of the financial statements, but is presented at the request of management to provide further information and analysis of the revenues of the Foundation.

**Schedule of Expenses by Division**

The Schedule of Revenue by Expenses is presented on the full accrual basis of accounting. This information is not a required component of the financial statements, but is presented at the request of management to provide further information and analysis of the expenses of the Foundation.





## **INDEPENDENT AUDITOR'S REPORT**



**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***

Board of Directors  
P.F. Bresee Foundation  
Los Angeles, 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 financial statements of P.F. Bresee Foundation (the Foundation) which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2020.

**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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001, that we consider to be a material weakness.

## **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 or other matters that are required to be reported under *Government Auditing Standards*.

## **Foundation's Response to Finding**

The Foundation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California  
January 31, 2020



## **SCHEDULE OF FINDINGS AND RESPONSES**

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**SUMMARY OF AUDITORS RESULTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes

Significant deficiencies identified?

None reported

Noncompliance material to financial statements noted?

No

**P.F. BRESEE FOUNDATION**  
**(A California Nonprofit Public Benefit Corporation)**

**FINANCIAL STATEMENT FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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The following finding represents a material weakness related to the financial statements that is required to be reported in accordance with *Government Auditing Standards*.

**2019-001      PRIOR PERIOD RESTATEMENT - NET ASSETS**

**Criteria or Specific Requirements**

FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14), it is required that net assets be maintained, presented, and allocated between the following classifications: (1) Net Assets With Donor Restrictions and (2) Net Assets Without Donor Restrictions.

**Condition**

*Material Weakness* - Net assets were not appropriately classified between the assets with donor restrictions and the assets without donor restrictions. The Foundation's controls were not operating effectively to detect and prevent these misstatements to the financial statements. These misstatements resulted in a prior period restatement of the beginning net asset balances.

**Questioned Costs**

There were no questioned costs related to this condition.

**Context**

The Foundation has \$482,715 of net assets with donor restrictions.

**Effect**

The Foundation reclassified \$551,072 from Net Assets With Donor Restrictions to Net Assets Without Donor Restrictions.

**Cause**

The Foundation did not have a procedure in place to correctly reconcile those contributions that had donor restrictions.

**Recommendation**

A thorough, consistent review and monitoring process of the Foundation's net assets should be implemented. All restricted balances should have adequate support to substantiate the amounts at hand.