

REGIONAL ACCESS PROJECT FOUNDATION, INC.

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY FINANCIAL INFORMATION

For The Year Ended

June 30, 2008

REGIONAL ACCESS PROJECT FOUNDATION, INC.

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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Regional Access Project Foundation, Inc.  
Palm Desert, California

We have audited the accompanying statement of financial position of the Regional Access Project Foundation, Inc. (a nonprofit organization), as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organizations 2007 financial statements and, in our report dated September 6, 2007, we expressed an unqualified opinion on those financial statements.

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 above present fairly, in all material respects, the financial position of the Regional Access Project Foundation, Inc. as of June 30, 2008, and 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Financial Information on pages 12 and 13 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

September 23, 2008

## FINANCIAL STATEMENTS

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Statement of Financial Position

June 30, 2008 with Comparative Totals  
For the Year Ended June 30, 2007

ASSETS	<u>2008</u>	<u>2007</u>
Cash (Note B)	\$ 511,665	\$ 762,294
Investments	803,360	1,002,197
Accounts receivable	45,888	7,656
Prepaid expenses	<u>4,382</u>	<u>4,587</u>
TOTAL CURRENT ASSETS	\$ 1,365,295	\$ 1,776,734
PROPERTY AND EQUIPMENT (NOTE C)	<u>68,491</u>	<u>64,985</u>
TOTAL ASSETS	<u>\$ 1,433,786</u>	<u>\$ 1,841,719</u>
LIABILITIES AND NET ASSETS		
Accounts payable	6,162	7,549
Grants payable	<u>126,897</u>	<u>132,634</u>
TOTAL CURRENT LIABILITIES	<u>133,059</u>	<u>140,183</u>
TOTAL LIABILITIES	133,059	140,183
NET ASSETS		
Unrestricted	1,300,727	1,683,976
Temporarily restricted	<u>-</u>	<u>17,560</u>
TOTAL NET ASSETS	<u>1,300,727</u>	<u>1,701,536</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,433,786</u>	<u>\$ 1,841,719</u>

The accompanying notes are an integral part of the financial statements.

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Statement of Activities

June 30, 2008 with Comparative Totals  
For the Year Ended June 30, 2007

UNRESTRICTED NET ASSETS	<u>2008</u>	<u>2007</u>
Revenues and Gains		
County contribution (Note D)	\$ 1,155,109	\$ 1,283,669
Grants	5,888	7,981
Interest	64,059	63,762
Other income	<u>8,000</u>	<u>10,224</u>
 TOTAL REVENUES AND GAINS	 \$ 1,233,056	 \$ 1,365,636
 Net assets released from restrictions		
Restrictions satisfied by provision of services	<u>598</u>	<u>61,841</u>
 TOTAL REVENUES, GAINS, AND RECLASSIFICATIONS	 <u>1,233,654</u>	 <u>1,427,477</u>
 EXPENSES		
Program services		
Grant allocations	997,650	980,366
Technical assistance	286,288	268,695
Supporting services		
Administrative expenses	<u>316,987</u>	<u>324,032</u>
 TOTAL EXPENSES	 <u>1,600,925</u>	 <u>1,573,093</u>
 EXCESS OF REVENUES OVER EXPENSES	 (367,271)	 (145,616)
 Unrealized gain (loss) on investments	 (49,278)	 16,049
 Gain/(Loss) on settlement of prior year grant	 <u>(16,662)</u>	 <u>500</u>
 (DECREASE) IN UNRESTRICTED NET ASSETS	 <u>(433,211)</u>	 <u>(129,067)</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Local Grants	-	-
Net assets released from restrictions	<u>(598)</u>	<u>(61,841)</u>
 INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	 <u>(598)</u>	 <u>(61,841)</u>
 (DECREASE) IN NET ASSETS	 (433,809)	 (190,908)
 NET ASSETS AT BEGINNING OF PERIOD	 <u>1,734,536</u>	 <u>1,892,444</u>
 NET ASSETS AT END OF PERIOD	 <u>\$ 1,300,727</u>	 <u>\$ 1,701,536</u>

The accompanying notes are an integral part of the financial statements.

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Statement of Cash Flows

June 30, 2008 with Comparative Totals  
For the Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2008</u>	<u>2007</u>
Decrease in net assets	\$ (433,809)	\$ (190,908)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,173	13,605
Adjustments to fund balance	33,000	-
Unrealized gain on investment	-	-
Unrealized loss on investment	49,278	(16,048)
Loss on disposal of equipment	-	4,756
(Increase) decrease in operating Assets		
Accounts receivable	(38,232)	35,747
Prepaid expenses	205	101
Increase (decrease) in operating liabilities		
Accounts payable	(1,387)	(31,402)
Grants payable	<u>(5,737)</u>	<u>(115,659)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(377,509)	(299,808)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(22,679)	(34,150)
Purchases of investments	(50,591)	(40,087)
Sale of investments	<u>200,150</u>	<u>131,332</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	126,880	57,095
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(250,629)</u>	<u>(242,353)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>762,294</u>	<u>1,004,647</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 511,665</u>	<u>\$ 762,294</u>

The accompanying notes are an integral part of the financial statements.

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Statement of Functional Expenses

June 30, 2008 with Comparative Totals  
For the Year Ended June 30, 2007

	<u>Grant</u> <u>Allocations</u>	<u>Technical</u> <u>Assistance</u>	<u>Administration</u> <u>Expenses</u>	2008 <u>Total</u> <u>Expenses</u>	2007 <u>Total</u> <u>Expenses</u>
Salaries	-	54,262	150,764	205,026	209,338
Fringe Benefits	-	8,286	37,873	46,159	47,824
 Total Salaries & Benefits	-	62,548	188,637	251,185	257,162
				-	-
Supplies	-	768	2,897	3,665	11,600
Printing & Advertising	-	99	1,399	1,498	3,521
Communication	-	1,399	873	2,272	6,048
Rent	-	98,182	12,219	110,401	73,371
Consultants/Contractual	-	8,904	58,428	67,332	53,286
Insurance	-	-	11,914	11,914	8,321
Travel and Meetings	-	1,350	4,345	5,695	8,624
Postage	-	11	3,431	3,442	6,094
Equipment	-	-	100	100	4,422
Equipment Maintenance	-	6,103	1,139	7,242	6,466
Equipment Lease	-	7,271	522	7,793	6,837
Computer Expense	-	(230)	3,436	3,206	15,245
Memberships	-	1,394	3,733	5,127	2,954
Resources/Literature	-	103	281	384	2,444
Staff Training	-	99	-	99	-
Fingerprinting	-	-	-	-	7,329
Donated Services	-	91,548	-	91,548	79,442
Conferences	-	220	-	220	15,487
Volunteer Appreciation	-	6,519	-	6,519	5,713
Mental Health Grants	202,092	-	-	202,092	82,117
Juvenile Intervention	199,450	-	-	199,450	201,990
Health Grants	483,973	-	-	483,973	421,226
Board Grants	112,135	-	-	112,135	213,192
Special Grants	-	-	-	-	61,841
Miscellaneous	-	-	4,460.00	4,460	-
 Total Expenses Before Depreciation	997,650	286,288	297,814	1,581,752	1,554,732
 Depreciation	-	-	19,173	19,173	13,605
 Total Expenses	<u>\$ 997,650</u>	<u>\$ 286,288</u>	<u>\$ 316,987</u>	<u>\$ 1,600,925</u>	<u>\$ 1,573,093</u>

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Notes to Financial Statements

June 30, 2008

NOTE A: NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The Regional Access Project Foundation Inc. (the Foundation) is a 501 (c)(3) non-profit corporation that addresses unmet needs in health, mental health and juvenile intervention for residents of eastern Riverside County through grants and technical assistance to non-profit service providers. Funding of the RAP Foundation is primarily through unique cooperative agreements between the RAP Foundation and the County of Riverside and between the County of Riverside and the City of Palm Desert Redevelopment Agency.

2. Basis of Accounting

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

3. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Foundation 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.

4. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considered all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Notes to Financial Statements

June 30, 2008

NOTE A: SUMMARY OF ACTIVITES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

6. Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized and recorded at cost. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Property acquired with county funds is considered to be owned by the Foundation while used in the program for which it was purchased or in other authorized programs. However, the county has a reversionary interest in the property.

7. Revenue Recognition

Revenue from grants is recorded to the extent of expenses incurred applicable to the grant. Any difference between expenses incurred or amounts earned and the total funds received (not to exceed the grant maximum) is recorded as a payable, receivable, or an advance.

8. Personnel Time Off

The Foundation permits its employees to accumulate personnel time off (subject to a company policy maximum) over their working careers and redeem accumulated personnel time off in cash upon termination of employment.

9. Accounts Receivable

Accounts receivable are stated at the amount the Foundation expects to collect from outstanding balances.

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Notes to Financial Statements

June 30, 2008

NOTE A: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

10. Contributions

Contributions (including grants and donations) received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions that are restricted by a grantor or donor are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized. All other grantor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions

11. Non-Profit Status

The Foundation is a private, non-profit corporation organized under the laws of the State of California and is exempt from income taxes under Section 501 c (3) of the Internal Revenue Code and Section 23701 (e) of the State of California Revenue and Taxation Code. Accordingly, no provisions for income taxes are included in the accompanying financial statements.

12. Investments

Investments follow the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. SFAS 124 requires the Foundation to record investments at their fair values in the statement of financial position. Unrealized gains or losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized.

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Notes to Financial Statements

June 30, 2008

NOTE B: CASH

Cash consists of the following:

Checking Account	\$ (11,068)
Money Market Account	302,209
County of Riverside Treasury	220,324
Petty Cash	<u>200</u>
	<u>\$ 511,665</u>

NOTE C: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment, less accumulated depreciation at June 30, 2008:

Computer Equipment	\$ 70,960
Office Furniture	<u>74,960</u>
	145,920
Less: Accumulated Depreciation	<u>(77,429)</u>
Total Property and Equipment	<u>\$ 68,491</u>

NOTE D: COUNTY CONTRIBUTION

County contribution revenue is generated from a Cooperative Agreement among the County of Riverside, the City of Palm Desert and the Palm Desert Redevelopment Agency, and an Agency Agreement between the County of Riverside and the Foundation. These agreements require, among other responsibilities, that the Redevelopment Agency shall transfer the County's Tax Increment to the Foundation. The amount of the Tax Increment should be equal to the amount of sales taxes paid to the city from sales occurring on the CostCo Shopping Center site. Since July 2004, the Redevelopment Agency has reduced the amount of funds transferred to the Foundation by .25 percent, from 1.25 to 1 percent. The transfer reduction is a result of a process known as the "Triple Flip" as a means to balance the State's budget. It is anticipated that the process will impact the amount of the RAPF transfer through approximately 2014. As of June 30, 2008 the transfer shortfall is \$1,135,795. Because of the uncertain timeframe associated with the repayment of these funds, the amount has not yet been shown as a receivable on the Foundation's Statement of Financial Position and has not been shown as Revenue or Gain on the Statement of Activities.

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Notes to Financial Statements

June 30, 2008

NOTE E: RESTATEMENT OF BEGINNING NET ASSETS

During fiscal year 2008, beginning net assets were restated as follows:

To correct balance in prior year accounts payable	33,000
To recognize revenue earned in prior year	<u>500</u>
	33,500
Net Assets on June 30, 2007	<u>1,701,536</u>
Net Assets as restated	<u>1,734,536</u>

NOTE F: COMMITMENTS AND CONTINGENCIES

Provision For Grantor or Donor Restrictions

Local grants received and expended by the Foundation may be subject to program specific audits. Such audits may result in claims against the organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits.

Operating Leases:

The Foundation rents office space and equipment under non-cancelable operating lease agreements expiring on various dates through 2012. Total rental expenses for those leases was \$110,111 for the year ended June 30, 2008. The future minimum annual office and equipment lease payments for years ending June 30 are as follows:

2009	115,988
2010	111,519
2011	8,273
2012	8,273

NOTE G: RETIREMENT PLAN

Beginning in June 2004, the Foundation began providing a 401 (K) retirement plan to all full time employees with a minimum of one year of service and who were reasonably expected to receive at least \$5,000 in compensation from the Foundation. The Foundation makes dollar for dollar match of elective deferrals each year up to 3% of compensation. The contribution expense for the year ended June 30, 2008 was \$6,728.

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Notes to Financial Statements

June 30, 2008

NOTE H: CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances with various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At June 30, 2008, the Foundation's uninsured cash balance totaled \$408,176.

NOTE I: FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE J: PRIOR YEAR SUMMARIZED INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2006, from which the summarized information was derived.

SUPPLEMENTARY FINANCIAL INFORMATION

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Schedule of Grants Allocations

For the Year Ended June 30, 2008

Mental Health

CVAG Mental Health	\$ 5,000	
CVAG SOS	77,632	
CVAG Mini	2,532	
CVAG Consult	7,997	
Sunline Regulatory	2,400	
Capacity Building	50,031	
Lincoln School Kids	20,500	
Well in the Desert	<u>36,000</u>	
Total Mental Health Grants		202,092

Juvenile Intervention

Alana Foster Family	50,000	
CVUSD 21st Century	100,000	
Salvation Army Afterschool	35,000	
YMCA Family	8,000	
Indio Youth Conference	<u>6,450</u>	
Total Juvenile Intervention Grants		199,450

Health

Blythe Food Pantry	5,000	
Bread for life	5,000	
Blythe	2,771	
Birth Choice	5,000	
CRSC Outreach	34,544	
Comm Action/Summer Cooling	25,000	
Comm Access	42,451	
Clinicas Del Pueblo	95,720	
Foundation for CSUSB	49,537	
Boys and Girls Club	5,000	
Desert Samaritans	5,000	
DSUSD SAP Project	5,000	
Food Now Mini	5,000	
Find Food Bank	14,867	
Food Now	10,000	
Desert SAM Grocery Delivery	15,000	
Homeless Project	5,259	
Harmony Kitchen	5,000	
Harmony Kitchen	59,725	
CV Christmas Store	5,000	
Holiday Food	5,000	
Harmony Kitchen	1,500	
Miriam House	5,000	
Christmas Mecca Festival	5,000	
Golden Rainbow	5,000	
Oasis Elementary	5,000	
Pegasus Riding Academy	24,600	
Police Hearing Project	4,500	
Riverside County Depart	15,000	
Food for Holidays	5,000	
Holiday Childrens Clothing	3,500	
Well in the Desert	<u>5,000</u>	
Total Health Grants		483,973

REGIONAL ACCESS PROJECT FOUNDATION, INC.

Schedule of Grant Allocations

For the Year Ended June 30, 2008

<u>Board Grants</u>		
CSUSB Foundation	25,000	
Well Institute	10,000	
Guide Dogs	-	
Hunger Initiative	-	
Needs Assessment	<u>77,135</u>	
Total Board Grants		112,135
 <u>Special Grants</u>		
	<u>-</u>	
Total Special Grants		<u>-</u>
Total Program Grants		<u>\$ 997,650</u>

