



Our Kids.
Our Community.
Our Legacy.

REDONDO BEACH EDUCATIONAL FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2024

WITH SUMMARY COMPARATIVE INFORMATION FOR 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Redondo Beach Educational Foundation:

Opinion

We have audited the accompanying financial statements of the Redondo Beach Educational Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Redondo Beach Educational Foundation as of June 30, 2024, and the changes in net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Redondo Beach Educational Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Redondo Beach Educational Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Redondo Beach Educational Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Redondo Beach Educational Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Redondo Beach Educational Foundation's financial statements for the fiscal year ended June 30, 2023, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Evergreen Alliance
Los Alamitos, California
December 9, 2024

**REDONDO BEACH EDUCATIONAL FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023**

	June 30,	
	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 882,387	\$ 797,052
Accounts receivable	16,970	25,999
Contributions receivable	232,582	216,000
Investments	1,423,102	1,294,543
Prepaid expenses	<u>26,865</u>	<u>24,427</u>
Total Current Assets	2,581,906	2,358,021
NON-CURRENT ASSETS		
Right-of-use intangible asset, net	30,134	--
Deposits	<u>2,103</u>	<u>--</u>
Total Non-Current Assets	<u>32,237</u>	<u>--</u>
TOTAL ASSETS	<u>\$ 2,614,143</u>	<u>\$ 2,358,021</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 20,999	\$ 5,709
Accrued employee related expenses	196,369	57,010
Deferred revenue	348,525	430,807
Lease liability, current portion	<u>11,871</u>	<u>--</u>
Total Current Liabilities	577,764	493,526
NON-CURRENT LIABILITIES		
Lease liability, net of current portion	<u>18,486</u>	<u>--</u>
Total Non-Current Liabilities	<u>18,486</u>	<u>--</u>
TOTAL LIABILITIES	596,250	493,526
NET ASSETS		
Without donor restrictions	1,760,311	1,624,495
With donor restrictions	<u>257,582</u>	<u>240,000</u>
TOTAL NET ASSETS	<u>2,017,893</u>	<u>1,864,495</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,614,143</u>	<u>\$ 2,358,021</u>

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

**REDONDO BEACH EDUCATIONAL FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>June 30,</u>	
			<u>2024</u>	<u>2023</u>
REVENUE AND SUPPORT				
Grants and contributions	\$ 1,081,903	\$ 307,582	\$ 1,389,485	\$ 1,656,126
Program service revenue	678,548	--	678,548	386,544
In-kind rent	7,700	--	7,700	13,760
Investment income, net	193,177	--	193,177	108,714
Net assets released from restrictions	<u>290,000</u>	<u>(290,000)</u>	<u>--</u>	<u>--</u>
	2,251,328	17,582	2,268,910	2,165,144
SPECIAL EVENTS				
Special events revenue - cash	151,541	--	151,541	168,994
Special events revenue – in-kind	64,947	--	64,947	60,527
Special events expense	<u>(136,885)</u>	<u>--</u>	<u>(136,885)</u>	<u>(131,545)</u>
	<u>79,603</u>	<u>--</u>	<u>79,603</u>	<u>97,976</u>
TOTAL REVENUE AND SUPPORT	2,330,931	17,582	2,348,513	2,263,120
EXPENSES				
Program services	1,930,580	--	1,930,580	1,724,439
Supporting services:				
Management and general	136,660	--	136,660	122,276
Fundraising	<u>127,875</u>	<u>--</u>	<u>127,875</u>	<u>144,542</u>
TOTAL EXPENSES	<u>2,195,115</u>	<u>--</u>	<u>2,195,115</u>	<u>1,991,257</u>
CHANGE IN NET ASSETS	135,816	17,582	153,398	271,863
NET ASSETS AT BEGINNING OF YEAR	<u>1,624,495</u>	<u>240,000</u>	<u>1,864,495</u>	<u>1,592,632</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,760,311</u>	<u>\$ 257,582</u>	<u>\$ 2,017,893</u>	<u>\$ 1,864,495</u>

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

**REDONDO BEACH EDUCATIONAL FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

				June 30,	
	Program Services	Management and General	Fundraising	2024	2023
PERSONNEL EXPENSES					
Direct program support					
salaries & wages (S&W)	\$ 378,630	\$ --	\$ --	\$ 378,630	\$ 261,934
Supporting services S&W	89,706	80,635	80,237	250,578	240,261
Employee benefits and taxes	49,888	11,083	11,030	72,001	52,358
TOTAL PERSONNEL EXPENSES	518,224	91,718	91,267	701,209	554,553
OTHER EXPENSES					
Bad debt expense	--	1,000	--	1,000	--
Grants to organizations	1,293,901	--	--	1,293,901	1,273,333
Grants to individuals	- 3,000	--	--	3,000	3,000
Other program expense	91,889	--	--	91,889	46,286
Information technology	1,669	3,798	2,429	7,896	9,241
In-kind rent	2,757	2,477	2,466	7,700	13,760
Insurance	1,070	4,280	--	5,350	5,913
Licenses and fees	11,862	65	19,439	31,366	30,276
Occupancy	465	6,957	416	7,838	--
Office expenses	426	867	622	1,915	1,934
Outside services	445	159	32	636	288
Professional services:					
Accounting	--	24,913	--	24,913	20,921
Promotion and advertising	4,510	100	10,880	15,490	31,579
Travel	362	326	324	1,012	173
TOTAL OTHER EXPENSES	1,412,356	44,942	36,608	1,493,906	1,436,704
TOTAL EXPENSES	\$ 1,930,580	\$ 136,660	\$ 127,875	\$ 2,195,115	\$ 1,991,257

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

REDONDO BEACH EDUCATIONAL FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

	June 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 153,398	\$ 271,863
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt	1,000	--
Right-of-use asset	(30,134)	--
Lease liability	30,357	--
Realized (gains) losses on investments	(5,037)	17,001
Unrealized gains on sales of investments	(196,903)	(133,803)
Change in operating assets and liabilities:		
Accounts receivable	8,029	(7,010)
Contributions receivable	(16,582)	(216,000)
Prepaid expenses	(2,438)	(1,789)
Deposits	(2,103)	--
Accounts payable and accrued expenses	15,290	(31,761)
Accrued employee related expenses	139,359	49,753
Deferred revenue	(82,282)	123,414
Net Cash Provided By Operating Activities	11,954	71,668
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	431,065	674,411
Purchases of investments	(357,684)	(580,052)
Net Cash Provided By Investing Activities	73,381	94,359
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	85,335	166,027
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	797,052	631,025
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	\$ 882,387	\$ 797,052
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	NONE	NONE
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	NONE	NONE
Noncash financing transactions	NONE	NONE

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

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 1 – Organization

The Redondo Beach Educational Foundation (the “Foundation” or “RBEF”) was incorporated in 1991 and designated as a 501(c)(3) not-for-profit corporation. The Foundation is located in Redondo Beach, California. The purpose of the Foundation is to inspire the community to invest in Redondo Beach public schools so that every student can develop knowledge and skills that go beyond what public funding alone would achieve.

RBEF was formed by parents and community leaders who realized that an excellent school system could not rely on state funding alone. RBEF is rooted in the belief that the best opportunities come from creating the most well-rounded children, providing the foundation and support for the whole child. One of the goals of RBEF is to provide equal programming to all schools across the district, regardless of levels of financial support from parents at each given school site.

RBEF funded more than \$1 million in programs and staff during the fiscal year ended June 30, 2023, that impacted nearly 10,000 students in the Redondo Beach Unified School District (RBUSD). Highlights of RBEF’s recent funding include elementary band and vocal music programs, and high-school band instruments; STEM Programs including robotics at all levels; Credentialed Physical Education Teachers at every elementary school; Teacher Grants; AVID at the middle and high school levels; enhancements to the high school library; and more. In addition, RBEF serves as the administrator for high school summer sports camps and academic enrichment courses and has over 1,000 high school participants annually. A limited number of scholarships are available for those who qualify, to help ensure that all students who want access to the programs are able to participate.

The Redondo Beach Education Foundation supports nearly 10,000 students in the Redondo Beach Unified School District. Twelve percent of RBUSD students are eligible for free or reduced-price meals and/or classified as English learners, and three of the local schools are classified as Title I. RBUSD provides a top-notch education to all students regardless of ethnic, socioeconomic background, home language, gender, gender identity, or learning ability/disability.

The Foundation’s support comes primarily from program fees, grants, contributions, and fundraising activities.

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation of Financial Statements

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Comparative Financial Information

The accompanying financial statements include certain prior period summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a full comparison of operations. Accordingly, these comparative financial statements should be read in conjunction with our audited financial statements for the fiscal year ended June 30, 2023, from which the summarized information was derived.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of amounts due from donor pledges and sponsorships from fundraising events and are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are written off when they are deemed to be uncollectable.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. For the fiscal years ended June 30, 2024, and 2023, the Foundation did not receive any conditional promises to give.

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Deferred Revenue

Deferred revenue consists of advance receipts of program fees that will be recognized during the period for which the revenue relates.

Leases

The Foundation has entered into an operating lease for office space. The obligation associated with this lease has been recognized as a liability in the statement of financial position based on future lease payments, discounted by the risk-free rate. Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease. See Note 7 for additional information surrounding leases.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example contributed assets that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example stipulating resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, or an unconditional promise to give are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program fees that are received in advance are deferred to the applicable period in which the related services are performed or the event occurs.

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Donated Goods, Facilities and Services

Contributed goods and facilities are recorded at fair value at the date of donation. Contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. Contributed goods, use of facilities and professional services are reported as expenses when utilized. See Note 9.

Promotion and Advertising

The Foundation uses advertising to promote and bring awareness to its programs. Promotion and advertising expenses are charged to operations when incurred. Total expense for the fiscal years ended June 30, 2024, and 2023, was \$15,490 and \$31,579, respectively.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with contributions receivable and accounts receivable are considered to be limited due to high historical collection rates, and because substantial portions of the outstanding amounts are due from educational institutions and corporations supportive of the mission.

Income Tax Status

The Foundation has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively.

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Income Tax Status (continued)

Since the Foundation is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Foundation uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Foundation's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Accounting Pronouncement Adopted

During the year ended December 31, 2023, the Foundation adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* and its related amendments, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss (CECL) methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current obligations, and reasonable and supportable forecasts. This ASU also requires the Foundation to use forward-looking information to better formulate its credit loss estimates.

The ASU permits the use of either a prospective transition method or a modified retrospective transition method with the cumulative-effect adjustment to the opening balance of net assets. The Foundation has elected the use of the modified retrospective transition method. The transition method selected resulted in no adjustment to the opening balance of net assets.

Subsequent Events

The Foundation has evaluated subsequent events through December 9, 2024, which is the date the financial statements were available to be issued, noting items requiring disclosure in Note 13.

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 3 – Liquidity and Availability

Financial assets available to meet cash needs for general expenditures within one year as of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 882,387	\$ 797,052
Accounts receivable	16,970	25,999
Contributions receivable	232,582	216,000
Investments	<u>1,423,102</u>	<u>1,294,543</u>
	2,555,041	2,333,594
Less: contractual or donor-imposed restrictions	(<u>257,582</u>)	(<u>240,000</u>)
Total	<u>\$ 2,297,459</u>	<u>\$ 2,093,594</u>

The Foundation has a goal to maintain at least 6 months of normal operating expenses in short-term liquid investments, and all other amounts will be invested in debt and equity investments in conjunction with the Foundation’s Investment Policy. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 4 – Accounts Receivable

Accounts receivable are summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Amounts expected to be collected within one year	\$ 16,970	\$ 25,999

There was no net present value discount deemed necessary by management at June 30, 2024, or 2023, as all items were expected to be collected within one year. There was no allowance for doubtful accounts deemed necessary by management at June 30, 2024, or 2023. Bad debt expense of \$1,000 was recognized during the fiscal year ended June 30, 2024. The Foundation did not recognize bad debt expense during the fiscal year ended June 30, 2023.

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 5 – Contributions Receivable

Contributions receivable are summarized as follows at June 30:

	2024	2023
Unconditional promises expected to be collected in less than one-year	\$ 232,582	\$ 216,000

There was no discount to net present value at June 30, 2024, or 2023, as all amounts were expected to be received within one year. There was no allowance for doubtful accounts as of June 30, 2024, or 2023. There was no bad debt expense for the fiscal year ended June 30, 2024, or 2023.

NOTE 6 – Fair Value Measurements and Disclosures

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell assets in an orderly transaction in the principal, most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the assets, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the assets based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 6 – Fair Value Measurements and Disclosures (continued)

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2024:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	<u>Total</u>			
Mutual funds	\$ 364,045	\$ 364,045	\$ --	\$ --
Exchange traded funds	367,227	367,227	--	--
Stocks	<u>691,830</u>	<u>691,830</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 1,423,102</u>	<u>\$ 1,423,102</u>	<u>\$ --</u>	<u>\$ --</u>

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2023:

		<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
	<u>Total</u>			
Mutual funds	\$ 473,730	\$ 473,730	\$ --	\$ --
Exchange traded funds	133,413	133,413	--	--
Bonds	74,807	74,807	--	--
Stocks	<u>612,593</u>	<u>612,593</u>	<u>--</u>	<u>--</u>
Total	<u>\$ 1,294,543</u>	<u>\$ 1,294,543</u>	<u>\$ --</u>	<u>\$ --</u>

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 7 – Leases

The Foundation is committed under a real property lease for premises in Redondo Beach, California, which began in January of 2024. The lease expires in December of 2026. The right-of-use intangible asset and corresponding liability associated with future lease payments at June 30, 2024, are shown below:

Right-of-Use Intangible Asset

A summary of lease asset activity as of June 30, 2024:

Right-of-use intangible asset	\$ 36,161
Less: accumulated asset amortization	(6,027)
Total right-of-use intangible asset	<u>\$ 30,134</u>

Lease Liability

A summary of changes in the related lease liability as of June 30, 2024:

Lease liability	\$ 36,161
Less: liability principal reduction	(5,804)
Total lease liability	<u>\$ 30,357</u>

The lease liability balance of \$45,786 at June 30, 2024, consists of lease liability, current portion of \$11,871 and lease liability, net of current portion of \$18,486.

Future Lease Payments

Future minimum lease payments are as follows:

<u>For the Year Ending June 30,</u>	
2025	\$ 11,871
2026	12,232
2027	<u>6,254</u>
Total	<u>\$ 30,357</u>

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 8 – Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2024	2023
Subject to expenditure for specified purpose	\$ 25,000	\$ 240,000
Subject to the passage of time:		
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until due	232,582	--
Total	\$ 257,582	\$ 240,000

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or the passage of time or other events specified by donors during the fiscal years ended June 30:

	2024	2023
Subject to satisfaction of purpose restrictions	\$ 290,000	\$ 255,000

NOTE 9 – Donated Goods, Facilities and Services

The Foundation’s financial statements include the following in-kind contribution revenue for the fiscal years ended June 30:

	2024	2023
Contributed rent	\$ 7,700	\$ 13,760
Donated goods for special events	64,947	60,527
	\$ 72,647	\$ 74,287

Donated goods received by the Foundation during the fiscal years ended June 30, 2024, and 2023, were received without donor restrictions in conjunction with the Foundation’s fundraising events. The value of donated goods was estimated based on comparable sales of similar goods at retail prices within the local market available to the Foundation.

**REDONDO BEACH EDUCATIONAL FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
WITH SUMMARY COMPARATIVE INFORMATION FOR 2023**

NOTE 10 – Concentrations

Contributions Receivable

Contributions receivable from one donor comprised approximately 97% and 100% of the balance at June 30, 2024, and 2023, respectively.

Contributions Revenue

Contributions revenue from two donors comprised approximately 38% and 45% of amounts received during the fiscal years ended June 30, 2024, and 2023, respectively.

NOTE 11 – Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include supporting services salaries and wages, employee benefits and taxes, information technology, in-kind rent, insurance, licenses and fees, occupancy, office expenses, outside services, promotion and advertising, and travel, which are allocated on the basis of estimates of time and effort.

NOTE 12 – Employee Benefits

The Foundation became the sponsor of a 403(b) Simple IRA plan (the Plan) in January 2023. As part of the Plan, the Foundation matches contributions up to 3% of eligible employee wages. During the fiscal year ended June 30, 2024, and 2023, the Foundation contributed \$5,345 and \$1,128 in matching funds to the Plan, respectively.

NOTE 13 – Subsequent Events

The Foundation operated the Sports Camps for last time during the summer of 2024. The Sports Camps are transitioning away from the Foundation to school districts subsequent to June 30, 2024. As a result, revenues associated with these programs will decrease in subsequent years.