

THE FOUNDATION FOR THE GREAT PARK
DBA GREAT PARK CONSERVANCY
(A NONPROFIT CORPORATION)

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED SEPTEMBER 30, 2009 AND 2008

TABLE OF CONTENTS

Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information	
Schedules of Functional Expenses	10



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Foundation for the Great Park
DBA Great Park Conservancy
Irvine, California

We have audited the accompanying statements of financial position of The Foundation for the Great Park, DBA Great Park Conservancy, as of September 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 Foundation for the Great Park, DBA Great Park Conservancy, at September 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses are presented for purposes 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 audits 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 a whole.

Cangelosi & Holmes, Inc.

December 18, 2009

THE FOUNDATION FOR THE GREAT PARK
DBA GREAT PARK CONSERVANCY
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2009 AND 2008

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 282,592	\$ 443,944
Property and equipment	11,852	15,714
Contributions receivable	109,011	111,738
Prepaid expenses	4,792	7,144
Total assets	\$ 408,247	\$ 578,540
LIABILITIES		
Accounts payable and accrued expenses	\$ 5,920	\$ 9,697
Amounts held for others	525	525
Total liabilities	6,445	10,222
NET ASSETS		
Unrestricted		
Undesignated	318,466	348,393
Designated for specific purposes	20,325	158,188
Total unrestricted	338,791	506,581
Temporarily restricted	63,011	61,737
Total net assets	401,802	568,318
Total liabilities and net assets	\$ 408,247	\$ 578,540

See accompanying notes to financial statements

THE FOUNDATION FOR THE GREAT PARK
DBA GREAT PARK CONSERVANCY
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	2009	2008
CHANGES IN UNRESTRICTED NET ASSETS		
Support and Revenue		
Special events	\$ 239,916	\$ 526,994
Loss: cost of direct benefits to donors	<u>(37,788)</u>	<u>(120,457)</u>
	202,128	406,537
Grants and contributions	182,728	186,147
Donated materials and services - Jewel and Garden	51,522	89,067
- Other	56,810	55,278
Investment income	<u>2,647</u>	<u>11,037</u>
 Total support and revenue	 <u>495,835</u>	 <u>748,066</u>
 Expenses		
Program services	416,185	429,965
Management and general	139,310	127,727
Fund-raising	<u>108,130</u>	<u>157,041</u>
 Total expenses	 <u>663,625</u>	 <u>714,733</u>
 (Decrease) Increase in unrestricted net assets	 <u>(167,790)</u>	 <u>33,333</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contribution valuation	<u>1,274</u>	<u>(34,294)</u>
 Increase (Decrease) in temporarily restricted net assets	 <u>1,274</u>	 <u>(34,294)</u>
 Decrease in Net Assets	 (166,516)	 (961)
 Net Assets at Beginning of Year	 <u>568,318</u>	 <u>569,279</u>
 Net Assets at End of Year	 <u>\$ 401,802</u>	 <u>\$ 568,318</u>

See accompanying notes to financial statements

THE FOUNDATION FOR THE GREAT PARK
DBA GREAT PARK CONSERVANCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (166,516)	\$ (961)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,862	3,452
Donated goods and services provided	108,332	(144,345)
Donated goods and services expensed	(108,332)	144,345
(Increase) decrease in:		
Contributions receivable	2,727	(15,707)
Prepaid expenses	2,352	(1,085)
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>(3,777)</u>	<u>1,526</u>
Net cash used by operating activities	<u>(161,352)</u>	<u>(12,775)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>0</u>	<u>(4,085)</u>
Net cash used by investing activities	<u>0</u>	<u>(4,085)</u>
Net decrease in cash	(161,352)	(16,860)
Cash and cash equivalents at beginning of year	<u>443,944</u>	<u>460,804</u>
Cash and cash equivalents at end of year	<u><u>\$ 282,592</u></u>	<u><u>\$ 443,944</u></u>

See accompanying notes to financial statements

THE FOUNDATION FOR THE GREAT PARK
DBA GREAT PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of organization

The Foundation for the Great Park dba Great Park Conservancy (the Conservancy) is a nonprofit Conservancy incorporated under the laws of the State of California in 2000.

The Conservancy's mission is to operate as an all-inclusive, public benefit corporation engaged in activities to generate and maintain public and private support throughout Orange County and beyond for the development and operation of the Orange County Great Park. The Conservancy envisions one of the world's great metropolitan parks.

Basis of accounting

The financial statements of the Conservancy have been prepared on the accrual basis of accounting. Significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Basis of presentation

The Conservancy 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.

Accounting for contributions

Contributions received by the Conservancy are considered to be available for unrestricted use unless specifically restricted by donors. Donor-restricted contributions are reported as either temporarily restricted or permanently restricted net assets, depending on the nature of the restrictions. Once the restrictions expire or their specified use has been accomplished, they are reclassified to unrestricted net assets. Contributions received with donor-imposed restrictions that are met within the same year in which the contributions are received, are classified as unrestricted contributions.

Cash and cash equivalents

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

THE FOUNDATION FOR THE GREAT PARK
DBA GREAT PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Fair value measurements

Effective July 1, 2008, the Conservancy adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157), which provides a framework for measuring fair value under generally accepted accounting principles (GAAP). SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

SFAS 157 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. These three general valuation techniques that may be used to measure fair value are as follows: Market approach (Level 1) - which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources; Cost approach (Level 2) - which is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and Income approach (Level 3) - which uses valuation techniques to convert future amounts (including present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

In February 2008, the FASB issued FSP FAS 157-2, Effective Date of FASB Statement No. 157, which permits the delayed application of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities except those items that are recognized or disclosed at fair value in the financial statements on a recurring (at least annual) basis. The Conservancy has elected to defer the application of FASB Statement No. 157 to its annual financial statements for the fiscal years beginning after November 15, 2008, for nonfinancial assets and liabilities.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Conservancy's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses

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

THE FOUNDATION FOR THE GREAT PARK
DBA GREAT PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

Note 1 - Summary of Significant Accounting Policies (Continued)

Income tax status

The Conservancy qualifies as a tax-exempt Conservancy under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income taxes except for income from its unrelated business activities, if any.

Advertising

The Conservancy expenses advertising costs as they are incurred. Advertising costs for the year ended September 30, 2009 and 2008 were minimal.

Donated materials and services

Donated materials and services used in the Conservancy's programs and for fundraising are recorded as income and expense at their estimated fair values at the time of donation. Contributed services are reported as contributions if such services create or enhance non-financial assets, require specialized skills, are performed by people with those skills, and would otherwise be purchase if not provided by donation.

Note 2 - 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 the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met.

Contributions receivable consists of the following:

	<u>2009</u>	<u>2008</u>
Amounts expected in less than one year	\$ 46,000	\$ 50,000
Amounts expected in more than five years	107,295	108,258
Unamortized discount (3%)	<u>(45,558)</u>	<u>(46,520)</u>
Net unconditional promise to give	<u>\$ 107,737</u>	<u>\$ 111,738</u>

THE FOUNDATION FOR THE GREAT PARK
 DBA GREAT PARK CONSERVANCY
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2009 AND 2008

Note 3 - Property and Equipment

Property and equipment are recorded at cost or estimated cost (when actual was unavailable) if purchased, or fair market value at date of contribution, if contributed. Depreciation is calculated using the straight-line method or the modified accelerated cost recovery system over the estimated useful lives of the assets.

Property and equipment consists of the following:

	2009	2008
Office and computer equipment	\$ 13,397	\$ 13,397
Leasehold improvements	11,179	11,179
	24,576	24,576
Less accumulated depreciation	(12,724)	(8,862)
	\$ 11,852	\$ 15,714

Depreciation expense in the amount of \$3,862 and \$3,452 has been recognized for the years ended September 30, 2009 and September 30, 2008 respectively.

Note 4 – Related Party Transactions

Donations in the amount of \$117,550 and \$230,923 were received for unrestricted purposes from various members of the Conservancy’s board during the years ended September 30, 2009 and 2008, respectively.

Note 5 – Assets Transferred to a Recipient Organization

In furtherance of the Conservancy's non-profit purposes, the Conservancy facilitated a donation of 5,000 citrus trees to the Orange County Great Park (Park) valued at \$330,000 within the fiscal year ended September 30, 2009. The nursery who donated the trees specified that the Conservancy provide the trees to the City of Irvine/Orange County Great Park Corporation for use in the Park at sites including the Great Park Citrus Orchard. The orchard is planned to be included in the first phase of Park development. The Conservancy has no variance power over the trees and therefore did not record them as contribution income and expense.

THE FOUNDATION FOR THE GREAT PARK
 DBA GREAT PARK CONSERVANCY
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Compensation and related expenses	\$ 122,365	\$ 45,141	\$ 60,000	\$ 227,506
Public education and special projects	158,101		1,184	159,285
Promotional items			853	853
Planned giving			1,500	1,500
Jewel event - indirect costs	58,613		25,120	83,733
Jewel event - donated expenses	31,587		13,537	45,124
Garden event - indirect costs	9,372		4,017	13,389
Garden event - donated expenses	4,479		1,919	6,398
Meetings and forums		17,101		17,101
Occupancy	29,643	12,704		42,347
Telephone and utilities	2,025	868		2,893
Supplies, printing and office expense		11,921		11,921
Insurance		8,907		8,907
Depreciation		3,862		3,862
Professional fees		35,524		35,524
Miscellaneous		1,537		1,537
Travel		1,745		1,745
Moving expenses				0
	<u>\$ 416,185</u>	<u>\$ 139,310</u>	<u>\$ 108,130</u>	<u>\$ 663,625</u>

See accompanying notes to financial statements

THE FOUNDATION FOR THE GREAT PARK
 DBA GREAT PARK CONSERVANCY
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Compensation and related expenses	\$ 123,461	\$ 47,278	\$ 66,170	\$ 236,909
Public education and special projects	111,431		12,381	123,812
Promotional items			5,779	5,779
Planned giving			3,000	3,000
Jewel event - indirect costs	88,684		38,007	126,691
Jewel event - donated expenses	47,752		20,465	68,217
Garden event - indirect costs	11,629		4,984	16,613
Garden event - donated expenses	14,595		6,255	20,850
Meetings and forums		14,073		14,073
Occupancy	29,655	12,710		42,365
Telephone and utilities	2,204	945		3,149
Supplies, printing and office expense		8,642		8,642
Insurance		6,653		6,653
Depreciation		3,452		3,452
Professional fees		31,249		31,249
Miscellaneous		848		848
Travel	554	139		693
Moving expenses		1,738		1,738
	<u>\$ 429,965</u>	<u>\$ 127,727</u>	<u>\$ 157,041</u>	<u>\$ 714,733</u>

See accompanying notes to financial statements