

**RANCHO MIRAGE
WRITERS FESTIVAL FOUNDATION
(A California Non-Profit Organization)**

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2016

RANCHO MIRAGE PUBLIC WRITERS FESTIVAL FOUNDATION
(A California Non-Profit Organization)

JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT

Rancho Mirage Writers Festival Foundation Board
Rancho Mirage, California

We have audited the accompanying financial statements of the Rancho Mirage Writers Festival Foundation (Foundation) (a California non-profit organization), which comprise the statement of financial position as of June 30, 2016, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditors' 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. 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 Rancho Mirage Writers Festival Foundation as of June 30, 2016, 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.

Vavinek, Trine, Day & Co LLP

Riverside, California

December 28, 2016

RANCHO MIRAGE WRITERS FESTIVAL FOUNDATION
(A California Non-Profit Organization)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS:

Current Assets:

Cash and cash equivalents	\$	780,558
Interest receivable		2,504
Prepaid items		<u>112,500</u>
Total Assets	\$	<u><u>895,562</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Current Liabilities:

Accounts payable	\$	2,453
Unearned revenue		<u>318,800</u>
Total Liabilities		<u>321,253</u>

NET ASSETS:

Unrestricted		<u>574,309</u>
Total Liabilities and Net Assets	\$	<u><u>895,562</u></u>

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

RANCHO MIRAGE WRITERS FESTIVAL FOUNDATION
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STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>
SUPPORT AND REVENUES:	
Contributions	\$ 743,200
Special events	195,716
Sponsorship	<u>20,000</u>
Total Support and Revenues	<u>958,916</u>
EXPENSES:	
Management and general	214,474
Program services	<u>424,350</u>
Total Expenses	<u>638,824</u>
OTHER REVENUES:	
Interest income	8,302
Other gain	<u>2,300</u>
Total Other Revenues	<u>10,602</u>
Change in Net Assets	330,694
Net Assets - Beginning of period	<u>243,615</u>
Net Assets - End of Year	<u><u>\$ 574,309</u></u>

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

RANCHO MIRAGE WRITERS FESTIVAL FOUNDATION
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 330,694
Changes in operating assets and liabilities:	
(Increase) in interest receivable	(1,454)
(Increase) in prepaid items	(112,500)
Increase in accounts payable	326
Increase in unearned revenue	129,090
	<hr/>
Net Cash Provided by Operating Activities	346,156

CASH AND CASH EQUIVALENTS:

Beginning of Period	<hr/> 434,402
End of Year	<hr/> <hr/> \$ 780,558

PER STATEMENT OF FINANCIAL POSITION:

Cash and cash equivalents	<hr/> <hr/> \$ 780,558
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The accompanying notes are an integral part of these financial statements.

RANCHO MIRAGE WRITERS FESTIVAL FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Rancho Mirage Writers Festival Foundation (Foundation) was created on March 9, 2015 to organize an annual festival for writers and readers within the City of Rancho Mirage and to raise funds to accomplish that goal.

The Foundation receives contributions, sponsorships and collects registration fees to accomplish the mission of the foundation.

B. Significant Accounting Policies

The following is a summary of the significant accounting policies of the Foundation:

Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In accordance with the accrual basis of accounting, expenses are recorded when incurred and revenues are recorded when earned. The financial statements include the accounts maintained by and directly under the control of the Foundation.

Cash and Cash Equivalents – The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Concentration of Credit Risk – Foundation cash is pooled with the City of Rancho Mirage investment portfolio.

Prepaid Items – Prepaid items include collective deposits the Foundation paid in the current year to various authors and speakers to secure subsequent services for the following year's Writers Festival event.

Contributions – Contributions are recognized when the Foundation receives funding from the donor. Contributions are reported as unrestricted, unless the funding is subject to donor-imposed stipulations.

Uses of Property and Structures – The Foundation uses certain property and structures that are necessary for the Foundation to operate on a daily basis; however, such property and structures are owned by the City of Rancho Mirage.

RANCHO MIRAGE WRITERS FESTIVAL FOUNDATION
(A California Non-Profit Organization)

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Significant Accounting Policies, (Continued)

Net Assets – 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.

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that can be fulfilled by specific actions pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations such that they should be maintained permanently by the Foundation. Generally, the donors of such assets permit the Foundations to use all or part of the income earned on these assets.

The Foundation's net assets are classified as unrestricted.

Donated Goods and Services – Donated goods and services have not been reflected in the accompanying financial statements since no objective basis is available to measure the value of such goods and services. However, a number of volunteers have donated significant amounts of their time in the Foundation's program services.

Income Taxes – The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and corresponding California provisions. Accordingly, no provision for income taxes has been reflected in these financial statements. The Foundation has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(A)(vi).

The Foundation has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain and, accordingly, no accounting adjustment has been made to the financial statements.

Management Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RANCHO MIRAGE WRITERS FESTIVAL FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

B. Significant Accounting Policies, (Continued)

Fair Value Measurements –The Foundation determines the fair market values of certain financial instruments based on a fair value, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

The following provides a summary of the hierarchical levels used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 asset and liabilities may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities may include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and other instruments whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes U.S. Government and agency mortgage-backed debt securities and corporate debt securities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Foundation used the market approach to determine fair value for all investment assets.

NOTE 2 – CASH AND INVESTMENTS

Investments are carried at market value. Accordingly, investment income includes both realized and unrealized gains and losses. For additional information on how the Foundation measures fair value, refer to Note 1 Significant Accounting Policies.

Cash and Investments consisted of the following at June 30, 2016:

City investment pool	<u>\$ 780,558</u>
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The Foundation is a voluntary participant in the cash and investment pool managed by the City of Rancho Mirage. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City of Rancho Mirage. The fair value of the Foundation's investment in this pool is reported in the accompanying financial statements at amounts based upon the Foundation's prorata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City. The amount that can be withdrawn is not subject to penalty or restrictions. As of June 30, 2016, the balance held was \$780,558.

RANCHO MIRAGE WRITERS FESTIVAL FOUNDATION
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – FUNCTIONAL EXPENSES

Expenses by natural classification related to providing these services for the period ended June 30, 2016 are as follows:

MANAGEMENT AND GENERAL	
Professional fees	\$ 161,799
Auditing services	8,000
Bank fees	13,028
Reproduction and printing	11,250
Supplies	9,632
Administration	10,765
Total Management and General	<u>214,474</u>
PROGRAM SERVICES	
Programs	265,694
Special events	158,656
Total Program Services	<u>424,350</u>
Total Expenses	<u>\$ 638,824</u>

NOTE 4 – FUND-RAISING EXPENSE

The foundation did not have fund raising expenses for the period ending June 30, 2016.

NOTE 5 – RELATED ORGANIZATION

The City of Rancho Mirage performs all financial reporting functions of the Foundation.

NOTE 6 – SUBSEQUENT EVENTS

The Foundation's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through December 28, 2016, 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.