

THE FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION OF

***HAYWARD AREA RECREATION AND
PARK DISTRICT FOUNDATION***



FOR THE YEAR ENDED
DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
**Hayward Area Recreation and
Park District Foundation**

Opinion

I have audited the accompanying financial statements of **Hayward Area Recreation and Park District Foundation** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Hayward Area Recreation and Park District Foundation** as of December 31, 2021, 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.

Other Matter

In my report dated July 27, 2022, I expressed an opinion that the financial statements, in all material respects, fairly presented the financial position of **Hayward Area Recreation and Park District Foundation** as of December 31, 2021. Subsequent to the release date of that report, management reevaluated its judgement on the status of the promise to give (conditional versus unconditional) and determined that it should be considered unconditional at December 31, 2021 and recorded in the statement of financial position and statement of activities. The financial statements have been revised to reflect this change. Accordingly, I have extended my procedures over subsequent events to the new report date, including obtaining an updated representation from management.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of **Hayward Area Recreation and Park District Foundation** and to meet my ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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, and for the design, implementation

and maintenance of internal control relevant to the preparation and fair presentation of the 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 **Hayward Area Recreation and Park District Foundation's** ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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, including omissions, 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, I:

- 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 **Hayward Area Recreation and Park District 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Hayward Area Recreation and Park District Foundation's** ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Anne McCaleb CPA, PC
Bandon, Oregon

October 17, 2022

HAYWARD AREA RECREATION AND PARK DISTRICT FOUNDATION

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 484,216
Promises to give	66,666
Total current assets	<u>550,882</u>

OTHER ASSETS (note 10)	<u>10,565</u>
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TOTAL ASSETS	<u>\$ 561,447</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITES

Accounts payable	\$ 10,480
Total current liabilities	<u>10,480</u>

NET ASSETS

Without donor restrictions	
Undesignated	117,556
Board-designated (note 8)	13,370
	<u>130,926</u>

With donor restrictions (note 7)	<u>420,041</u>
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TOTAL NET ASSETS	<u>550,967</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 561,447</u>
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See accompanying notes

HAYWARD AREA RECREATION AND PARK DISTRICT FOUNDATION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support, and gains			
Contributions and donations	\$ -	\$ 363,118	\$ 363,118
In-kind contributions (note 6)	129,540	-	129,540
Special events (note 9)	49,446	-	49,446
Reimbursements (note 11)	30,516	-	30,516
Interest income	126	-	126
Total contributions and revenues	209,628	363,118	572,746
Net assets released from restrictions (note 7)	91,296	(91,296)	-
Net assets reclassified by board election (note 12)	(20,000)	20,000	-
Total revenue, support, and gains	280,924	291,822	572,746
Functional expenses			
Program services expense			
General program services	155,205	-	155,205
Mia's Dream Fund	72,867	-	72,867
Other miscellaneous funds	18,429	-	18,429
Total program services expenses	246,501	-	246,501
Supporting services expense			
Management and general	11,228	-	11,228
Fundraising expenses	17,942	-	17,942
Total supporting services expenses	29,170	-	29,170
Total functional expenses	275,671	-	275,671
CHANGE IN NET ASSETS	5,253	291,822	297,075
NET ASSETS AT BEGINNING OF YEAR	125,673	128,219	253,892
NET ASSETS AT END OF YEAR	\$ 130,926	\$ 420,041	\$ 550,967

See accompanying notes

**HAYWARD AREA RECREATION AND
PARK DISTRICT FOUNDATION**

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services					
	Program Unrestricted	Mia's Dream Fund	Other Misc. Funds	Management & General	Fundraising Expenses	Total
Accounting & professional services	\$ -	\$ -	\$ -	\$ 6,671	\$ -	\$ 6,671
Bank & merchant fees	-	-	-	468	-	468
Brochure postage	30,516	-	-	-	-	30,516
In-kind salaries & benefits	112,735	-	-	-	-	112,735
Insurance	-	-	-	1,695	-	1,695
Office expenses	-	-	-	2,299	-	2,299
Program costs	7,154	72,867	18,429	-	-	98,450
Rent	4,800	-	-	-	-	4,800
Special event expenses	-	-	-	-	17,942	17,942
Taxes & licenses	-	-	-	95	-	95
	-	-	-	95	-	95
TOTAL EXPENSES	<u>\$ 155,205</u>	<u>\$ 72,867</u>	<u>\$ 18,429</u>	<u>\$ 11,228</u>	<u>\$ 17,942</u>	<u>\$ 275,671</u>

See accompanying notes

HAYWARD AREA RECREATION AND PARK DISTRICT FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 297,075
Adjustments to reconcile change in net assets provided (used) by operating activities	
Depreciation and amortization	-
Change in accounts receivable	(66,666)
Change in accounts payable	(708)
Net cash provided (used) by operating activities	<u>229,701</u>
NET CHANGE IN CASH	229,701
Cash and cash equivalents at beginning of year	<u>254,515</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 484,216</u></u>

See accompanying notes

HAYWARD AREA RECREATION AND PARK DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 - NATURE OF ACTIVITIES

The **Hayward Area Recreation and Park District Foundation** (the Foundation) is a California not-for-profit corporation primarily funded by contributions and donations. The specific and primary purposes of the Foundation are to initiate, sponsor, promote and carry out plans, programs, policies and activities that will tend to further park and recreational projects within the jurisdictional limits of the Hayward Area Recreation and Park District; to accept donations, solicit and raise money, for the purpose of establishing permanent collections, art endowments, research and educational projects, including the construction or purchase of facilities; to perform any act, activity or acquisition that will further any of the objectives, purposes, property, plant or facilities of the Hayward Area Recreation and Park District and to solicit, receive, administer and disburse funds for the accomplishment of the aforementioned purposes.

As a fundraising entity, with the sole purpose of providing much-needed park improvements, recreation programming, and scholarship programs, the Foundation hosts a variety of special events, is active in seeking grants, and other fund developments opportunities to support HARD.

One of the recent main focuses of the Foundation is Mia's Dream Come True playground, a one-acre park built for "all" with an emphasis on residents with disabilities who lack resources and access to be mobile, exercise, and play. The playground is designed for children and adults with physical, sensory, and multiple disabilities, along with those who have chronic health impairments, communicative, and cognitive disabilities. The playground opened in late 2021.

The Foundation also helps support the Aitken Senior Center, Douglas Morrisson Theatre, Sulphur Creek Nature Center, and several other miscellaneous programs (see note 7 for further details).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Financial Statement Presentation:

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released 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.

HAYWARD AREA RECREATION AND PARK DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Cash and Cash Equivalents:

For purpose of the statement of cash flows, the Foundation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Money market accounts are classified as cash in banks. The Foundation does not currently have any cash equivalents.

Income Tax Status

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and is not subject to taxes in connection with its exempt activities. The Foundation has been classified as a publicly-supported organization which is not a private foundation.

Revenue, Revenue Recognition, and Contributions

Revenue from special events is recorded when received. Revenue is received in the same year as the event, therefore, no deferred revenue exists at year end. Reimbursement revenue is recorded when received. Revenue sources, disaggregated by type, are depicted on the face of the statement of activities.

Contributions, including unconditional promises to give, are recognized as revenues or gains in the period they are received, even if the donor has restricted their use and the restriction will be met in a future reporting period. As a result, contributions are recorded immediately as increases in the appropriate class of net assets, depending on the existence or absence of the donor restrictions. All contributions are considered to be without donor restriction unless specifically communicated by the donor. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At December 31, 2021, a previously conditional contribution (promise to give) approximating \$66,666 was considered unconditional and recognized in the accompanying statement of financial position and statement of activities because the condition(s) on which it depends have substantially been met as of December 31, 2021 and the funds are expected to be collected within one year.

Donated Services and In-kind Contributions

Volunteers contribute significant amounts of time to the Foundation's programs and fundraising activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Non-monetary contributions, such as goods and professional services (note 6), are recorded at fair value in the period received, and are recognized as revenue with an offsetting expense or asset, depending on the nature of the support received.

HAYWARD AREA RECREATION AND PARK DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

Functional Expenses:

The costs of providing the various programs and other supporting activities have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Certain categories of expenses are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses are allocated based on estimates of time and effort.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restriction within one year of the statement of financial position:

	<u>December 31, 2021</u>
Financial assets at year-end	\$ 550,882
Less those unavailable for general expenditures within one year, due to:	
Donor-restricted	<u>420,041</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 130,841</u></u>

NOTE 4 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents consist of the following:

	<u>December 31, 2021</u>
Cash in banks	\$ 331,971
Money market accounts	<u>152,245</u>
	<u><u>\$ 484,216</u></u>

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Foundation maintains cash depository accounts with one financial institution. Cash balances exceed the \$250,000 maximum guarantee by the Federal Deposit Insurance Corporation (FDIC) by \$234,216 at December 31, 2021.

HAYWARD AREA RECREATION AND PARK DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 - IN-KIND CONTRIBUTIONS

The Foundation received in-kind contributions in the form of donated goods and professional services as follows during the year ended December 31, 2021:

Goods	\$ 8,005
Professional services	4,000
Rent	4,800
Salaries and benefits	112,735
	<u>\$ 129,540</u>

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following fund balances as of December 31, 2021:

Adobe Art Center	\$ 620
Aitken Senior Center	101,520
Aquatics	4,959
Balch Memorial Fund	165
Douglas Morrisson Theatre (DMT) General	105,538
Donna Fitzwater	6,326
Earl Warren Park D’Paws	3,391
Hayward Senior Center	549
Herb Stouffer	725
Japanese Garden	9,535
Jimenez Fund	8,429
Kennedy Train	850
Meek Estate	500
Mia’s Dream	71,433
Peg Byers	2,367
Photocentral General	1,873
Photocentral Scholarships	800
Rox Dream Fund	4,349
Scholarship General	39,500
Sulphur Creek Nature Center (SCNC)	9,090
Shoreline	1,204
Sorensdale	1,707
Sorensdale Life Skills Lab	1,029
Weller Estate Senior Programs	43,582
	<u>\$ 420,041</u>

HAYWARD AREA RECREATION AND PARK DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS - *continued*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended December 31, 2021:

Aquatics	\$	360
Japanese Garden		465
Mia's Dream		72,867
Scholarship General		10,227
Sulphur Creek Nature Center (SCNC)		<u>7,377</u>
		<u>\$ 91,296</u>

NOTE 8 - BOARD-DESIGNATED NET ASSETS

Revenues from certain special events and fundraising activities are board-designated for future projects or program needs. Net assets that have been board-designated consist of remaining revenues from the following activities as of December 31, 2021:

Year End Appeal 2019	\$	1,900
Year End Appeal 2020		3,315
Year End Appeal 2021		1,827
Giving Tuesday 2020		4,857
Giving Tuesday 2021		<u>1,471</u>
		<u>\$ 13,370</u>

NOTE 9 - SPECIAL EVENTS

Special event revenues and expenses are directly related to the golf tournament and year end appeal. Fundraising expenses totaled \$17,942 for the year ended December 31, 2021.

NOTE 10 - OTHER ASSETS

Other assets consist of donated artwork that is unrestricted and may be used by the Foundation or sold to generate revenue.

HAYWARD AREA RECREATION AND PARK DISTRICT FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 11 - RELATED PARTIES AND TRANSACTIONS

Two members of the Hayward Area Recreation and Park District (HARD) are on the board of the Foundation. The Foundation receives in-kind contributions from HARD in the form of professional services, rent, and salaries and benefits (note 6). HARD also reimburses the Foundation quarterly for brochure postage, which totaled \$30,516 during the year ended December 31, 2021. Most of the Foundation's net assets released from donor restrictions are paid to HARD in support of its programs and services, including \$71,667 for Mia's Dream Come True Playground and \$10,227 in scholarships.

NOTE 12 - NET ASSET RECLASSIFICATIONS

During the year ended December 31, 2021, the board elected to transfer \$20,000 from its net assets without donor restrictions (undesignated) to the Scholarship General Fund, which is with donor restrictions.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through October 17, 2022, the date which these financial statements were available to be issued and determined that there are no subsequent events requiring adjustment to, or disclosure in, the financial statements except for the matter related to the pandemic event. On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic. Management continues to evaluate the potential negative economic impacts resulting from the global COVID-19 pandemic. Given the uncertainty of these circumstances, the related impact on the Foundation's operations cannot be reasonably estimated at this time. No adjustments have been made to these financial statements as a result of this uncertainty.