



## Town Council Agenda Report

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Date: March 10, 2020 Item No. 11

To: Honorable Mayor and Town Council

Subject: RECEIVE AND FILE THE APPLE VALLEY COMMUNITY RESOURCE FOUNDATION 2018-19 ANNUAL REPORT

From: Douglas Robertson, Town Manager

Submitted by: Sydnie Harris, Director of Finance  
Finance Department

Budgeted Item:  Yes  No  N/A

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### RECOMMENDED ACTION

That the Board receive and file the Apple Valley Community Resource Foundation Annual Report for the fiscal year ended June 30, 2019.

### BACKGROUND

The Apple Valley Community Resource Foundation was created on August 14, 2001 by the Town of Apple Valley to lessen the burdens of government and promote and support cultural, recreational, and human services needs in the Town.

The attached annual report for the fiscal year ended June 30, 2019 is a continuation of our efforts to more fully disclose the activities of the Foundation and the financial resources available to the Foundation to further completion of its mission, goals and objectives.

The attached compilation of the financial statements for the Foundation as of June 30, 2019 was prepared by the public accounting firm of Harshwal & Company, LLP, who have issued their Independent Accountant's Report upon the accompanying financial statements.

The Foundation's programs and activities have been divided into four major programmatic areas. They are; 1) Parks and Recreation, 2) Animal Care, 3) Community and Human Services, and 4) Arts and Culture.

## **ATTACHMENTS**

AVCRF Annual Report for the fiscal year ended June 30, 2019.

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APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
APPLE VALLEY, CALIFORNIA  
BASIC FINANCIAL STATEMENTS  
AND ACCOUNTANT'S COMPILATION REPORT  
JUNE 30, 2019

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**HARSHWAL & COMPANY LLP**  
*Certified Public Accountants*  
16870 W. Bernardo Drive, Suite 250  
San Diego, CA 92127  
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**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors  
Apple Valley Community Resource Foundation  
Apple Valley, California

Management is responsible for the accompanying financial statements of the governmental activities and the general fund of the Apple Valley Community Resource Foundation, California (the "Foundation") (a nonprofit organization), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Foundation's basic financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was not subject to our compilation engagement. We do not express an opinion, a conclusion, nor provide any assurance on such information.

*Harshwal & Company LLP*

San Diego, California  
February 10, 2020

**BASIC FINANCIAL STATEMENTS**

**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

**ASSETS**

Current Assets:

Cash	\$ 329,427
Total Current Assets	<u>329,427</u>
Total Assets	<u>329,427</u>

**LIABILITIES**

Current Liabilities:

Accounts Payable	42,976
Total Current Liabilities	<u>42,976</u>
Total Liabilities	<u>42,976</u>

**NET POSITION**

Unrestricted	<u>286,451</u>
Total Net Position	<u>\$ 286,451</u>

The accompanying notes are an integral part of this financial statement.  
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**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues		Governmental Activities Net (Expenses) Revenues
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
Animal Services	\$ 48,850	\$ -	\$ 40,682	\$ (8,168)
Recreation	128,168	-	31,200	(96,968)
Public Information	-	-	12,816	12,816
Administration	<u>60</u>	-	<u>28,477</u>	<u>28,417</u>
Total governmental activities	<u>\$ 177,078</u>	<u>\$ -</u>	<u>\$ 113,175</u>	<u>(63,903)</u>
<b>General revenues:</b>				
Interest Earnings				3,890
Total General Revenues				3,890
Change in Net Position				(60,013)
Net Position, Beginning of Year				<u>346,464</u>
Net Position, Ending of Year				<u>\$ 286,451</u>

The accompanying notes are an integral part of this financial statement.



**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
BALANCE SHEET - GOVERNMENTAL FUND  
JUNE 30, 2019**

<b>ASSETS</b>	
Cash	\$ <u>329,427</u>
Total Assets	<u>329,427</u>
<b>LIABILITIES AND FUND BALANCES</b>	
Liabilities:	
Accounts Payable	<u>42,976</u>
Total Liabilities	<u>42,976</u>
<b>FUND BALANCES</b>	
Unassigned	<u>286,451</u>
Total Fund Balances	<u>286,451</u>
Total Liabilities and Fund Balances	<u>\$ 329,427</u>

The accompanying notes are an integral part of this financial statement.  
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**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2019**

Fund balances - total governmental fund	\$ 286,451
Amounts reported for governmental activities in the Statement of Net Position are different because	
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds	<u>-</u>
Net position of governmental activities	<u>\$ 286,451</u>

The accompanying notes are an integral part of this financial statement.  
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**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

**REVENUES**

Donations:	
Animal Services	\$ 40,682
Recreation	31,200
Public Information	12,816
Administration	28,477
Interest Income	<u>3,890</u>
Total Revenues	<u>117,065</u>

**EXPENDITURES**

Animal Services	48,850
Recreation	128,168
Administration	<u>60</u>
Total Expenditures	<u>177,078</u>
Net Change in Fund Balances	(60,013)
Fund Balance, Beginning of Year	<u>346,464</u>
Fund Balance, End of Year	<u>\$ 286,451</u>

The accompanying notes are an integral part of this financial statement.

**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2019**

Net change in fund balances - governmental funds	\$ (60,013)
Amount reported for governmental activities in the statement of activities are different because:	
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>-</u>
Change in net position of governmental activities	<u>\$ (60,013)</u>

The accompanying notes are an integral part of this financial statement.  
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**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Apple Valley Community Resource Foundation (Foundation) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Foundation's accounting policies are described below.

**A. Nature of Business and Reporting Entity**

The Foundation (a California nonprofit corporation) was created on August 14, 2001 by the Town of Apple Valley, to lessen the burdens of government and to promote and support cultural, recreational, and human services needs in the Town of Apple Valley (Town). The Town Council appoints the Foundation's Board Members and management positions. The Foundation is primarily supported by donations from the general public. It is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code. It is also exempt from State income taxes, subject to compliance with applicable laws and regulations.

The Foundation is a component unit of the Town and, accordingly, the financial statements of the Foundation are included in the financial statements of the Town. The Foundation is an integral part of the reporting entity of the Town. The funds of the Foundation have been blended within the financial statements of the Town because the Town Council is the governing board of the Foundation and exercises control over the operations of the Foundation. Only the funds of the Foundation are included herein; therefore, these financial statements do not purport to represent the financial position or results of operations of the Town. The Foundation has the same fiscal year as the Town. The Comprehensive Annual Financial Report of the Town can be obtained from the Finance Department of the Town.

**B. Basis of Accounting and Measurement Focus**

The accounts of the Foundation are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The balances and activity of the Foundation are recorded in the General Fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Since the Foundation is not required to account for activity in another fund, all activity of the Foundation is recorded in the General Fund.

**Government-wide Financial Statements**

The Foundation's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These financial statements present summaries of activities for the Foundation.

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**B. Basis of Accounting and Measurement Focus (Cont'd)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the Foundation include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance for all governmental funds. All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34. Charges for services, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and therefore have been recognized as revenues within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received. The Foundation reports a single governmental fund – the General Fund.

**C. Cash**

The Foundation's cash consists of deposits with financial institutions.

**D. Capital Assets**

Capital assets consist of machinery and equipment which is stated at historical cost, net of accumulated depreciation, except for the portions acquired by contribution, which are recorded at fair value at the time received. The Foundation utilizes a capitalization threshold of \$5,000. Depreciation is recorded using the straight-line method. Estimated useful life of 15 years is used in computing depreciation of machinery and equipment. However, as of June 30, 2019, the Foundation does not report any capital assets.

APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

**E. Long-Term Obligations**

In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. The fund financial statements do not present long-term debt. However, as of June 30, 2018, the Foundation does not report any long-term obligations.

**F. Net Position**

In the Government-Wide Financial Statements, net position is classified in the following categories, as applicable:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount represents net position that does not meet the definition of "Invested in Capital Assets" or "Restricted Net Position."

**G. Fund Balance**

In the Fund Financial Statements, the General Fund reports unassigned fund balance, a category that is used for balances that have no restrictions placed on them.

**H. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Foundation currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Foundation currently has no items that qualify for reporting in this category.

**I. Net Position Flow Assumption**

Sometimes the Foundation will fund outlays for a particular purpose from both restricted (e.g. restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Foundation's policy to consider restricted net position to have been depleted before unrestricted net position.

**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

***J. Fund Balance Assumption***

Sometimes the Foundation will fund outlays for a particular purpose from both restricted and unrestricted resources (total fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Foundation's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***K. Use of Estimates***

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

**NOTE 2 - CASH AND INVESTMENTS**

The Foundation's cash represents deposits with financial institutions (checking account), which is insured by the FDIC. The Foundation does not have a deposit policy for custodial credit risk.

The Foundation currently does not maintain any other deposits or investments.

**NOTE 3 - RISK MANAGEMENT**

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Foundation participates in the Town's risk management program, which includes membership in the California Joint Powers Insurance Authority (JPA). Disclosures relating to the Town's participation in the JPA can be found in the Town's Comprehensive Annual Financial Report.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

The Foundation is subject to litigation arising in the normal course of business. In the opinion of the Foundation's management, there is no pending litigation that is likely to have a material adverse effect on the financial position of the Foundation.

As of June 30, 2019, in the opinion of Foundation management, there were no other outstanding matters that would have a significant effect on the financial position of the Foundation.



**SUPPLEMENTARY INFORMATION**

**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION**  
**YEAR TO DATE SUMMARY 2018-19**  
**FUND 8610**

Dept	Program	Fund Balance July 1, 2018	Revenues	Expenses	Fund Balance June 30, 2019
<b>Animal Services</b>					
8080	Adoptions	\$ 6,404	\$ 225	\$ -	\$ 6,629
8085	Accessories	1,004	-	-	1,004
8090	Bird Aviary	22	-	-	22
8100	Crusin' Fur Critters	5,635	-	-	5,635
	Elsa the Great Dane Medical				
8105	Fund	949	-	740	209
8110	Fur Ball	41,526	18,158	19,149	40,535
8115	Me and My Shadow	4,608	3,805	6,567	1,846
	Medical Assistance/Animal				
8120	Care	1,730	3,323	2,043	3,010
8125	New Shelter Facility	151	-	-	151
8130	Night at the Shelter	57	-	-	57
8140	Pet Fair	3,142	9,806	8,520	4,428
8170	Spay Day USA	690	-	-	690
8195	Undesignated Shelter	<u>97,246</u>	<u>5,365</u>	<u>11,831</u>	<u>90,780</u>
	Animal Services Totals	<u>163,164</u>	<u>40,682</u>	<u>48,850</u>	<u>154,996</u>
<b>Recreation</b>					
8203	AV Aquatic Center	5,948	-	235	5,713
8205	AV Triathlon	43,711	18,520	23,325	38,906
8210	AV Wave - Coaches Fund	-	-	-	-
8212	AV Wave - Incentives	-	-	-	-
8216	AV Wave - Swim Suits	354	-	-	354
8218	AV Wave - Undesignated	49	-	-	49
	Horseman's Center				
8219	Improvements	3,500	-	-	3,500
8220	James Woody Park	198	-	-	198
8221	Healthy Apple Valley	2,986	2,000	418	4,568
8223	Heartgames	1,444	614	583	1,475
8250	Recreation - Undesignated	5,065	531	123	5,473
8260	Special Apples	8,068	2,280	78	10,270
8263	St Mary's Scholarship	1,031	-	-	1,031
8264	Teen Zone	6,587	-	1,491	5,096
8265	Vantastic	4,519	-	126	4,393
8267	Yucca Loma Scholarship	251	-	-	251
8270	Wellness Room	165	-	-	165
8271	Michael H. Martin Gymnasium	(63)	-	-	(63)
8272	Sports Fields	13	755	-	768
	Undesignated - Recreation				
8280	Events	<u>(44)</u>	<u>-</u>	<u>-</u>	<u>(44)</u>
	Recreation Totals	<u>83,782</u>	<u>24,700</u>	<u>26,379</u>	<u>82,103</u>

**APPLE VALLEY COMMUNITY RESOURCE FOUNDATION**  
**YEAR TO DATE SUMMARY 2018-19**  
**FUND 8610**

Dept	Program	Fund Balance July 1, 2018	Revenues	Expenses	Fund Balance June 30, 2019
Continued..					
<b>PIO</b>					
8310	Community Clean Up	250	1,500	5,870	(4,120)
8315	Concert in the Courtyard	3,327	5,000	6,609	1,718
8317	Emergency Preparedness Fair	2,718	-	-	2,718
8320	Equine Festival	4,718	-	-	4,718
8323	Evening on the Town	-	-	-	-
8325	Freedom Festival	(600)	-	10,394	(10,994)
8330	Green Apple Calendar	2	-	-	2
8335	Golf Course	2	-	-	2
8340	Holiday Cheer	1,367	-	-	1,367
8346	Mayor's Weight Loss Challenge	-	-	2,000	(2,000)
8350	Military Banners	12	-	-	12
8353	Sunset Theater	3,698	-	-	3,698
8355	PD Gym Equipment	-	-	-	-
8360	Sunset Concerts	3,493	12,816	15,411	898
8370	Undesignated Events	66,206	28,477	56,038	38,645
8380	Volunteer Program	129	-	5,467	(5,338)
8390	Winter Wonderland	10,747	-	-	10,747
8411	Equestrian Committee	31	-	-	31
8410	AV Rider Challenge	517	-	-	517
	<b>PIO Totals</b>	<u>96,617</u>	<u>47,793</u>	<u>101,789</u>	<u>42,621</u>
<b>Administration</b>					
0000	Non-Departmental	4,748	3,890	60	8,578
8400	Undesignated Administration	(857)	-	-	(857)
8420	Mojave River Walk	(990)	-	-	(990)
	<b>Administration Totals</b>	<u>2,901</u>	<u>3,890</u>	<u>60</u>	<u>6,731</u>
	<b>GRAND TOTAL</b>	<u>\$ 346,464</u>	<u>\$ 117,065</u>	<u>\$ 177,078</u>	<u>\$ 286,451</u>