

# **FLINTRIDGE CENTER**

**(A California Nonprofit Corporation)**

**For the Year Ended**

**February 28, 2011**

**FLINTRIDGE CENTER**  
**(A California Nonprofit Corporation)**

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## INDEPENDENT AUDITORS' REPORT

To The Board of Directors  
Flintridge Center  
Pasadena, California

We have audited the accompanying statements of financial position of Flintridge Center (a California Nonprofit Corporation), as of February 28, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Flintridge Center's management. 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 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 Flintridge Center, as of February 28, 2011, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Valencia, California  
May 17, 2011

**FLINTRIDGE CENTER**  
**(A California Nonprofit Corporation)**  
**Statement of Financial Position**  
**February 28, 2011**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 24,371	\$ 357,515	\$ 381,886
Investment securities	2,500,479	-	2,500,479
Grants receivable	80,600	-	80,600
Furniture, equipment and leaseholds, net	146,486	-	146,486
Other assets	6,890	-	6,890
<b>Total assets</b>	<u>\$ 2,758,826</u>	<u>\$ 357,515</u>	<u>\$ 3,116,341</u>
 <b>Liabilities and Net assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 189,815	\$ -	\$ 189,815
 <b>Net assets</b>			
Unrestricted net assets	2,569,011	-	2,569,011
Temporarily restricted net assets	-	357,515	357,515
<b>Total net assets</b>	<u>2,569,011</u>	<u>357,515</u>	<u>2,926,526</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,758,826</u>	<u>\$ 357,515</u>	<u>\$ 3,116,341</u>

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

**FLINTRIDGE CENTER**  
**(A California Nonprofit Corporation)**  
**Statement of Activities**  
**For the Year Ended February 28, 2011**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b>Revenues</b>			
Grants and contributions	\$ 441,973	\$ 322,047	\$ 764,020
Investment income, net	479,696	-	479,696
In-Kind contributions and services	546,562	-	546,562
Service fees and other income	25,210	-	25,210
Net assets released from program restrictions	202,622	(202,622)	-
<b>Total revenues</b>	<u>1,696,063</u>	<u>119,425</u>	<u>1,815,488</u>
<b>Functional expenses</b>			
Program expenses	2,251,555	-	2,251,555
<i>Support Services:</i>			
Management and administrative	290,581	-	290,581
Fund raising	250,578	-	250,578
<b>Total expenses</b>	<u>2,792,714</u>	<u>-</u>	<u>2,792,714</u>
<b>Decrease in net assets (see note 7)</b>	<u>(1,096,651)</u>	<u>119,425</u>	<u>(977,226)</u>
Net assets, beginning of year	3,665,662	238,090	3,903,752
<b>Net assets, end of year</b>	<u>\$ 2,569,011</u>	<u>\$ 357,515</u>	<u>\$ 2,926,526</u>

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

**FLINTRIDGE CENTER**  
(A California Nonprofit Corporation)  
Statement of Functional Expenses  
Year Ended February 28, 2011

	Support Services		Programs					Total Programs	Total Functional
	Fundraising	Mgt. & Adm.	Apprentice Prep	Comm Services	MOTM & Mentoring	Other Programs*			
Staff	\$ 117,143	\$ 183,305	\$ 154,190	\$ 209,863	\$ 254,022	\$ 201,582	\$ 819,657	\$ 1,120,105	
Fee for Services	99,499	38,515	155,556	59,468	401,948	106,331	723,303	861,317	
Advertising & Promotion	14	523	988	1,283	3,660	933	6,864	7,401	
Office	5,752	13,159	15,137	22,229	20,084	17,310	74,760	93,671	
Information Technology	218	397	726	851	982	652	3,211	3,826	
Occupancy	18,341	32,073	71,661	74,014	78,754	39,370	263,799	314,213	
Conferences and Travel	343	6,149	17,637	2,123	8,897	4,067	32,724	39,216	
Convenings and Events	1,076	4,188	24,853	11,595	4,139	49,525	90,112	95,376	
Program and Training	5,326	5,876	21,770	25,120	36,200	19,801	102,891	114,093	
Grants to Organizations	3	6	2,024	35,423	21,602	30,638	89,687	89,696	
Taxes	-	215	-	-	-	-	-	215	
Fiscal Sponsorship	-	-	-	-	-	3,795	3,795	3,795	
Other and depreciation	2,863	6,175	7,486	17,751	8,979	6,536	40,752	49,790	
<b>TOTAL</b>	<b>\$ 250,578</b>	<b>\$ 290,581</b>	<b>\$ 472,028</b>	<b>\$ 459,720</b>	<b>\$ 839,267</b>	<b>\$ 480,540</b>	<b>\$ 2,251,555</b>	<b>\$ 2,792,714</b>	

\* Other programs includes John Muir High School and Parent Project, Northwest Echo, 20/20 and Jazzy Jam programs.

The accompanying notes are an integral part of these financial statements

**FLINTRIDGE CENTER**  
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**Statement of Cash Flows**  
**For the Year Ended February 28, 2011**

**Cash Flows from Operating Activities**

Decrease in net assets	\$ (977,226)
<i>Adjustments for non cash transactions</i>	
Depreciation	31,922
Capital gains, net	(298,082)
Unrealized gain on investment securities	(131,553)
<i>Adjustments to reconcile increase in unrestricted net assets to net cash used by operating activities:</i>	
<i>(Increase) decrease in:</i>	
Grants receivable	(4,415)
Receivable from Flintridge Foundation	32,309
Other assets	(6,872)
<i>Increase (decrease) in:</i>	
Accounts payable and accrued expenses	69,213
<b>Net Cash Used by Operating Activities</b>	<b>(1,284,704)</b>
 <b>Cash Flows From Financing Activities</b>	
Investment securities sold, net of purchases	1,221,633
<b>Net decrease in cash</b>	<b>(63,071)</b>
<i>Cash, beginning of year</i>	<i>444,957</i>
<b>Cash, end of year</b>	<b>\$ 381,886</b>

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

**FLINTRIDGE CENTER**  
**(A California Nonprofit Corporation)**  
**Notes to Financial Statements**  
**For the Year Ended February 28, 2011**

**NOTE 1: ACTIVITIES**

**Nature of Activities:**

The Flintridge Foundation (“FF”) was created through the estates of Francis and Louisa Moseley in 1985. Historically, the Flintridge Foundation provided grants to assist nonprofit organizations and visual artists in a tri-state area, as well as offering direct services to build the capacity of nonprofit organizations serving children and families in Northwest Pasadena and Altadena. By design, the Flintridge Foundation concluded its grant making programs in 2007 and expended the majority of its assets. At that same time, the Flintridge Foundation Board decided to form a new entity that would focus specifically on continuing and also broadening programmatic services to address the ongoing needs of underserved children and youth in Northwest Pasadena and Altadena. On December 11, 2007 the Flintridge Center (“CENTER”) F/K/A Flintridge Operating Foundation (a Nonprofit Public Benefit Corporation) was incorporated for this purpose under the Laws of the State of California. During 2008 the Flintridge Foundation gave a grant to the Flintridge Center of \$7.3 million for operational support and long term reserves.

CENTER’s activities include, but are not limited to the following programs:

Apprenticeship Preparation FOF helped launch and coordinates this free, course with case management services to help individuals who are hard-to-employ, gang-impacted or have prison records to gain entry to apprenticeships in the construction trades.

Community Services program provides technical assistance and training to build the capacity of local nonprofit organizations, and includes one-on-one consultations with nonprofit experts, a Philanthropy Resource Library and free or low-cost meeting space at the Flintridge Retreat Center.

Mustangs On The Move program is a community partnership offering nearly two dozen after school educational and enrichment activities at John Muir High School. CENTER helped launch and manages the coalition which includes but is not limited to administering a five-year 21st Century Grant through the California Department of Education.

**FLINTRIDGE CENTER**  
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**Notes to Financial Statements**  
**For the Year Ended February 28, 2011**

**NOTE 1: NATURE OF ACTIVITIES (Continued)**

Mentoring program CENTER launched and coordinates this matching vulnerable teens with adult mentors at Washington Middle School. This program is now referred to as Youth of Promise. In addition CENTER convenes other mentoring agencies in Pasadena / Altadena on a monthly basis to provide collaboration among the agencies.

Northwest ECHO program furnishes customized training and capacity building to a coalition of 23 local nonprofit organizations serving the area's vulnerable youth. The program is financed primarily from a \$750,000 Federal grant obtained in 2007 by FF and is payable over 3 years based on actual program expenses and adjustments. This program ended during the current fiscal year.

Vision 20/20 Initiative CENTER coordinates a violence intervention and prevention initiative launched by City of Pasadena Councilwoman Jacque Robinson, with the participation of the County of Los Angeles Commission on Human Relations and other community partners. Activities include creating a comprehensive safety net of services for gang-impacted youth, young adults and their families.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statements Presentation:**

CENTER 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.

**FASB Accounting Standards Codification:**

In June 2009, the Financial Accounting Standards Board (FASB) issued the FASB Accounting Standards Codification (the ASC). The ASC has become the single source of non-governmental accounting principles generally accepted in the United States (GAAP) recognized by the FASB in preparation of financial statements. FOF adopted the ASC as of December 31, 2009. The ASC does not change GAAP and did not have an effect on FOF's statements of financial position, changes in net assets, functional expenses and cash flows.

**FLINTRIDGE CENTER**  
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**Notes to Financial Statements**  
**For the Year Ended February 28, 2011**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimates:**

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to use estimates and assumptions regarding disclosures and amounts of certain reported amounts and disclosures. Accordingly, actual results may differ from estimated amounts.

**Cash and Cash Equivalents:**

Cash and cash equivalents include all highly liquid investments available for current use with a maturity of three months or less. For the purposes of the Statement of Cash Flows, CENTER considers all certificates of deposit accounts and highly liquid money market accounts to be cash equivalents.

**Income Taxes:**

CENTER is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision has been made for income taxes in these financial statements. In 2010, CENTER notified the Internal Revenue Service that effective March 1, 2010 it intends to operate as a public charity.

**Functional Allocation of Expenses:**

Costs of providing program services have been presented in the Statement of Functional Expenses. During the year, costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit.

**In-Kind Donations Received:**

Contributions of donated assets are recorded at fair value in the period received. This value is considered "cost" for donated investment securities and fixed assets.

Donated space is recognized based on the average rents paid by the other tenants at the donated premises. If the later methodology cannot be utilized in-kind rent is recognized based on the estimated market rent rate for similar facilities.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CENTER.

**FLINTRIDGE CENTER**  
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**Notes to Financial Statements**  
**For the Year Ended February 28, 2011**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Furniture, Equipment and Leaseholds:**

Furniture, equipment and leaseholds are stated at cost or fair value at date of donation. Additions and betterments are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**NOTE 3: INVESTMENT SECURITIES**

Level 1

Quoted prices in active markets for identical assets or liabilities.

Level 2

Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

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. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs. An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At each reporting period, we perform a detailed analysis of our assets and liabilities that are measured at fair value. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3. The Company has segregated all its financial assets that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below. We have no financial and non-financial liabilities and non-financial assets that are measured at fair value.

**FLINTRIDGE CENTER**  
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**Notes to Financial Statements**  
**For the Year Ended February 28, 2011**

**NOTE 3: INVESTMENT SECURITIES (Continued)**

As of February 28, 2011, financial assets subject to fair value measurements were all comprised of Level 1 inputs as follows:

		Level 1
Cash Equivalents	\$	<u>104,630</u>
Cash Equivalents imbedded in mutual funds	\$	236,022
<i>Mutual Funds:</i>		
United State equities		1,253,992
Non United State equities		260,087
Fixed income		667,835
Non-classified		<u>82,543</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>2,500,479</u></b>

Investment income for the year ended February 28, 2011 consists of:

Dividend and interest	\$	50,061
Capital gain on sales. net		298,082
Unrealized gain		<u>131,553</u>
Investment income	\$	<u>479,696</u>

The investments in mutual funds with readily determinable fair values are reported at fair value. Dividends and interest income and gains and losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulations or by law.

**NOTE 4: FURNITURE, EQUIPMENT and LEASEHOLDS**

Fixed assets are recorded at cost and are being depreciated over their useful lives (ranging from 5 to 10 years) using the straight-line method of depreciation. Depreciation expense for the year ended February 28, 2011 was \$31,922. The leasehold improvements are being amortized over the estimated period of occupancy.

**FLINTRIDGE CENTER**  
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**Notes to Financial Statements**  
**For the Year Ended February 28, 2011**

**NOTE 4: FURNITURE, EQUIPMENT and LEASEHOLDS (Continued)**

Furniture and Equipment	\$	138,598
Leasehold improvements		37,790
Automotive		4,700
Software		46,547
Total Cost		<u>227,635</u>
Less: Accumulated Depreciation and Amortization		81,149
Furniture, Equipment and Leaseholds, net	\$	<u>146,486</u>

**NOTE 5: IN-KIND TRANSACTIONS:**

During the year CENTER recognized in-kind contributions and services as revenue and also as charges to the following expenses:

Staff	\$	32,040
Fees for service		311,800
Occupancy		175,817
Meetings and conferences		13,675
Other		<u>13,230</u>
Total in-kind expenses	\$	<u>546,562</u>

*Donated commercial office space:*

During 2010 Flintridge Foundation donated commercial office space to CENTER on a month to month basis. CENTER uses approximately 43% of the rentable square footage of the Foundation's Land, Building and Improvements. This area includes meeting spaces that are also used by other non-profit organizations in Pasadena. Under the terms of the verbal agreement related to this donation, only a portion of the property's out-of-pocket expenses are payable by CENTER. The in-kind donation of office space from Flintridge Foundation was determined to be approximately \$104,000 for the period of CENTER's occupancy during the year ended February 28, 2011.

**FLINTRIDGE CENTER**  
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**Notes to Financial Statements**  
**For the Year Ended February 28, 2011**

**NOTE 6: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of February 28, 2011 was comprised entirely of grant awards with particular program restrictions. The activity in grant awards with temporary restrictions were as follows for the year ended February 28, 2011:

<b>Grantor and Restrictions</b>	<b>Grant Amount</b>	
	<b>Award</b>	<b>Released</b>
<b>Time Restrictions for use:</b>		
The California Endowment	\$ -	\$ (75,575)
<b>Program Restrictions:</b>		
J.L. Moseley	-	(75,000)
Dwight Stuart Youth Foundation	40,000	(40,000)
Ralph M. Parsons Foundation	50,000	-
S. Mark Taper Foundation	50,000	-
Jazzy Jam	12,047	(12,047)
Weingart Foundation	150,000	-
WHH Foundation	20,000	(20,000)
	<u>\$ 322,047</u>	<u>\$ (202,622)</u>

**NOTE 7: GRANT FOR OPERATIONS AND RESERVES**

IN 2008, Flintridge Foundation gave a \$7.3 million grant to Flintridge Center to provide operational support and long-term reserves to sustain the new nonprofit organization while it developed its fund raising capacity and increased its base of contributors.

**NOTE 8: SUBSEQUENT EVENTS**

CENTER has evaluated events subsequent to February 28, 2011 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through May 17, 2011, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.