

**THE MAYOR'S FUND
FOR LOS ANGELES**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

THE MAYOR'S FUND FOR LOS ANGELES
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Mayor's Fund For Los Angeles

Report on the Financial Statements

We have audited the accompanying financial statements of The Mayor's Fund For Los Angeles which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses 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.

Auditor's 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 auditor's 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 Mayor's Fund For Los Angeles as of June 30, 2015, 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.

Green Hasson & Janks LLP

November 9, 2015
Los Angeles, California

THE MAYOR'S FUND FOR LOS ANGELES

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

Cash and Cash Equivalents	\$	3,820,151
Pledges Receivable (Net)		6,104,467
Other Assets		<u>2,589</u>
<i>TOTAL ASSETS</i>	\$	<u>9,927,207</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts Payable and Accrued Liabilities	\$	12,972
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NET ASSETS:

Unrestricted		2,085,421
Temporarily Restricted		<u>7,828,814</u>

<i>TOTAL NET ASSETS</i>		<u>9,914,235</u>
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<i>TOTAL LIABILITIES AND NET ASSETS</i>	\$	<u>9,927,207</u>
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The Accompanying Notes are an Integral Part of These Financial Statements

THE MAYOR'S FUND FOR LOS ANGELES

STATEMENT OF ACTIVITIES Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT:			
Contributions	\$ 2,480,508	\$ 12,089,173	\$ 14,569,681
Net Assets Released from:			
Purpose Restrictions	4,260,359	(4,260,359)	-
TOTAL PUBLIC SUPPORT	6,740,867	7,828,814	14,569,681
EXPENSES:			
Program Services	4,300,918	-	4,300,918
Supporting Services:			
Management and General	228,045	-	228,045
Fundraising	126,483	-	126,483
TOTAL EXPENSES	4,655,446	-	4,655,446
CHANGE IN NET ASSETS	2,085,421	7,828,814	9,914,235
Net Assets - Beginning of Year	-	-	-
NET ASSETS - END OF YEAR	\$ 2,085,421	\$ 7,828,814	\$ 9,914,235

The Accompanying Notes are an Integral Part of These Financial Statements

THE MAYOR'S FUND FOR LOS ANGELES

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2015

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total	
Salaries	\$ 179,653	\$ 70,907	\$ 72,755	\$ 143,662	\$ 323,315
Employee Benefits	21,881	8,636	8,861	17,497	39,378
TOTAL PERSONNEL COSTS	201,534	79,543	81,616	161,159	362,693
Program Costs	4,067,661	-	-	-	4,067,661
Legal	-	83,464	-	83,464	83,464
Communications	9,837	22,952	-	22,952	32,789
Fundraising	-	-	24,851	24,851	24,851
Accounting	-	22,380	-	22,380	22,380
Other Expense	10,053	2,011	5,224	7,235	17,288
Contract Services	-	12,525	-	12,525	12,525
Office Expense	6,355	2,509	2,573	5,082	11,437
Dues and Membership	-	499	10,000	10,499	10,499
Insurance	5,478	2,162	2,219	4,381	9,859
TOTAL FUNCTIONAL EXPENSES	<u>\$ 4,300,918</u>	<u>\$ 228,045</u>	<u>\$ 126,483</u>	<u>\$ 354,528</u>	<u>\$ 4,655,446</u>
	92%	5%	3%	8%	100%

The Accompanying Notes are an Integral Part of These Financial Statements

THE MAYOR'S FUND FOR LOS ANGELES

STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 9,914,235
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Present Value Discount on Pledges Receivable	93,533
Increase in:	
Pledges Receivable	(6,198,000)
Other Assets	(2,589)
Increase in:	
Accounts Payable and Accrued Liabilities	<u>12,972</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 3,820,151

Cash and Cash Equivalents - Beginning of Year

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CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 3,820,151

The Accompanying Notes are an Integral Part of These Financial Statements

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 1 - ORGANIZATION

The Mayor's Fund For Los Angeles (the Mayor's Fund) is dedicated to improving the lives of Los Angeles residents through public private partnerships that yield innovative, transformative and impact-driven solutions to the City's most pressing challenges.

The Mayor's Fund works throughout Los Angeles, enhancing economic prosperity, government efficiency, community resiliency and overall quality of life for residents. It sponsors programs that address both current and future needs, insisting on rigorous standards with measurable impact.

The Mayor's Fund was initially established under the California Community Foundation's Community Initiatives Fund and subsequently was incorporated on June 9, 2014, followed by the granting of its independent nonprofit status by the IRS under the 501(c)(3) public benefit designation on October 27, 2014. There was no independent activity in the newly incorporated entity as of and for the period ended June 30, 2014.

As mayoral administrations change over time, the Mayor's Fund will maintain its independence and non-partisan nature, focusing on the long-term health of the City and its residents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) ACCOUNTING

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Mayor's Fund are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted Net Assets.** These generally result from revenues generated by receiving unrestricted contributions, providing services, and receiving income from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
- **Temporarily Restricted Net Assets.** The Mayor's Fund reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from purpose or time restrictions. The Fund has \$7,828,814 of temporarily restricted net assets at June 30, 2015.

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ACCOUNTING (continued)

- **Permanently Restricted Net Assets.** These net assets are received from donors who stipulate that resources are to be maintained permanently, but permit the Mayor's Fund to expend part of the income (or other economic benefits) derived from the donated assets. The Mayor's Fund has no permanently restricted net assets at June 30, 2015.

(c) CASH AND CASH EQUIVALENTS AND CONCENTRATION OF CREDIT RISK

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at June 30, 2015 approximates its fair value.

The Mayor's Fund maintains its cash and cash equivalents in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. The Fund has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

(d) CONTRIBUTIONS AND PLEDGES RECEIVABLE

Unconditional contributions, including pledges recorded at estimated fair value, are recognized as revenues in the period received. The Mayor's Fund reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Discounts for pledges (pledges due over one year) are recorded as reductions to contribution revenue and pledges receivable. Discounts increase contribution revenue when the pledge is received.

At June 30, 2015, the Mayor's Fund evaluated the collectability of pledges receivable and no allowance for uncollectible pledges was considered necessary.

(e) INCOME TAXES

The Mayor's Fund is exempt from federal taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

(f) FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Mayor's Fund's programs and other activities have been presented in the statement of functional expenses. During the year, such 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. The Mayor's Fund uses salary dollars to allocate indirect costs.

(g) USE OF 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 could differ from those estimates.

THE MAYOR'S FUND FOR LOS ANGELES

NOTES TO FINANCIAL STATEMENTS

June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) SUBSEQUENT EVENTS

The Fund evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2015, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 9, 2015, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - PLEDGES RECEIVABLE

At June 30, 2015, pledges receivable are due to be received as follows:

Within One Year	\$ 2,945,500
One to Five Years	<u>3,252,500</u>
TOTAL	6,198,000
Less: Present Value Discount at 2%	<u>(93,533)</u>
TOTAL PLEDGES RECEIVABLE (NET)	<u>\$ 6,104,467</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 are restricted for the following purposes:

Time Restrictions	\$ 3,018,595
Quality of Life	2,891,690
Government Efficiency	1,108,864
Community Resiliency	409,891
Economic Prosperity	<u>399,774</u>
TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 7,828,814</u>

To the Board of Directors
The Mayor's Fund For Los Angeles

In planning and performing our audit of the financial statements of The Mayor's Fund For Los Angeles (the Mayor's Fund) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Mayor's Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mayor's Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mayor's Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We appreciate the courtesy and cooperation of your staff during the course of the audit.

This communication is intended solely for the information and use of management, the Board of Directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Green Hasson & Janks LLP

November 9, 2015
Los Angeles, California