

THE SAGE CREEK FOUNDATION

FINANCIAL STATEMENTS WITH INDEPENDENT ACCOUNTANT'S REPORT

JUNE 30, 2015

THE SAGE CREEK FOUNDATION
REPORT ON REVIEW OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2015

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
The Sage Creek Foundation
3900 Cannon Road
Carlsbad, CA 92010

We have reviewed the accompanying statement of assets, liabilities, and net assets—modified cash basis of The Sage Creek Foundation (a nonprofit organization) as of June 30, 2015, and the related statements of revenues, expenses, and other changes in net assets—modified cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of The Sage Creek Foundation management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 2.



Craig A Workinger CPA

September 4, 2015

THE SAGE CREEK FOUNDATION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS—MODIFIED CASH BASIS
AS OF JUNE 30, 2015

ASSETS

Current Assets:

Cash		
Unrestricted	\$	17,676
Temporarily restricted		26,095
Prepaid expenses		<u>0</u>
Total Current Assets		43,771

Property and equipment, net

Security Deposits

		0
Total Assets	\$	<u><u>43,771</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Related party payable		\$ -
Accrued expenses		
Warehouse line of credit		-
Total Current Liabilities	\$	-
Total Liabilities		<u><u>-</u></u>

Net Assets

Unrestricted		17,676
Temporarily restricted		26,095
Total Net Assets		<u>43,771</u>
Total Liabilities and Net Assets	\$	<u><u>43,771</u></u>

THE SAGE CREEK FOUNDATION
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES OF NET ASSETS—MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2015

	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions	\$ 3,259	\$ 35,539	\$ 38,798
Other income	<u>2,860</u>	<u>1,029</u>	<u>3,889</u>
Total revenues	6,119	36,568	42,687
 Operating Expenses:			
Academics program	-	15,468	15,468
Arts program	-	5,379	5,379
Athletics program	-	31,891	31,891
Other programs	12,697	-	12,697
General and administrative expenses	<u>2,625</u>	<u>-</u>	<u>2,625</u>
Total operating expenses	<u>15,322</u>	<u>52,738</u>	<u>68,060</u>
 Decrease in net assets	(9,203)	(16,170)	(25,373)
 Net assets, beginning of year	<u>50,902</u>	<u>18,242</u>	<u>69,144</u>
 Net assets, end of year	<u>\$ 41,699</u>	<u>\$ 2,072</u>	<u>\$ 43,771</u>

THE SAGE CREEK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2015

NOTE 1—ORGANIZATION

The Sage Creek Foundation (Foundation) was organized on July 12, 2013. It is a California, non-profit public benefit corporation, exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. The Foundation's mission is to ensure that every Sage Creek High School student is given the opportunity to reach their maximum potential in any area of Academics, Arts and Athletics and to excel at any college of their choosing. The Foundation's donations will provide funds for educational costs, equipment and programs that are not covered by the public school's governing boards. The Foundation envisions a community of parents, students, faculty and local business groups working together to help Sage Creek High School students reach their personal goals, dreams and visions in academics, arts and athletics. The Foundation believes that each and every student of Sage Creek High School should be given the training, support and opportunity to not only attend college; but to be among the best and brightest students at top universities around the world. The Foundation's purpose is to work with parents, business groups and community foundations to raise funds for Sage Creek High School to support the needs and desires of the faculty and staff in the areas of Academics, Arts and Athletics, far beyond the public funds that are provided each year by our state and local governments. The Foundation also wants to help Sage Creek High School become one of the highest rated high schools in the United States in terms of graduating students, college acceptance and completion rates, and educational test scores.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the modified cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America. The primary differences are the absence of accruals of income earned but not collected at year-end, and liabilities for services received and not yet paid for at year-end. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117 (ASC 958), *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the organization 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:

Unrestricted net assets are resources over which the Board of Directors has discretionary control and are available for the various programs and administration of the Foundation.

Temporarily Restricted Net Assets:

Temporarily restricted net assets are resources subject to donor imposed restrictions and/or direct board vote. These funds will be used specifically in the areas of Academics, Arts and Athletics, which will be satisfied by actions of the Foundation or the passage of time. As of June 30, 2015 the restricted funds were as follows: Academics \$1,482, Arts \$4,430 and Athletics \$20,183.

Permanently Restricted Net Assets:

Permanently restricted net assets are resources subject to donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. There currently are no permanently restricted net assets.

Inventory of Merchandise and Supplies

Inventory consists of merchandise and supplies used in the organization's program services. The purchased inventory is valued at average cost, which is less than market value. Donated merchandise and supplies are recorded at their fair value at the date of donation.

Property and Equipment

Property and equipment expenditures of \$500 or more are capitalized at cost and depreciated over the estimated useful lives of the respective assets on a straight-line basis. Donated fixed assets are capitalized at fair market value and depreciated on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Revenue Recognition

All contributions are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support, which increase that category of net 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 revenues, expenses and other changes in net assets as net assets released from restrictions.

Income Taxes

The Sage Creek Foundation is a nonprofit organization that is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Management has reviewed all open tax years for all tax jurisdictions and there are no uncertain tax positions or other provision for income

taxes that should be recognized in these financial statements. The Foundation has also been classified as an entity that is not a private foundation within the meaning of IRC Section 509(a) and qualifies for deductible contributions as provided in IRC Section 170(b)(1)(A)(vi).

Use of Estimates

The preparation of financial statements 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.

Concentrations Risk

Concentrations risk consists of cash deposits. The Foundation maintains its cash in bank deposit accounts that, at times, may exceed federally insured and other insured limits. The Foundation has not experienced any losses in such accounts nor does it expect to incur any such losses in the future.

NOTE 3—CASH

Cash consists of funds on deposit at financial institutions. The Foundation has no cash equivalents.

NOTE 4—DONATED SERVICES

A number of volunteers have donated significant amounts of their time to the Foundation's program services and administrative operations. These donated services are not reflected in the financial statements since none are specialized and, therefore, these services do not meet the criteria for recognition as contributed services.

NOTE 5—SUBSEQUENT EVENTS

The Foundation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through September 4, 2015, the date on which the financial statements were available to be issued.