



IRWINDALE COMMUNITY FOUNDATION A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA

FISCAL YEAR ENDED JUNE 30, 2021

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

Focused
on YOU



IRWINDALE COMMUNITY
FOUNDATION

A COMPONENT UNIT OF
THE CITY OF IRWINDALE, CALIFORNIA

BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
JUNE 30, 2021

IRWINDALE COMMUNITY
FOUNDATION

A COMPONENT UNIT OF
THE CITY OF IRWINDALE, CALIFORNIA

BASIC FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Irwindale Community Foundation
City of Irwindale, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Irwindale Community Foundation (the Foundation), a component unit of the City of Irwindale, California (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of the Foundation, a component unit of the City, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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 the Foundation's ability to continue as a going concern for twelve months beyond the date of the financial statements.



To the Board of Directors
Irwindale Community Foundation
City of Irwindale, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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 GAAS and *Government 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 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 GAAS and *Government Auditing Standards*, we:

- 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 to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Other Reporting Responsibilities

Management has omitted management's discussion and analysis and budgetary comparison schedule for the General Fund that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



To the Board of Directors
Irwindale Community Foundation
City of Irwindale, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lughard, LLP

Brea, California
May 16, 2022

IRWINDALE COMMUNITY FOUNDATION
A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA

STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>
Assets:	
Cash and investments	<u>\$ 25,724</u>
Total Assets	<u>25,724</u>
Liabilities:	
Accounts payable	<u>4,000</u>
Total Liabilities	<u>4,000</u>
Net Position:	
Unrestricted	<u>21,724</u>
Total Net Position	<u><u>\$ 21,724</u></u>

The notes to financial statements are an integral part of this statement.

IRWINDALE COMMUNITY FOUNDATION
A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Functions/Programs	Expenses				
Governmental Activities:					
Parks and recreation	\$ 258,818	\$ -	\$ 260,000	\$ -	\$ 1,182
Total Governmental Activities	\$ 258,818	\$ -	\$ 260,000	\$ -	1,182
					Change in Net Position 1,182
					Net Position at the Beginning of the Year 20,542
					Net Position at the End of the Year \$ 21,724

The notes to financial statements are an integral part of this statement.

IRWINDALE COMMUNITY FOUNDATION
A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA

BALANCE SHEET
JUNE 30, 2021

Assets:

Cash and investments	\$ 25,724
Total Assets	\$ 25,724

Liabilities:

Accounts payable	\$ 4,000
Total Liabilities	4,000

Fund Balance:

Restricted	21,724
Total Fund Balance	21,724
Total Liabilities and Fund Balance	\$ 25,724

Reconciliation of Fund Balance to the Statement of Net Position

Fund Balance per Balance Sheet	\$ 21,724
Net Position per Statement of Net Position	\$ 21,724

The accompanying notes are an integral part of this statement.

IRWINDALE COMMUNITY FOUNDATION
A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES:

Donations	\$ 260,000
Total Revenues	260,000

EXPENDITURES:

Legal Costs	820
Donations to City	243,000
Postage and shipping costs	321
Community Programs	14,677
Total Expenditures	258,818

EXCESS OF REVENUES OVER EXPENDITURES	1,182
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FUND BALANCE:

Beginning of year	20,542
End of Fiscal Year	\$ 21,724

Reconciliation of Fund Balance to the Statement of Activities

Fund Balance per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 21,724
Net Position per Statement of Activities	\$ 21,724

The accompanying notes are an integral part of this statement.

**IRWINDALE COMMUNITY FOUNDATION
A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies

a. Reporting Entity

The Irwindale Community Foundation (the Foundation) is a nonprofit Foundation whose purpose is to provide assistance to fund recreation, Senior Center, library, and park improvement programs for the City of Irwindale (the City). The Foundation is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code (IRC) and applicable state statutes.

Governmental Accounting Standards Board (GASB) Statement No. 14, the *Financial Reporting Entity*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's Board and either (a) the primary government has the ability to impose its will or (b) the possibility exists that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Since the Council members also serve as the Board of Directors of the Foundation, the City, in effect, has the ability to influence and control operations. Therefore, the City has oversight responsibility for the Foundation. Accordingly, in applying the criteria of GASB Statement No. 14, the financial statements of the Foundation are included in the City's financial reports.

The Foundation has the same fiscal year as the City. These financial statements contain information for the Foundation only. The City's financial report may be obtained by contacting the Financial Department of the City.

b. Basis of Accounting and Measurement Focus

The *basic financial statements* of the Foundation are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as its discretely presented component units. The Foundation has no business-type activities or discretely presented component units.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) *economic* resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and

IRWINDALE COMMUNITY FOUNDATION
A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the Foundation is organized and operated on the basis of separate funds, each of which is considered to be 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 or expenses, 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.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds primarily represent assets held by the Foundation in a custodial capacity for other individuals or organizations. The Foundation has no enterprise funds or fiduciary funds.

Governmental Funds

In the fund financial statements, governmental funds and agency funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available*. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The Foundation uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *available* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., when the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

**IRWINDALE COMMUNITY FOUNDATION
A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

c. Major Fund

The Foundation reports the General Fund as its major fund.

d. Cash and Investments

Cash includes amounts in demand and time deposits. Investments, if any, are reported in the accompanying balance sheet at fair value, except for certain money market and investment contracts that are reported at cost because they are not transferable, and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as income from property and investments reported for that fiscal year. Income from property and investments includes interest earnings, changes in fair value, any gains or losses realized upon the liquidation, maturity or sale of investments, property rentals, and the sale of City-owned property.

e. Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the IRC and a similar exemption under state law.

**IRWINDALE COMMUNITY FOUNDATION
A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

Note 1: Summary of Significant Accounting Policies (Continued)

f. Fund Balance

The Foundation reports fund balance in classifications that describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable** – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- **Restricted** – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- **Committed** – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- **Assigned** – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned** – amounts that are for any purpose; positive amounts are reported only in a general fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The Board designates the Finance Committee and City Manager as the Foundation officials to determine, define, and make the necessary account or fund transfers for the amounts to those components of fund balance that are classified as “Assigned Fund Balance.”

When both restricted and unrestricted resources are available for use when an expenditure is incurred, it is the Foundation’s policy to use restricted resources first, then unrestricted resources as they are needed. It is the Foundation’s policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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.

**IRWINDALE COMMUNITY FOUNDATION
A COMPONENT UNIT OF THE CITY OF IRWINDALE, CALIFORNIA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021**

Note 2: Cash and Investments

Cash and investments at June 30, 2021 consisted of demand deposits with financial institutions. The carrying amount and the bank balance of the Foundation's demand deposits was \$25,724.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Foundation maintains its bank accounts at financial institutions that are collateralized with securities held by the pledging financial institution, or by its Trust Department or agent, but not in the Foundation's name. The primary difference between the carrying amount and the bank balance are deposits in transit and outstanding checks. In accordance with state statutes, the Foundation maintains deposits at those depository institutions insured by the FDIC. The California Government Code (the Code) requires California banks and savings and loan associations to collateralize the deposits of governmental entities by pledging government securities as collateral. The market value of pledge securities must equal at least 110% of those deposits. California law also allows financial institutions to secure the deposits of governmental entities by pledging first trust deed mortgage notes having a collateral value of 150% of a Foundation's total deposits. As of June 30, 2021, the Foundation had no deposits with financial institutions in excess of federal depository insurance limits.

Note 3: Stewardship, Compliance, and Accountability

a. Budgetary

A budget was not adopted for the Foundation's general fund in fiscal year 2020-2021.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Irwindale Community Foundation
City of Irwindale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General Fund of the Irwindale Community Foundation (the Foundation), a component unit of the City of Irwindale, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated May 16, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





To the Board of Directors
Irwindale Community Foundation
City of Irwindale, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lingham, LLP

Brea, California
May 16, 2022