

**SHERIFF'S YOUTH FOUNDATION
OF LOS ANGELES COUNTY**

**Financial Statements
As of December 31, 2013
And For the Year Then Ended**

Together with Independent Auditor's Report

Sheriff's Youth Foundation of Los Angeles County

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December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Sheriff's Youth Foundation of Los Angeles County

Report on the Financial Statements

We have audited the accompanying financial statements of Sheriff's Youth Foundation of Los Angeles ("Sheriff's Youth Foundation"), which comprise the statement of financial position as of December 31, 2013, 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 Sheriff's Youth Foundation as of December 31, 2013, and the changes in net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other

As described in Note 7 to the financial statements, net assets at the beginning of 2013 have been restated to recognize certain prior period adjustments.

A handwritten signature in black ink that reads "Stanislawski & Harrison". The signature is written in a cursive, flowing style.

STANISLAWSKI & HARRISON

October 10, 2014

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Statement of Financial Position
December 31, 2013

ASSETS:

Cash	\$ 279,833
Agency fund cash	47,887
Grants receivable	76,628
Pledges receivable	27,200
Prepaid and other assets	52,881
Investments (Note 3)	521,858
Property and equipment, net (Note 4)	<u>3,156,500</u>
 Total assets	 <u><u>\$ 4,162,787</u></u>

LIABILITIES AND NET ASSETS:

Accounts payable and accrued expenses	\$ 113,075
Agency funds payable	<u>47,887</u>
 Total liabilities	 <u>160,962</u>
 Unrestricted net assets	 3,669,306
Temporarily restricted net assets	<u>332,519</u>
 Total net assets	 <u>4,001,825</u>
 Total liabilities and net assets	 <u><u>\$ 4,162,787</u></u>

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Statement of Activities
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contribution revenue	\$ 310,602	\$ 18,000	\$ 328,602
Special events revenue, net of fundraising expenses of \$417,760	802,163	-	802,163
Grant income	361,356	131,000	492,356
Contributed services, facilities and in-kind donations (Note 5)	2,839,091	-	2,839,091
Investment income	3,843	-	3,843
Other income	29,553	-	29,553
Net assets released from restrictions (Note 6)	122,690	(122,690)	-
	<u>4,469,298</u>	<u>26,310</u>	<u>4,495,608</u>
EXPENSES:			
Program services	3,955,990	-	3,955,990
Management and general	313,782	-	313,782
Fundraising	266,823	-	266,823
	<u>4,536,595</u>	<u>-</u>	<u>4,536,595</u>
Change in net assets before depreciation and amortization	<u>(67,297)</u>	<u>26,310</u>	<u>(40,987)</u>
DEPRECIATION AND AMORTIZATION:			
	<u>162,158</u>	<u>-</u>	<u>162,158</u>
(Decrease) increase in net assets	(229,455)	26,310	(203,145)
NET ASSETS - January 1, 2013	<u>3,898,761</u>	<u>306,209</u>	<u>4,204,970</u>
NET ASSETS - December 31, 2013	<u>\$ 3,669,306</u>	<u>\$ 332,519</u>	<u>\$ 4,001,825</u>

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Statement of Functional Expenses
For the Year Ended December 31, 2013

	Program Services	Management and General	Fundraising	Total
Contributed services	\$ 1,928,942	\$ 106,171	\$ 26,543	\$ 2,061,656
Contributed facilities	557,604	-	-	557,604
Contributed utilities	100,152	-	-	100,152
Program and other costs	588,302	99,504	27,885	715,691
Program facilities costs	156,466	-	-	156,466
Program services	546,466	-	-	546,466
Program training	37,229	-	-	37,229
Other expenses	25,829	51,632	1,045	78,506
Scholarships	15,000	-	-	15,000
Professional fees	-	56,475	-	56,475
Marketing and fundraising	-	-	211,350	211,350
Total functional expenses before depreciation and amortization	\$ 3,955,990	\$ 313,782	\$ 266,823	\$ 4,536,595
Depreciation and amortization	162,158	-	-	162,158
Total functional expenses	\$ 4,118,148	\$ 313,782	\$ 266,823	\$ 4,698,753
	88%	7%	6%	100%

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Statement of Cash Flows
For the Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	<u>\$ (203,145)</u>
Adjustment to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	162,158
Unrealized loss on investments	7,946
Changes in operating assets and liabilities:	
Grants receivable	7,342
Pledges receivable	(5,700)
Prepaid and other assets	(12,006)
Accounts payable and accrued expenses	(12,428)
Agency funds payable	<u>5,147</u>
Total adjustments	<u>152,459</u>
Net cash used in operating activities	<u>(50,686)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(95,071)
Sales of investments	209,260
Purchase of property and equipment	<u>(45,537)</u>
Net cash provided by investing activities	<u>68,652</u>
Increase in cash	17,966
CASH - January 1, 2013	<u>309,754</u>
CASH - December 31, 2013	<u><u>\$ 327,720</u></u>
RECAP OF CASH	
Cash	\$ 279,833
Agency fund cash	<u>47,887</u>
	<u><u>\$ 327,720</u></u>

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Notes to Financial Statements
December 31, 2013

(1) ORGANIZATION

The Sheriff's Youth Foundation of Los Angeles County (Sheriff's Youth Foundation) was created in 1985, as a California nonprofit public benefit corporation, located in Monterey Park, California. Based upon the belief that crime prevention programs focused on youth are the key to developing safer communities, the mission of the Sheriff's Youth Foundation is to provide at-risk youth in the economically disadvantaged neighborhoods of Los Angeles County with safe opportunities to grow and develop the tools they need to succeed in life.

Young people in the Foundation's programs interact with positive role models from the Sheriff's Department and the local community in activities that are designed to develop leadership skills, contribute to building good character and self-esteem; and allow youth to formulate a positive view of their own future and gain the confidence they need to resist the negative influences of alcohol, drugs, violence and gangs. The Sheriff's Youth Foundation collaborates with the Los Angeles County Sheriff's Department, the Los Angeles County Parks and Recreation, public school districts including individual school, community groups, corporations, businesses, foundations and interested individuals. The Sheriff's Department provides Deputy Sheriff's to mentor the youth and coordinate, operate, and staff the programs.

The primary programs the Sheriff's Youth Foundation supports are:

The **Youth Activity Leagues (YALs)** program is the primary component of the after-school youth programs offered by the youth centers operated by the Sheriff's Department and the Sheriff's Youth Foundation. The YAL program provides educational tutoring, computer training, cultural field trips, sports activities, and character building activities for "at-risk" children ages 8-17. These children, some for the very first time, enjoy a positive relationship with law enforcement. This after-school program offers a safe environment for young people during the hours of the day when most juvenile crime is committed (3 p.m. – 7 p.m.). Some of the activities and programs offered are: baseball, basketball, soccer, flag football, camping trips, trips to local libraries, academic tutoring, track, boxing, martial arts, volleyball, dancing, computer labs, cultural trips, tennis, fencing as well as cooking and drama programs. These programs are currently being offered at one or more of the 18 youth centers throughout Los Angeles County serving the following communities: Altadena, Avalon, Industry, Compton, East Los Angeles, Lakewood – Hawaiian Gardens, Los Angeles – Lynwood, Marina del Rey, Norwalk – South Whittier, Palmdale, Pico Rivera, Santa Clarita, South Los Angeles – Inglewood, Temple City – Duarte, Walnut – Rowland Heights, West Hollywood and Willowbrook.

The **999 for Kids** program benefits more than 1,000 children under the jurisdiction of the Los Angeles County Department of Children and Family Services who, in addition to the consequences of abuse, suffer from physical or mental challenges. Funds raised by the Sheriff's Department and the Sheriff's Youth Foundation provide for special gifts recommended by the children's caseworkers and a holiday party.

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Notes to Financial Statements
December 31, 2013

(1) **ORGANIZATION** (Continued)

The **Sheriffs Teaching at Risk Teens (START)** a scared-straight program serving more than 600 at-risk youth annually. The program includes a visit to the central jail and testimonies from inmates regarding the hardships of living behind bars.

The **Bicycle Education and Registration (BEAR) program**, teaches youth basic bicycle-repair and restoration skills, and they receive their very own bicycle upon program completion. More than 350 youth complete the BEAR program each year.

The **SHARE Tolerance: Stop Hate Respect Everyone** has been created to educate members of the community, particularly our youth, regarding the dangers of hate and intolerance. Utilizing a custom-built mobile theater, uniformed deputies show a 35 minute documentary film about hate crimes to group of up to 24 people at a time. Afterwards, the deputies facilitate a 60-90 minute discussion about the film, the issues it presents, and the challenges of combating hate and intolerance.

These programs have proven effective in reducing arrests, violent behavior, drug use and school discipline among participants, and improving academic outcomes. Almost 70% of police chiefs surveyed have stated that "after-schools and child care programs" are the most effective strategies for reducing juvenile crime, preferable to trying juveniles as adults, hiring more police and putting metal detectors in schools."

The above programs and others are carried out by deputies of the Los Angeles County Sheriff's Department and have served many thousands of youth. Sheriff's Youth Foundation also hosts the Sheriff's All-American Soap Box Derby Championship every year. Preceded by local soap box competitions, the one-day race brings together boys and girls sponsored by all the Youth Activities Leagues and various units of the Sheriff's Department, the only sanctioned championship race in the country for at-risk youth.

In addition, the Sheriff's Youth Foundation currently serves as administrative and fiscal agent for the VIDA and STAR programs directed and managed by the Sheriff's Department.

The **Vital Intervention Directional Alternative (V.I.D.A.) Program** is specifically designed for "at-risk" youth who have demonstrated behaviors that appear to be leading them to serious consequences for their future. V.I.D.A. utilizes pro-active and innovative techniques leading to positive redirection for these young people. It is a 16-week program overseen by deputy personnel and community volunteers, and offers several specific methods designed to alter negative behavior, and direct these young people away from the criminal element. The program's focus is to instill, in every participant, the courage and ability to make the choices necessary for a successful and prosperous future. V.I.D.A. also provides a family guidance component to the training by offering parenting classes, family counseling, and youth counseling. This program serves approximately 1,200 youth annually.

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Notes to Financial Statements
December 31, 2013

(1) **ORGANIZATION** (Continued)

The **Success Through Awareness and Resistance (STAR) Program** provides drug, gang, and violence prevention education to students throughout Los Angeles County. The deputies assigned to the STAR Unit work with 214 schools in 30 school districts, teaching more than 46,000 students each year. The *United States Department of Education's Principles of Effectiveness*, and the "No Child Left Behind Act," require that schools provide scientifically based programs that have been proven to be effective in preventing tobacco use, alcohol use, other drug use, and violence. Deputies assigned to the STAR Unit provide such lessons from research validated, exemplary, or model programs, as identified by five different agencies. The curricula most widely used are *Too Good for Drugs*, *Too Good for Violence*, and *Project ALERT*.

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity to accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein have been classified and are reported as follows:

Unrestricted net assets – Net assets not subject to donor-imposed stipulations; donor-restricted contributions whose restrictions are met in the same reporting period.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of Sheriff's Youth Foundation and/or by the expiration of stipulated time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by Sheriff's Youth Foundation. Generally, the donors of these assets permit Sheriff's Youth Foundation to use all or part of the income earned on related investments for general or specific purposes. Sheriff's Youth Foundation had no permanently restricted net assets as of December 31, 2013.

Revenue and Expense Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Notes to Financial Statements
December 31, 2013

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Promises to give (pledges) are recorded as contribution income and as receivables. Contributions are classified as unrestricted and temporarily or permanently restricted based on donor-imposed stipulations. Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are initially recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. An allowance for uncollectible pledges is estimated by management based on such factors as prior collections history, type of contribution and the nature of the fundraising activity.

Investments

Investments in marketable securities with readily determinable fair market values and all investments in debt securities are reported at fair value. Interest and dividend 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.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain long-term investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Fair Value Measurements

Fair Value Standards (ASC 820-10) establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Notes to Financial Statements
December 31, 2013

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Concentration of Credit Risk

Sheriff's Youth Foundation's cash, money market accounts and investments are held by recognized financial institutions. Cash and money market accounts are insured by Federal Deposit Insurance Corporation and Securities Investor Protection Corporation up to their statutory limits. The Sheriff's Youth Foundation has not experienced any losses on these accounts and believes it is not exposed to significant credit risk. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with long-term investments, it is reasonably possible that changes in the value of these investments could occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Grants Receivable

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents the estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due.

Property and Depreciation

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. The estimated useful lives of property and equipment are as follows:

Building	23-25 Years
Leasehold Improvements	10 Years
Furniture and Equipment	3-10 Years

Normal repairs and maintenance are expensed as incurred, whereas significant changes that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Notes to Financial Statements
December 31, 2013

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-Lived Assets

Sheriff's Youth Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flow is less than the carrying amount of the assets, in which case a write-down is recorded to reduce the related asset to its estimated value. No such impairment losses have been recognized during the year ended December 31, 2013.

Contributed Services, Facilities and Goods

Contributions of donated noncash assets and use of facilities are recorded at fair values in the period received/used. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Functional Allocation of Expenses

The costs of providing Sheriff's Youth Foundation 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. Sheriff's Youth Foundation uses direct salary expenses as their allocation method.

Income Taxes

Sheriff's Youth Foundation is a nonprofit public benefit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Sheriff's Youth Foundation has received favorable determination letters indicating it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California franchise taxes under Section 23701 of the California Revenue Taxation Code.

Under ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of ASC 740-10-25 had no impact on the Sheriff's Youth Foundation's financial statements. Sheriff's Youth Foundation does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended December 31, 2013, there were no interest or penalties recorded or included in its financial statements. Generally, Sheriff's Youth Foundation income tax returns are subject to examination by federal and state tax authorities for 3 years and 4 years, respectively, after the date of filing.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Notes to Financial Statements
December 31, 2013

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through October 10, 2014, the date that these financial statements were available to be issued. There were no subsequent events that would require adjustments or disclosures in these financial statements.

New Accounting Pronouncement

In October 2012, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) Statement of Cash Flows (Topic 230), Not-for-Profit Entities: *Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows* (ASU 2012-05). The amendments in this update require an organization to classify cash receipts from the sale of donated financial assets (e.g., stocks, bonds, and other contractual claims) as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash inflows from financing activities and shall be simultaneously reported as cash outflows from investing activities. Sheriff's Youth Foundation adopted ASU 2012-05 on January 1, 2013.

(3) INVESTMENTS

At December 31, 2013, investments, at fair market value, are as follows:

Payden Rygel Mutual Funds	
- Money market funds	\$ 72,374
- Fixed income funds	449,484
	<hr/>
Total Investments	\$ 521,858
	<hr/> <hr/>

All of the above mutual funds are Level 1 assets in accordance with the fair value hierarchy explained in Note 2. The composition of investment return for the year ended December 31, 2013, is as follows:

Dividends and interest	\$ 11,789
Unrealized losses	(7,946)
	<hr/>
Total Investment Income	\$ 3,843
	<hr/> <hr/>

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Notes to Financial Statements
December 31, 2013

(4) PROPERTY AND EQUIPMENT

At December 31, 2013, property and equipment are as follows:

Building and improvements - Wallace Annenberg Youth Activity Center	\$ 3,897,483
Furniture and equipment	102,714
	<u>4,000,197</u>
Less: accumulated depreciation and amortization	<u>(843,697)</u>
Total Property and Equipment	<u><u>\$ 3,156,500</u></u>

Depreciation and amortization expense for the year ended December 31, 2013, was \$162,158.

(5) CONTRIBUTED SERVICES, FACILITIES AND IN-KIND DONATIONS

During the year ended December 31, 2013, Sheriff's Youth Foundation received contributed services, facilities and in-kind donations as follows:

Services, principally Sheriff's department personnel	\$ 2,061,656
Facilities and utilities	657,756
In-kind donations of equipment, bicycles and other supplies	<u>119,679</u>
	<u><u>\$ 2,839,091</u></u>

(6) TEMPORARILY RESTRICTED

At December 31, 2013, temporarily restricted net assets are available for the following purposes:

Youth Activity Leagues of LA Sheriff's Department	\$ 225,759
Personnel cost (Val Verde Grant)	63,000
Facility maintenance - South Los Angeles	16,560
Math and science tutors	5,000
Time restrictions - pledges	<u>22,200</u>
	<u><u>\$ 332,519</u></u>

SHERIFF'S YOUTH FOUNDATION OF LOS ANGELES COUNTY
Notes to Financial Statements
December 31, 2013

(6) TEMPORARILY RESTRICTED (Continued)

During the year ended December 31, 2013, net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donor, as follows:

Youth Activity Leagues of LA Sherriff's Department	\$	23,044
Personnel cost (Val Verde Grant)		79,927
Safety training		12,979
Facility maintenance - South Los Angeles		1,440
Time restrictions - pledges		5,300
		<u>5,300</u>
	<u>\$</u>	<u>122,690</u>

(7) RESTATEMENT

Net assets at January 1, 2013, were adjusted to recognize the following:

Adjustment to write-off assets (modular classrooms) donated in 2012, determined by management to be impaired and not placed in service.	\$	63,704
Adjustment to write-off property assets as impaired and release previously recorded leasehold improvements and related accumulated depreciation in connection with leases determined by management to have no substantial long-term, guaranteed commitment to the Sheriff's Youth Foundation.		769,234
Adjustment to reverse cumulative net revenues and expenses for the VIDA and STAR programs considered by management to be agency relationships not managed by the Sheriff's Youth Foundation.		45,541
		<u>45,541</u>
	<u>\$</u>	<u>878,479</u>

Accordingly, the Sheriff's Youth Foundation has restated its beginning net assets to reflect the adjustments as follows:

	As previously reported	Decrease	As restated
Unrestricted	\$ 4,191,215	\$ (292,494)	\$ 3,898,761
Temporarily restricted	892,194	(585,985)	306,209
	<u>\$ 5,083,409</u>	<u>\$ (878,479)</u>	<u>\$ 4,204,970</u>