



Desert Recreation Foundation

Annual Financial Report

For the Fiscal Years Ended June 30, 2025 and 2024

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Independent Auditor's Report

Board of Directors
Desert Recreation Foundation
Indio, California

Report on the Audit of Financial Statements

We have audited the accompanying financial statements of the Desert Recreation Foundation (Foundation), which comprise the statements of financial position for the fiscal years ended June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the fiscal years then ended, and the related notes to the financial statements.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Desert Recreation Foundation as of June 30, 2025 and 2024, and the respective changes in net assets and its cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions

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; this includes the design, implementation, and maintenance of internal controls 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 within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report, continued

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 generally accepted 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 generally accepted 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 in 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 audits.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
April 13, 2026

Financial Section

Desert Recreation Foundation
Statements of Financial Position
June 30, 2025 and 2024

Assets	2025	2024
Current assets:		
Cash and cash equivalents (note 2)	\$ 341,893	396,798
Cash and cash equivalents - restricted	201,288	78,996
Event and other receivables	53,203	15,815
Total current assets	596,384	491,609
Non-current assets:		
Property and equipment, net (note 3)	-	-
Total non-current assets	-	-
Total assets	\$ 596,384	491,609
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 123,002	185,664
Unearned revenue	-	1,000
Total liabilities	123,002	186,664
Net assets:		
Without donor restrictions	272,094	225,949
With donor restrictions (note 5)	201,288	78,996
Total net assets	473,382	304,945
Total liabilities and net assets	\$ 596,384	491,609

See accompanying notes to the basic financial statements

Desert Recreation Foundation
Statement of Activities
For the Fiscal Year Ended June 30, 2025

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenue:			
Contributions and grants	\$ 34,777	269,906	304,683
Sales of donated items	59,017	-	59,017
Investment return	5,823	-	5,823
Net assets released from restriction (note 5)	<u>147,614</u>	<u>(147,614)</u>	<u>-</u>
Total support and revenue	<u>247,231</u>	<u>122,292</u>	<u>369,523</u>
Expenses:			
Program services	106,970	-	106,970
General and administrative expenses	13,257	-	13,257
Fundraising	<u>2,530</u>	<u>-</u>	<u>2,530</u>
Total expenses	<u>122,757</u>	<u>-</u>	<u>122,757</u>
Change in net assets	<u>124,474</u>	<u>122,292</u>	<u>246,766</u>
Net assets at beginning of year, as previously stated	225,949	78,996	304,945
Prior period adjustment (note 6)	<u>(78,329)</u>	<u>-</u>	<u>(78,329)</u>
Net assets at beginning of year, as restated	<u>147,620</u>	<u>78,996</u>	<u>226,616</u>
Net assets at end of year	<u>\$ 272,094</u>	<u>201,288</u>	<u>473,382</u>

See accompanying notes to the basic financial statements

Desert Recreation Foundation
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2025

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2025</u>
Expenses:				
Information technology	\$ -	3,702	-	3,702
Office expense	-	120	-	120
Professional fees	-	6,107	-	6,107
Program expense	106,970	-	-	106,970
Fundraising	-	-	2,530	2,530
Total expenses	\$ <u>106,970</u>	<u>13,257</u>	<u>2,530</u>	<u>122,757</u>

See accompanying notes to the basic financial statements

Desert Recreation Foundation
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Support and Revenue:			
Contributions and grants	\$ 25,983	118,865	144,848
Sponsorships	-	18,750	18,750
Sales of donated items	31,852	-	31,852
Special event and registration fees	1,240	-	1,240
Investment return	7,187	-	7,187
Net assets released from restriction (note 5)	<u>166,030</u>	<u>(166,030)</u>	<u>-</u>
Total support and revenue	<u>232,292</u>	<u>(28,415)</u>	<u>203,877</u>
Expenses:			
Program services	169,748	-	169,748
General and administrative expenses	21,082	-	21,082
Fundraising	<u>2,617</u>	<u>-</u>	<u>2,617</u>
Total expenses	<u>193,447</u>	<u>-</u>	<u>193,447</u>
Change in net assets	38,845	(28,415)	10,430
Net assets at beginning of year	<u>187,104</u>	<u>107,411</u>	<u>294,515</u>
Net assets at end of year	<u>\$ 225,949</u>	<u>78,996</u>	<u>304,945</u>

See accompanying notes to the basic financial statements

Desert Recreation Foundation
Statement of Functional Expenses
For the Fiscal Year Ended June 30, 2024

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2024</u>
Expenses:				
Information technology	\$ -	2,401	-	2,401
Office expense	-	78	-	78
Professional fees	-	15,446	-	15,446
Program expense	169,748	-	-	169,748
Fundraising	-	-	2,617	2,617
	<u>169,748</u>	<u>21,082</u>	<u>2,617</u>	<u>193,447</u>
Total expenses	\$ 169,748	21,082	2,617	193,447

See accompanying notes to the basic financial statements

Desert Recreation Foundation
Statements of Cash Flows
For the Fiscal Years Ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 246,766	10,430
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Event and other receivables	(37,388)	33,895
(Decrease) increase in liabilities		
Accounts payable and accrued expenses	(140,991)	83,834
Unearned revenue	(1,000)	1,000
Total adjustments	(179,379)	118,729
Net cash provided by operating activities	67,387	129,159
Net increase in cash and cash equivalents	67,387	129,159
Cash and cash equivalents, beginning of year	475,794	346,635
Cash and cash equivalents, end of year	\$ 543,181	475,794
 Reconciliation of cash and cash equivalents to statements of net position:		
Cash and cash equivalents	\$ 341,893	396,798
Cash and cash equivalents - restricted	201,288	78,996
Total cash and cash equivalents	\$ 543,181	475,794

For the years ended June 30, 2025 and 2024, the Foundation paid no interest or taxes.

See accompanying notes to the basic financial statements

Desert Recreation Foundation
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Foundation and Operations of the Reporting Entity

On April 23, 2001, the Coachella Valley Recreation and Park Foundation was incorporated as a California nonprofit public benefit corporation. On November 9, 2011, the Board of Directors changed the name of the Foundation to the Desert Recreation Foundation (Foundation) following the name change of the Coachella Valley Recreation and Park District to the Desert Recreation District (District) in 2011.

In 2021, the Foundation transferred the operations and net assets associated with The First Tee of Coachella Valley to the Coachella Valley Youth Golf Foundation (CVYGF). As a result, the Foundation transferred \$560,974 to CVYGF.

The specific and primary purpose of the Foundation is to initiate, sponsor, promote, and carry-out plans, programs, policies, and activities that tend to further park and recreational projects within the jurisdictional limits of the District.

B. Jointly Governed Foundation

The Foundation is governed by a nine-member board of directors. One of the nine board members is also an elected official on the District's Board of Directors. Management and operations of the Foundation is carried out by management and staff of the District.

C. Basis of Accounting, Financial Reporting, and Presentation

The Foundation presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (FASB ASC) 958 Not-for-Profit Entities.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions – Net assets without donor restrictions represent resources over which the Board of Directors has discretionary control and are used to carry on the operations of the Foundation in accordance with its bylaws.
- Net assets with donor restrictions – Net assets with donor restrictions are subject to donor stipulations that limit the use of their contributions. Donor restrictions may result in temporarily restricted net assets, where the use of contributions is limited by donor-imposed stipulations that either expire by the passage of time or when used for specified purposes. Donor restrictions may also result in permanently restricted net assets, where the donor stipulations neither expire by the passage of time nor can be fulfilled or otherwise removed by the Foundation's actions.

Functional Allocation of Expenses

The Foundation allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses common to several functions are allocated using appropriate methods.

The Foundation does not have any permanently restricted net assets at June 30, 2025.

Desert Recreation Foundation
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Liabilities, and Net Assets

1. 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 amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported change in the Foundation's net assets during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

For the purpose of reporting cash flows, the Foundation considers all highly liquid debt instruments, including money market funds, purchased with original maturities of three months or less to be cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these financial instruments.

3. Property and Equipment

Property and equipment are recorded at cost if purchased or at fair market value at the date of donation. Depreciation is provided using the straight-line method of depreciation over the estimated useful lives of the assets, ranging from three to ten years. Property and equipment is capitalized if the cost or donated fair market value of an asset is greater than or equal to \$5,000.

4. Unearned Revenues

Unearned revenues are recognized as liability that represents the amount of grants received, but not yet earned.

5. Revenue Recognition

Contributions are typically recognized when received and are considered to be without donor restrictions unless specifically restricted by the donor. Grants are recognized in the period in which the related goods or service was delivered, depending on the terms of specific grant awards. Special event and registration fees are recognized upon receipt.

6. Income Taxes

As a publicly supported not-for-profit Foundation, the Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and the corresponding provisions of Section 23701d of the California Revenue and Taxation Code. The Foundation is not subject to income tax except for taxes on the receipt of income, if any, which is unrelated to the Foundation's tax-exempt purpose. The Foundation is not a private-foundation and qualifies for the charitable deduction under 170(b)(1)(A)(vi) of the Internal Revenue Code.

The Foundation has applied the provisions of ASC Subtopic 740-10, *Income Taxes—Overall*, which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on recognition, classification, interest, penalties, disclosure, and transition. The Foundation's management believes that no such uncertain tax positions exist as of June 30, 2025. The Foundation is subject to routine audits by the taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Foundation believes it is no longer subject to income tax examinations for the fiscal years prior to 2021.

Desert Recreation Foundation
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, are classified in the accompanying financial statements as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 341,893	396,798
Cash and cash equivalents - restricted	<u>201,288</u>	<u>78,996</u>
Total	<u>\$ 543,181</u>	<u>475,794</u>

Cash and cash equivalents as of June 30, consist of the following:

	<u>2025</u>	<u>2024</u>
Deposits held with financial institutions	\$ <u>543,181</u>	<u>475,794</u>
Total	<u>\$ 543,181</u>	<u>475,794</u>

(3) Property and Equipment

The summary of property and equipment at year end are as follows:

	<u>2025</u>	<u>2024</u>
Depreciable assets:		
Equipment	\$ 12,613	12,613
Vehicles	<u>25,935</u>	<u>25,935</u>
Total depreciable assets	38,548	38,548
Accumulated depreciation	<u>(38,548)</u>	<u>(38,548)</u>
Total property and equipment, net	<u>\$ -</u>	<u>-</u>

(4) Liquidity and Availability

As of June 30, 2025 and 2024, the Foundation's liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2025</u>	<u>2024</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 341,893	396,798
Cash and cash equivalents - restricted	<u>201,288</u>	<u>78,996</u>
Total financial assets	543,181	475,794
Less: amounts not available to be used within one year, due to contractual, board, or donor-imposed restrictions:		
Restricted by donors with time or purpose restrictions	<u>201,288</u>	<u>78,996</u>
Total amounts not available to be used within one year	<u>201,288</u>	<u>78,996</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 341,893</u>	<u>396,798</u>

Desert Recreation Foundation
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(5) Net Assets – With Donor Restrictions

As of June 30, 2025, net assets with donor restrictions are available for the following purposes:

	<u>Balance</u> <u>2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2025</u>
Net assets – with donor restrictions				
Inland Empire Community Foundation	\$ -	41,000	-	41,000
Desert Healthcare Foundation	-	44,433	-	44,433
Adaptive Sports	5,080	-	(5,000)	80
Trips for Kids	4,716	159,278	(106,314)	57,680
Chase the Ace	28,214	-	-	28,214
Youth program	40,986	25,195	(36,300)	29,881
Total net assets – with donor restrictions	\$ 78,996	269,906	(147,614)	201,288

As of June 30, 2024, net assets with donor restrictions are available for the following purposes:

	<u>Balance</u> <u>2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>2024</u>
Net assets – with donor restrictions				
Adaptive Sports	\$ 22,580	-	(17,500)	5,080
Trips for Kids	4,716	50,865	(50,865)	4,716
Chase the Ace	28,214	-	-	28,214
Youth program	51,901	86,750	(97,665)	40,986
Total net assets – with donor restrictions	\$ 107,411	137,615	(166,030)	78,996

Inland Empire Community Foundation – program to advance its mission of making recreational opportunities accessible to all, including significant advancements in staff professional development, technology, streamlining operations, and improving program delivery.

Desert Healthcare Foundation – program supporting adaptive and therapeutic programs through staffing, vehicle costs, specialized equipment purchases, and annual memberships.

Adaptive sports – funds held for adaptive sports programs.

Trips for Kids – a program that supports at-risk youth who gets the opportunity to experience healthy activity, while broadening their perspectives and exploring new areas on their bicycles.

Chase the Ace – funds held for motorcycle run fundraiser held by the Foundation in Coachella Valley for the adaptive sports program.

Youth program – funds held for Desert Recreation District programs.

Net assets were released from donor restrictions by satisfying the purpose and/or time specifications of the donor’s or grantor’s requests.

Desert Recreation Foundation
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2025 and 2024

(6) Prior Period Adjustment

Program expenses

In fiscal year 2025, management determined that certain program expenses incurred in the prior year were not recorded. As a result, the Foundation recorded prior period adjustments of \$78,329 to restate beginning balances as of July 1, 2024.

The adjustment to net assets is as follows:

Net assets at June 30, 2024, as previously stated	\$ 304,945
Effect of adjustment to record:	
Program expenses	<u>(78,329)</u>
Net assets at July 1, 2024, as restated	<u>\$ 226,616</u>

(7) Related Party Transactions

The Foundation provided grants and other assistance to the District in the amounts of \$72,692 and \$246,858 for the fiscal years ended June 30, 2025 and 2024, respectively. Also, the Foundation reimburses the District for certain expenses incurred on behalf of the Foundation.

The Foundation receives contributed management, administrative, and operational support from the District to administer its programs. No amounts have been reflected in the financial statements for the contributed services since no objective basis is available to measure the value of such services.

(8) Public Support

Volunteers from the community have donated significant amounts of their time in support of the Foundation's programs. No amounts have been reflected in the financial statements for the contributed services since no objective basis is available to measure the value of such services.

(9) Contingencies

Litigation

In the ordinary course of operations, the Foundation is subject to claims and litigation from outside parties. After consultation with legal counsel, the Foundation believes the ultimate outcome of such matter, if any, will not materially affect its financial condition.

(10) Subsequent Events

Events occurring after June 30, 2025, have been evaluated for possible adjustment to the financial statement or disclosure as of April 13, 2026, which is the date the financial statements were available to be issued.