

**LOS ANGELES COUNTY HIGH SCHOOL  
FOR THE ARTS FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)

**FINANCIAL STATEMENTS**

**June 30, 2016**



**Gurseley | Schneider** LLP  
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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CERTIFIED  
PUBLIC ACCOUNTANTS  
& ADVISORS

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**DIRECTORS**

- Stacey S. Summers, CPA

**FOUNDERS**

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- Stanley B. Schneider, CPA



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**Independent Auditor’s Report**

To the Board of Directors  
Los Angeles County High School for the Arts Foundation  
Los Angeles, California

We have audited the accompanying financial statements of Los Angeles County High School for the Arts Foundation (a California nonprofit public benefit corporation) which comprise the statement of financial position as of June 30, 2016, 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.

\*Accredited in Business Valuation  
†Certified in Financial Forensics

An Independent Member of  
DFK International

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Los Angeles County High School for the Arts Foundation as of June 30, 2016, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Gursey | Schneider LLP*

September 24, 2016  
Los Angeles, California

**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Financial Position  
June 30, 2016

**ASSETS**

**ASSETS**

Cash and cash equivalents	\$	956,360
Investments		2,903,153
Contributions receivable		7,625
Prepaid expenses		609
Property and equipment, net		<u>1,641</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>3,869,388</u></u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued liabilities	\$	28,349
Grants payable		310,449
Fiscal agent funds		<u>16,883</u>
<b>TOTAL LIABILITIES</b>		<u><u>355,681</u></u>

**NET ASSETS**

Unrestricted:		
Undesignated		(105,679)
Board-designated		<u>281,859</u>
Total unrestricted		176,180
Temporarily restricted		997,979
Permanently restricted		<u>2,339,548</u>
<b>TOTAL NET ASSETS</b>		<u><u>3,513,707</u></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u><u>3,869,388</u></u></b>

**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Activities  
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>				
Grants	\$ 349,477	\$ 550,316	\$ -	\$ 899,793
Fundraising events, net of expenses of \$9,994	49,920	-	-	49,920
Interest and dividends	24,255	65,804	-	90,059
Investment (losses) gains, net	(24,850)	(12,205)	-	(37,055)
Donated in-kind rent	12,000	-	-	12,000
Net assets released from restrictions	824,248	(774,248)	(50,000)	-
<b>Total Revenues and Support</b>	<u>1,235,050</u>	<u>(170,333)</u>	<u>(50,000)</u>	<u>1,014,717</u>
<b>EXPENSES:</b>				
Program services	1,188,070	-	-	1,188,070
Management and general services	54,736	-	-	54,736
Fundraising	32,492	-	-	32,492
<b>Total Expenses</b>	<u>1,275,298</u>	<u>-</u>	<u>-</u>	<u>1,275,298</u>
<b>CHANGE IN NET ASSETS</b>	(40,248)	(170,333)	(50,000)	(260,581)
<b>NET ASSETS, Beginning of year</b>	<u>216,428</u>	<u>1,168,312</u>	<u>2,389,548</u>	<u>3,774,288</u>
<b>NET ASSETS, End of year</b>	<u>\$ 176,180</u>	<u>\$ 997,979</u>	<u>\$ 2,339,548</u>	<u>\$ 3,513,707</u>

See Accompanying Notes to Financial Statements

**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Statement of Functional Expenses  
For the Year Ended June 30, 2016

	Program Services	Management and General Services	Fundraising	Total
Grants and Program Support	\$ 1,013,566	\$ -	\$ -	\$ 1,013,566
Personnel:				
Salaries	70,028	4,377	13,130	87,535
Group insurance	6,394	400	1,199	7,993
Payroll taxes	4,174	261	783	5,218
Pension	2,084	130	391	2,605
Total Personnel	<u>82,680</u>	<u>5,168</u>	<u>15,503</u>	<u>103,351</u>
Other Operating Expenses:				
Bank charges	2,226	445	1,780	4,451
Development	1,701	106	319	2,126
Depreciation	543	34	102	679
Dues and subscriptions	4,025	252	754	5,031
Insurance	4,530	283	850	5,663
Investment manager fees	-	28,258	-	28,258
Meetings and conferences	2,821	176	529	3,526
Miscellaneous	122	49	23	194
Occupancy	12,871	804	2,414	16,089
Outside services	5,109	319	958	6,386
Postage	1,562	98	293	1,953
Professional services	47,259	18,177	7,270	72,706
Repairs and maintenance	1,848	116	346	2,310
Supplies	3,324	208	623	4,155
Telephone	1,470	92	276	1,838
Travel	2,413	151	452	3,016
Total Other Operating Expenses	<u>91,824</u>	<u>49,568</u>	<u>16,989</u>	<u>158,381</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u><u>\$ 1,188,070</u></u>	<u><u>\$ 54,736</u></u>	<u><u>\$ 32,492</u></u>	<u><u>\$ 1,275,298</u></u>
% of Total Expenses	<u>93.2%</u>	<u>4.3%</u>	<u>2.5%</u>	<u>100.0%</u>

See Accompanying Notes to Financial Statements



**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2016

**NOTE 1 — ORGANIZATION**

The Los Angeles County High School for the Arts Foundation dba Arts High Foundation (the "Foundation") is a California nonprofit public benefit corporation. The Foundation supports the advancement of young artists by stimulating private sector support to supplement public education monies needed for the Los Angeles County High School for the Arts ("LACHSA") and scholarship monies awarded to students. LACHSA is a specialized public high school of choice operated by the Los Angeles County Office of Education ("LACOE").

The mission of the Foundation is to help bridge the gap between public funding for the arts and actual costs at LACHSA. Specifically, financial support was used to:

- Cover the salaries of many of the teaching artists who provide instruction and mentoring to LACHSA's young artists;
- Underwrite productions that included dramatic plays, musical and dance concerts, an opera, a film festival, visual arts exhibitions and musicals;
- Provide art supplies to students in support of their creation of new works of art;
- Cover the cost of field trips to museums, galleries, film studios and professional performances;
- Provide private lessons for music students who needed individual or small group coaching;
- Award merit scholarships to deserving students;
- Help bring the arts to 10,000 under-served students by providing bus transportation to special LACHSA outreach performances; and
- Fund the construction of an amphitheater and shade structure behind the new LACHSA building.

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** — The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date of the financial statements, and for the period presented. Accordingly, actual results could differ from those estimates.

**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
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Notes to Financial Statements  
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**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Classes of Net Assets** — The Foundation recognizes contributions, including unconditional promises to give, as revenue in the period in which they are received. Revenues and expenses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of the Foundation. Board-designated net assets are voluntary segregations of unrestricted net assets for specific purposes, projects or investments by the board of directors. The Caroline Leonetti Ahmanson Memorial Fund was established to honor one of the founders of LACHSA and will be used at the discretion of the board to support young artists, with a special emphasis on covering the costs of performances. As of June 30, 2016, the Foundation has board designated unrestricted net assets of \$281,859.
- *Temporarily Restricted Net Assets* – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and / or the passage of time. As restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. Temporarily restricted net assets represent net assets held with time restrictions. As of June 30, 2016, the Foundation has temporarily restricted net assets of \$997,979.
- *Permanently Restricted Net Assets* – Net assets subject to donor-imposed stipulations that resources be maintained in perpetuity by the Foundation. The investment income generated from these funds is available for either general support of the Foundation's programs and operations, or specific purposes in accordance with donor stipulations. As of June 30, 2016, the Foundation has permanently restricted net assets of \$2,339,548.

It is the policy of the Foundation to record restricted support as unrestricted support where the donor-restrictions have been satisfied within the reporting period.

**Cash and Cash Equivalents** - The Foundation considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Investments** - Investments are stated at fair market value. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded based on the record date. Interest income is recorded as earned on an accrual basis. Bond premiums and discounts are amortized to the first call date using a method that approximates the effective interest method. Realized gains and losses are recorded upon disposition of securities. Investment income and realized and unrealized gains and losses are recognized as unrestricted net assets, unless their use is temporarily or permanently restricted by donors to a specified purpose or future period.

Unrealized gains and losses on investments resulting from fair value fluctuations are recorded in the statement of activities in the period that such fluctuations occur.

**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
(A California Nonprofit Public Benefit Corporation)  
Notes to Financial Statements  
June 30, 2016

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Contributions Receivable** - Grants and contributions are recognized when the donor makes a promise to give the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. The Foundation considers all of the outstanding grants at June 30, 2016 to be fully collectible.

**Property and Equipment** - Property and equipment are stated at cost when purchased or at estimated fair market value at the date of bequest or gift. Depreciation is provided using the straight-line method over the estimated useful life of the related asset, ranging from 5-7 years. Amortization of equipment purchased under capital lease obligations is included in depreciation expense. Individual property items valued at less than \$1,000 with a useful life of one year or less are expensed when purchased or donated.

**Fiscal Agent Funds** – Fiscal agent funds represent funds collected from parents and former students for specific programs that are operated by LACHSA.

**Grants Payable** – The grants payable are due to the Los Angeles High School for the Arts and will be paid during the year ended June 30, 2017.

**Functional Allocation of Expenses** — Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with program and supporting service are allocated based on estimates determined by management.

**Donated Services and Equipment** — Donated services are recognized if the services received create or enhance long-lived assets, require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated goods are recognized at fair value at the time of contribution. During the year ended June 30, 2016, the Foundation received donated rent from an entity affiliated with a related party totaling \$12,000, which is included in the accompanying statement of activities.

**Income Taxes** — The Foundation is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. The Foundation is classified by the Internal Revenue Service as other than a private foundation.

The Foundation has adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Section 740, *Income Taxes*, which clarify the accounting for uncertainty in income taxes. FASB ASC 740-10 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. FASB ASC 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. At June 30, 2016 and for the year then ended, the Foundation had no material unrecognized tax benefits, tax penalties or interest.

**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
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Notes to Financial Statements  
June 30, 2016

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)** — The Foundation's Federal Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they are filed, and remain open for the years ended June 30, 2013 through 2015. The California Forms 199, California Exempt Organization Annual Information Return, is subject to examination by the Franchise Tax Board, generally for four years after they are filed, and remain open for the years ended June 30, 2012 through 2015.

**Subsequent Events** — Management has reviewed subsequent events through September \_\_, 2016, the date the financial statements were available to be issued.

**NOTE 3 — CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially expose the Foundation to a concentration of credit risk consist primarily of cash and cash equivalents, investments and grants receivable.

The Foundation maintains its cash accounts in high-credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At times, cash in these accounts may exceed the insured amounts. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Investments are subject to certain risks such as market fluctuation and changes in interest rates, which could result in losses in the event of adverse economic circumstances. The Foundation attempts to limit its credit risks associated with its investments through diversification and by utilizing the expertise and processes of an outside investment manager.

Contributions from four donors accounted for 49% of the total contributions for the year ended June 30, 2016.

**NOTE 4 — INVESTMENTS**

The Foundation's investments are reported at fair value in the accompanying statement of financial position. Fair value is defined as the price that would be received upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tiered hierarchy is employed to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect assumptions market participants would use in pricing the asset developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
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**NOTE 4 — INVESTMENTS (CONTINUED)**

The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

*Level 1* – Quoted prices in active markets for identical investments. Level 1 assets include cash equivalents, equity securities, and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

*Level 2* – Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets or liabilities in market that are not active, and other observable inputs that can be corroborated by observable market data.

*Level 3* – Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset at the reporting date.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination for which category within the fair value hierarchy is appropriate is based on the lowest level input that is significant to the fair value measurement in its entirety.

Investments as of June 30, 2016 consisted of the following:

	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Common stock	\$ 2,188,347	\$ -	\$ -	\$ 2,188,347
Mutual funds	262,990	-	-	262,990
Mortgage-backed securities	-	121,845	-	121,845
Municipal bonds	-	132,159	-	132,159
Corporate bonds	-	197,812	-	197,812
<b>Total</b>	<b>\$ 2,451,337</b>	<b>\$ 451,816</b>	<b>\$ -</b>	<b>\$ 2,903,153</b>

Investment realized and unrealized investment losses, net during the year ended June 30, 2016 totaled \$(37,055).

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Notes to Financial Statements  
June 30, 2016

**NOTE 5 — PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2016 consisted of the following:

Furniture and equipment	\$ 6,690
Less: Accumulated depreciation	<u>(5,049)</u>
Property and equipment, net	<u><u>\$ 1,641</u></u>

Depreciation expense for the year ended June 30, 2016 was \$679.

**NOTE 6 — TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of June 30, 2016 consisted of the following:

Time restrictions	\$ 262,500
Programs	<u>735,479</u>
Total	<u><u>\$ 997,979</u></u>

Temporarily restricted net assets were released from restriction during the year by the passage of time or incurrence of expenditures as follows:

Time restrictions	\$ 494,088
Program expenditures	<u>280,160</u>
Total	<u><u>\$ 774,248</u></u>

**NOTE 7 — PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of the following donor-restricted funds:

- *Performing Arts Fund* - An endowment that will support specific elements of the dance, theatre, and music programs.
- *Kathy Beth Kantor Memorial Fund* - An endowment to award scholarships to photography students in the visual arts program.
- *Craig Charles Herst Memorial Fund* - An endowment to support the publication of the student art catalog, "A Gift of Love".
- *Caroline Leonetti Ahmanson Memorial Endowment Fund* - An endowment to support young artists, with a special emphasis on covering the costs of performances.
- *Bobby Brooks Memorial Fund* - An endowment to support the Composer-in-Residence in the music program.
- *Gwyn Lurie Endowment Fund* - An endowment to support the general operating expenses of the Foundation.
- *Tony Pope Endowment Fund* - An endowment to fund a merit scholarship in television / film.

**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
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Notes to Financial Statements  
June 30, 2016

**NOTE 7 — PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

Permanently restricted net assets by fund as of June 30, 2016 are as follows:

Performing Arts Fund	\$ 1,500,000
Kathy Beth Kantor Memorial Fund	286,317
Craig Charles Herst Memorial Fund	200,000
Caroline Leonetti Ahmanson Memorial Fund	177,231
Bobby Brooks Memorial Fund	150,000
Gwyn Lurie Endowment Fund	17,000
Tony Pope Endowment Fund	<u>9,000</u>
Permanently restricted net assets	<u><u>\$ 2,339,548</u></u>

**NOTE 8 — ENDOWMENTS**

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) adopted by the State of California as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets the following: the corpus of the endowment; the original gift donated to the perpetual endowment; the original value of the subsequent gifts to the perpetual endowment; and the accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Any remaining portion of the donor-restricted endowment fund not classified as permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

The Foundation’s endowment investment policy is based on fundamental financial principles that include prudent assets allocation, risk assessment, and long-term planning. The investment policy emphasizes total return, allowing funds to utilize current dividend and interest income, and, over time, a portion of the aggregate return from capital appreciation. This helps to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power to the endowment assets. Within this framework, specific investment objectives for the endowment investments include liquidity, preservation of capital, preservation of purchasing power, and long-term growth of capital.

**LOS ANGELES COUNTY HIGH SCHOOL FOR THE ARTS FOUNDATION**  
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Notes to Financial Statements  
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**NOTE 8 — ENDOWMENTS (CONTINUED)**

The current long-term return objective is to produce a real return of 5%, net of investment fees. Actual returns in any given year may vary from this amount. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

Endowment fund records are maintained separately in accounting by their legal names, with interest, dividends, and realized and unrealized gains and losses being directly allocated to the various funds. The spending policy calculates the amount of money annually distributed from the Foundation's various endowed funds, to support the Arts segment of the Foundation as needed.

Thus, spending will vary each year based on need. The Foundation has targeted a 4.5% allocation of the preceding four quarters' balances to each fund's "available to spend balance," which is available for grant. If, however, the fair market value of the endowment principal of any fund, at the time of allocation, is below the corpus, no additional funds will be made "available to spend," unless required by donor agreement. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment assets to provide real growth over the average rate of inflation annually. This is consistent with the objective to maintain the purchasing power of endowment assets, as well as to provide additional real growth through new gifts and investment returns.

For the year ended June 30, 2016, changes in endowment net assets are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of the year	\$ 534,113	\$ 2,389,548	\$ 2,923,661
Endowment investment return:			
Investment (losses) gains, net	(12,205)	-	(12,205)
Interest and dividends	65,804	-	65,804
Total endowment investment return	53,599	-	53,599
Expenditures for programs	(63,738)	(50,000)	(113,738)
Net assets, end of the year	<u>\$ 523,974</u>	<u>\$ 2,339,548</u>	<u>\$ 2,863,522</u>

The Temporarily Restricted amounts in the table above reflect investment earnings from endowment assets that have accumulated and not yet used for their program purposes. These amounts are reflected as a component of temporarily restricted net assets in the accompanying statement of financial position.

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**NOTE 9 — PENSION PLAN**

The Foundation has a 401(k) pension plan (the "Plan") which covers all employees. The Plan participants must be at least 21 years of age and have at least six months of service with the Foundation. The Foundation makes a safe-harbor contribution equal to 3% of the employee's compensation. Total employee and employer contributions are limited to 100% of the employee's compensation or \$52,000, whichever is less. The Foundation contributed \$2,605 to the Plan for the year ended June 30, 2016.