GRAND VISION FOUNDATION

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED JUNE 30, 2010

GRAND VISION FOUNDATION
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JUNE 30, 2010

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Suarez Accountancy Corporation

Richard Suarez, Jr. CPA
(licensed in CA and NV)

Independent Auditor's Report

Board of Directors
Grand Vision Foundation
San Pedro, California

We have audited the accompanying statement of financial position of the Grand Vision Foundation (a nonprofit organization) as of June 30, 2010 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Vision Foundation as of June 30, 2010, and the results of its activities, change in net assets, and functional expenses for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Suarez Accountancy Corporation

April 25, 2011

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GRAND VISION FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010

ASSETS

Current assets:		
Cash and cash equivalents	$	288,976
Contributions receivable		3,700
Grants receivable		2,500
Prepaid expenses		1,712
Other current assets		2,228
Total current assets		299,116
Construction in process		36,072
Total assets	$	335,188

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	$	15,577
Accrued interest		700
Deferred revenue		23,197
Total current liabilities		39,474
Net assets:		
Unrestricted		282,000
Temporarily restricted		13,714
Total net assets		295,714
Total liabilities and net assets	$	335,188

See accompanying notes.

GRAND VISION FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Earned income	$ 78,080	$ -	$ 78,080
Contributed income	476,620	13,714	490,334
Other income	1,514	-	1,514
Total support and revenue	556,214	13,714	569,928
EXPENSES			
Program services	339,559	-	339,559
Support services:			
General & administrative	29,408	-	29,408
Fundraising	66,781	-	66,781
Total expenses	435,748	-	435,748
Change in net assets	120,466	13,714	134,180
Net assets, beginning of year	165,292	-	165,292
Reclassification of beginning net assets	(3,758)	-	(3,758)
Net assets, restated, beginning of year	161,534	-	161,534
Net assets, end of year	$ 282,000	$ 13,714	$ 295,714

See accompanying notes to the financial statements.

GRAND VISION FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	134,180
Reclassification of beginning net assets		(3,758)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Contributions receivable		7,572
Grants receivable		(2,500)
Prepaid expenses		(1,712)
Other current assets		(798)
Increase (decrease) in:		
Accounts payable		14,668
Accrued expenses		(1,714)
Deferred revenue		23,197
Net cash provided by (used in) operating activities		169,135
CASH FLOW FROM INVESTING ACTIVITIES:		
Contruction in process		(36,072)
Net cash provided by (used in) investing activities		(36,072)
NET INCREASE IN CASH AND CASH EQUIVALENTS		133,063
Cash and cash equivalents, beginning of the year		155,913
Cash and cash equivalents, end of the year	$	288,976

See accompanying notes.

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Grand Vision Foundation (the Foundation) was incorporated pursuant to the general nonprofit corporation laws of California and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The purpose of the Grand Vision Foundation is to preserve and promote the historical Warner Grand Theatre and foster artistic, cultural and educational activities in the Theatre and the Harbor/South Bay area of Los Angeles.

Significant Accounting Policies

Accounting Basis and Financial Statement Presentation

The financial statements are prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America.

Support and Revenue

Annual contributions are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as estimates. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. The majority of the promises to give are received from a broad base of local residents and business contributors as a result of various fundraising campaigns and fundraising events.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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 their fair values in the period received.

Income Taxes

The Foundation is exempt from federal taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE A – NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair Value of Financial Instruments

For certain of the Foundation's financial instruments, including cash and cash equivalents, advances and fees receivable, the carrying amounts approximate fair value due to their short term maturities.

Contributions Receivable

Receivables are stated at the amount management expects to collect from outstanding balances for contributions and seat donations. Management provides for probable uncollectible amounts through a provision for bad debt expense.

Contributions receivable totaled $3,700 at June 30, 2010.

NOTE B – GRANT RECEIVABLE

A $25,000 grant was received from The Community Redevelopment Agency of the City of Los Angeles in August 2008 for façade improvement to the property. Payments of $22,500 had been received as of June 30, 2010.

NOTE C – FAIR VALUE MEASUREMENTS

The Foundation applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded securities.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair value measurements at reporting date using			
Description	Balance June 30, 2010	Level 1	Level 2	Level 3
Investments:				
Money market funds, certificates of deposit, and other short-term investments	$ 193,375	$ 193,375	$ -	$ -
Equities	-	-	-	-
Total	$ 193,375	$ 193,375	$ -	$ -

NOTE D – CONSTRUCTION IN PROCESS

Construction in process consists of leasehold improvements to the façade of 434 W. 6th St. (Grand Annex building) totaling $36,072 at June 30, 2010.

NOTE E – LEASE AGREEMENT

On June 1, 2009 the Foundation entered into a month to month lease agreement with Jerico Development, Inc. for the Grand Annex building in San Pedro, California. The 8,000 sq. ft. building serves as a small performance space and houses the Grand Vision offices. The monthly rent is $7,000.

NOTE F – RELATED PARTY TRANSACTION

Alan Johnson, Treasurer of the Board of Directors, is a shareholder in Jerico Development, Inc.

Jerico Development, Inc. is the lessor of the Foundation's Grand Annex building, and has donated cash to cover the building rent (See Note E).

Elizabeth Schindler Johnson serves as Executive Director without compensation. Her services have been valued at $75,000 for the year and recorded as contributed services.

NOTE G – DEFERRED REVENUE

On July 17, 2011, The Foundation produced the Arts & Wonder Free Family Festival sponsored by Target. The Foundation received $20,697 from Target as of June 30, 2010.

At June 30, 2010 the Foundation was owed $2,500 in grant income from The Community Redevelopment Agency of the City of Los Angeles for façade improvements.

The deferred revenue balance was $23,197 at June 30, 2010.

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose:

Program services	$ 10,000
Leasehold improvements	3,714

NOTE I – SUBSEQUENT EVENTS

The Foundation has evaluated its subsequent events through April 25, 2011, which was the date the financial statements were available to be issued, and concluded no additional disclosures are required.

SUPPLEMENTARY INFORMATION

GRAND VISION FOUNDATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services	Support Services		Total
		General Administrative	Fundraising	
Salaries and other related expenses	$ 103,370	$ 16,880	$ 25,082	$ 145,332
Bank fees	2,497	831	831	4,159
Production costs	44,070	-	24,341	68,411
Professional fees	30,261	1,998	3,904	36,163
Marketing	41,576	209	5,569	47,354
Insurance	4,048	1,012	-	5,060
Upgrades & maintenance	10,890	84	-	10,974
Warner Grand Theater upgrades	25,495	-	-	25,495
Other expenses	77,352	8,394	7,054	92,800
Total expenses	$ 339,559	$ 29,408	$ 66,781	$ 435,748

See accompanying notes to the financial statements.