



**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**



**Leaf & Cole, LLP**  
*Certified Public Accountants*

**LUCKY DUCK FOUNDATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

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Leaf & Cole, LLP  
Certified Public Accountants  
A Partnership of Professional Corporations

## **Independent Auditor's Report**

To the Board of Directors  
Lucky Duck Foundation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lucky Duck Foundation, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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.

To the Board of Directors  
Lucky Duck Foundation

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lucky Duck Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Leaf & Cole LLP

San Diego, California  
May 23, 2021

**LUCKY DUCK FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

**ASSETS**

|   | <u>2020</u>                | <u>2019</u>                |
|---|----------------------------|----------------------------|
| <b><u>Current Assets:</u></b> (Notes 2, 4, and 5) |                            |                            |
| Cash and cash equivalents                         | \$ 1,142,470               | \$ 391,658                 |
| Investments                                       | 5,348,871                  | 4,736,920                  |
| Contributions receivable                          | 57,835                     | 1,500                      |
| Prepaid expenses                                  | 3,098                      | 5,773                      |
| Total Current Assets                              | <u>6,552,274</u>           | <u>5,135,851</u>           |
| <b><u>Noncurrent Assets:</u></b> (Notes 2 and 6)  |                            |                            |
| Property and equipment, net                       | <u>772,466</u>             | <u>821,332</u>             |
| Total Noncurrent Assets                           | <u>772,466</u>             | <u>821,332</u>             |
| <b>TOTAL ASSETS</b>                               | <u><u>\$ 7,324,740</u></u> | <u><u>\$ 5,957,183</u></u> |

**LIABILITIES AND NET ASSETS**

|  |                            |                            |
|--|----------------------------|----------------------------|
| <b><u>Current Liabilities:</u></b> (Note 2)        |                            |                            |
| Accounts payable and accrued expenses              | \$ <u>383,678</u>          | \$ <u>68,572</u>           |
| Total Current Liabilities                          | <u>383,678</u>             | <u>68,572</u>              |
| Total Liabilities                                  | <u>383,678</u>             | <u>68,572</u>              |
| <b><u>Commitments and Contingency</u></b> (Note 9) |                            |                            |
| <b><u>Net Assets:</u></b> (Notes 2, 7 and 8)       |                            |                            |
| Without donor restrictions:                        |                            |                            |
| Undesignated                                       | 5,218,855                  | 4,467,611                  |
| Board designated                                   | 730,055                    | 224,490                    |
| Total Net Assets Without Donor Restrictions        | <u>5,948,910</u>           | <u>4,692,101</u>           |
| With donor restrictions:                           |                            |                            |
| Purpose restriction                                | <u>992,152</u>             | <u>1,196,510</u>           |
| Total Net Assets                                   | <u>6,941,062</u>           | <u>5,888,611</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>            | <u><u>\$ 7,324,740</u></u> | <u><u>\$ 5,957,183</u></u> |

The accompanying notes are an integral part of the financial statements.

**LUCKY DUCK FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|   | 2020                          |                               |                     | 2019                          |                               |                     |
|---|-------------------------------|-------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|
|   | Without Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total               |
| <b><u>Revenue and Support:</u></b>  |                               |                               |                     |                               |                               |                     |
| Contributions   | \$ 1,264,419                  | \$ 1,295,044                  | \$ 2,559,463        | \$ 1,421,600                  | \$ 1,190,510                  | \$ 2,612,110        |
| Special events, net of direct donor costs<br>of \$10,531 and \$44,874, respectively | 1,293,791                     |                               | 1,293,791           | 792,702                       |                               | 792,702             |
| In-kind contributions   | 571,272                       | -                             | 571,272             | 52,558                        | -                             | 52,558              |
| Investment income   | 2,210                         | -                             | 2,210               | 36,121                        | -                             | 36,121              |
| Net assets released from restrictions   | 1,499,402                     | (1,499,402)                   | -                   | -                             | -                             | -                   |
| Total Revenue and Support   | <u>4,631,094</u>              | <u>(204,358)</u>              | <u>4,426,736</u>    | <u>2,302,981</u>              | <u>1,190,510</u>              | <u>3,493,491</u>    |
| <b><u>Expenses:</u></b>   |                               |                               |                     |                               |                               |                     |
| <b>Program Services:</b>  |                               |                               |                     |                               |                               |                     |
| Homeless initiative   | <u>3,017,580</u>              | <u>-</u>                      | <u>3,017,580</u>    | <u>877,209</u>                | <u>-</u>                      | <u>877,209</u>      |
| <b>Supporting Services:</b>   |                               |                               |                     |                               |                               |                     |
| Management and general  | 48,923                        | -                             | 48,923              | 40,606                        | -                             | 40,606              |
| Fundraising   | <u>307,782</u>                | <u>-</u>                      | <u>307,782</u>      | <u>171,182</u>                | <u>-</u>                      | <u>171,182</u>      |
| Total Supporting Services   | <u>356,705</u>                | <u>-</u>                      | <u>356,705</u>      | <u>211,788</u>                | <u>-</u>                      | <u>211,788</u>      |
| Total Expenses  | <u>3,374,285</u>              | <u>-</u>                      | <u>3,374,285</u>    | <u>1,088,997</u>              | <u>-</u>                      | <u>1,088,997</u>    |
| Change in Net Assets  | 1,256,809                     | (204,358)                     | 1,052,451           | 1,213,984                     | 1,190,510                     | 2,404,494           |
| Net Assets at Beginning of Year   | <u>4,692,101</u>              | <u>1,196,510</u>              | <u>5,888,611</u>    | <u>3,478,117</u>              | <u>6,000</u>                  | <u>3,484,117</u>    |
| <b>NET ASSETS AT END OF YEAR</b>  | <u>\$ 5,948,910</u>           | <u>\$ 992,152</u>             | <u>\$ 6,941,062</u> | <u>\$ 4,692,101</u>           | <u>\$ 1,196,510</u>           | <u>\$ 5,888,611</u> |

The accompanying notes are an integral part of the financial statements.

**LUCKY DUCK FOUNDATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|                                       | 2020                   |                           |                   |                     | 2019                   |                           |                   |                     |
|---------------------------------------|------------------------|---------------------------|-------------------|---------------------|------------------------|---------------------------|-------------------|---------------------|
|                                       | Program<br>Services    | Supporting Services       |                   |                     | Program<br>Services    | Supporting Services       |                   |                     |
|                                       | Homeless<br>Initiative | Management<br>and General | Fundraising       | Total               | Homeless<br>Initiative | Management<br>and General | Fundraising       | Total               |
| Advertising                           | \$ -                   | \$ -                      | \$ 164,437        | \$ 164,437          | \$ -                   | \$ -                      | \$ 43,959         | \$ 43,959           |
| Community support                     | 2,009,179              | -                         | -                 | 2,009,179           | 336,283                | -                         | -                 | 336,283             |
| Depreciation                          | 48,866                 | -                         | -                 | 48,866              | 48,866                 | -                         | -                 | 48,866              |
| Dues and subscriptions                | -                      | 2,735                     | -                 | 2,735               | -                      | 1,136                     | -                 | 1,136               |
| Fees and other                        | -                      | 435                       | 1,084             | 1,519               | 124                    | 467                       | 675               | 1,266               |
| Insurance                             | -                      | 4,794                     | -                 | 4,794               | -                      | 3,472                     | -                 | 3,472               |
| Meetings and meals                    | 68                     | 519                       | -                 | 587                 | -                      | 863                       | -                 | 863                 |
| Office expense                        | -                      | 908                       | -                 | 908                 | -                      | 849                       | -                 | 849                 |
| Postage and mailing service           | -                      | 703                       | -                 | 703                 | -                      | 465                       | -                 | 465                 |
| Professional development              | -                      | 1,277                     | -                 | 1,277               | -                      | 1,130                     | -                 | 1,130               |
| Professional fees                     | 18,764                 | 7,541                     | 7,818             | 34,123              | 16,208                 | 4,052                     | 6,754             | 27,014              |
| Program supplies, food and equipment  | 811,837                | -                         | -                 | 811,837             | 365,441                | -                         | -                 | 365,441             |
| Rent                                  | 11,520                 | 2,880                     | 4,800             | 19,200              | 10,200                 | 2,550                     | 4,250             | 17,000              |
| Salaries and payroll related expenses | 117,346                | 26,501                    | 44,168            | 188,015             | 100,087                | 25,022                    | 41,703            | 166,812             |
| Special event                         | -                      | -                         | 85,475            | 85,475              | -                      | -                         | 73,841            | 73,841              |
| Taxes                                 | -                      | 150                       | -                 | 150                 | -                      | 160                       | -                 | 160                 |
| Telephone                             | -                      | 480                       | -                 | 480                 | -                      | 440                       | -                 | 440                 |
|                                       | <u>\$ 3,017,580</u>    | <u>\$ 48,923</u>          | <u>\$ 307,782</u> | <u>\$ 3,374,285</u> | <u>\$ 877,209</u>      | <u>\$ 40,606</u>          | <u>\$ 171,182</u> | <u>\$ 1,088,997</u> |

The accompanying notes are an integral part of the financial statements.

**LUCKY DUCK FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

|  | <u>2020</u>                | <u>2019</u>              |
|--|----------------------------|--------------------------|
| <b><u>Cash Flows From Operating Activities:</u></b>  |                            |                          |
| Change in net assets   | \$ 1,052,451               | \$ 2,404,494             |
| <b>Adjustments to reconcile change in net assets to<br/>net cash provided by operating activities:</b> |                            |                          |
| Depreciation   | 48,866                     | 48,866                   |
| Realized and unrealized gains on investments   | (2,150)                    | (31,310)                 |
| <b>(Increase) Decrease in:</b>   |                            |                          |
| Contributions receivable   | (56,335)                   | 23,500                   |
| Prepaid expenses   | 2,675                      | 243,197                  |
| <b>Increase (Decrease) in:</b>   |                            |                          |
| Accounts payable and accrued expenses  | 315,106                    | (21,201)                 |
| Net Cash Provided by Operating Activities  | <u>1,360,613</u>           | <u>2,667,546</u>         |
| <b><u>Cash Flows From Investing Activities:</u></b>  |                            |                          |
| Investment purchases   | (2,244,801)                | (4,805,610)              |
| Investment sales   | 1,635,000                  | 100,000                  |
| Advance receivable   | -                          | 283,700                  |
| Net Cash Used in Investing Activities  | <u>(609,801)</u>           | <u>(4,421,910)</u>       |
| Net Increase (Decrease) Increase in Cash and Cash Equivalents  | 750,812                    | (1,754,364)              |
| Cash and Cash Equivalents at Beginning of Year   | <u>391,658</u>             | <u>2,146,022</u>         |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>  | <u><u>\$ 1,142,470</u></u> | <u><u>\$ 391,658</u></u> |

The accompanying notes are an integral part of the financial statements.



**LUCKY DUCK FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization:**

Lucky Duck Foundation (the “Foundation”) was founded in 2005 in San Diego, California to raise funds and awareness for various charitable causes. As the goals and achievements of the Foundation grew, the Board recognized an opportunity to concentrate the Foundation’s focus. In 2017, the growing homelessness epidemic in San Diego County led the Foundation to focus solely on providing aid and relief for homeless individuals and families of San Diego County. With funds raised through charitable events and year-round donations, the Foundation funds, activates and leads high-impact programs in an attempt to alleviate the suffering of homelessness. This includes but is not limited to shelters, employment, research, food and water, housing, and more.

**Our Mission**

The Foundation is committed to immediately alleviating the suffering of homeless individuals and families across San Diego County.

**Our Vision**

Through thoughtful collaborations, the Foundation aspires to lead the nation in caring for its most vulnerable citizens.

**Our Approach**

To confront homelessness, the Foundation engages in creative fundraising and effective collaborations with service providers, business experts, community leaders, educators, philanthropists, politicians and other stakeholders. These efforts are designed to lead San Diego to best practices in all areas of homelessness.

The Lucky Duck Foundation was formed in 2005 by Pat & Stephanie Kilkenny to raise funds and awareness for numerous charitable causes in San Diego including Fr. Joe’s Villages, Challenged Athletes Foundation, and the Helen Woodward Animal Center.

In 2016, when Pat & Stephanie noticed a growing and urgent need for leadership and action to address San Diego’s homeless crisis, San Diego Padres owner Peter Seidler and business and civic leader Dan Shea were simultaneously calling upon business leaders, community members, philanthropists, politicians, and other stakeholders to join them in taking action to address the issue in a best-in-class, fact-based manner.

After closely studying homelessness and collaborating with Peter & Dan, Pat & Stephanie knew the Lucky Duck Foundation could have an even greater impact if they focused the Foundation’s efforts squarely on homelessness. They decided to do so, and shortly after pivoting in 2017, the Lucky Duck Foundation purchased several large industrial tent structures to provide shelter and critical services for more than 650 individuals.

**LUCKY DUCK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization: (Continued)**

And ever since, the Lucky Duck Foundation has funded, activated, and led numerous high-impact initiatives that alleviate the suffering of homelessness throughout San Diego County. Such initiatives include:

- Funding region-wide employment and job training programs across a multitude of industries including culinary, community beautification, food rescue, trash cleanup, certificate programs, and more. All are designed to give individuals experiencing homelessness an opportunity to improve their earning power, employability, and housing.
- Providing food and water to unsheltered homeless individuals due to COVID-19 eliminating faith-based and congregate meal services. Since launching, more than 500,000 meals have been distributed and more than 1,100 people per day receive food and water.
- Purchasing and distributing 3,000 winter coats that fold out into sleeping bags, which are made by homeless parents who are hired to do the manufacturing.
- Convening leadership and research professionals from San Diego's institutions of higher learning to focus and fund those institutions to undertake meaningful and actionable research into the myriad of issues surrounding homelessness.
- And countless other best-in-class, difference-making programs that are based on the facts, cost-effective, and help people experiencing homelessness end their homelessness.

Originally called the AGIA Foundation (Arrowhead General Insurance Agency), where Pat was the principal, the name was changed to the Lucky Duck Foundation to honor the Kilkenny family's Irish heritage and as a nod to their love for the University of Oregon.

The premise is simple: if you have had some good luck and fortune in your life, share your luck with those less fortunate.

The Foundation provided community support to the following Organizations for the years ended December 31:

|   | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| San Diego County Sheriff                  | \$ 376,533  | \$ -        |
| San Diego Continuing Education Foundation | 200,000     | -           |
| Home Start                                | 156,033     | -           |
| YIGBY Initiative                          | 150,000     | -           |
| Alpha Project for the Homeless            | 115,112     | 75,000      |
| Veterans Village of San Diego             | 100,985     | -           |
| YMCA of San Diego                         | 100,000     | -           |
| Dreams for Change                         | 97,828      | -           |
| UC San Diego Foundation                   | 75,000      | -           |
| NAMI San Diego                            | 74,842      | -           |
| San Diego Rescue Mission                  | 50,000      | -           |
| San Diego State University                | 37,500      | -           |
| University of San Diego                   | 37,500      | 25,000      |
| Interfaith Community Services             | 34,000      | 10,000      |
| Salvation Army                            | 33,690      | -           |

(Continued)

**LUCKY DUCK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization: (Continued)**

|   | <u>2020</u>         | <u>2019</u>       |
|---|---------------------|-------------------|
| Family Health Center                    | \$ 31,391           | \$ -              |
| PATH                                    | 30,240              | -                 |
| San Diego Second Chance                 | 30,000              | -                 |
| McAlister Institute                     | 26,982              | -                 |
| Computers 2 Kids, San Diego             | 25,000              | -                 |
| Rotary Club                             | 25,000              | -                 |
| 2-1-1 San Diego                         | 25,000              | -                 |
| Helen Woodward Animal Shelter           | 24,300              | 30,000            |
| San Diego LGBT Community Center         | 23,000              | -                 |
| Operation Hope                          | 20,000              | -                 |
| California State University San Marcos  | 20,000              | -                 |
| City Heights Community Devel Corp       | 18,495              | -                 |
| Catholic Charities                      | 15,882              | -                 |
| Miscellaneous                           | 14,080              | -                 |
| Point Loma Nazarene University          | 13,500              | -                 |
| Kitchens for Good                       | 10,000              | -                 |
| Specific Assistance to Individuals      | 5,000               | -                 |
| Interfaith Shelter Network of San Diego | 3,786               | -                 |
| Project Overlay                         | 3,000               | -                 |
| Give and Take, Inc.                     | 2,500               | 2,500             |
| HandsOn San Diego                       | 1,000               | -                 |
| Urban Land Institute                    | 1,000               | -                 |
| Simtech Solutions, Inc.                 | 1,000               | -                 |
| Feeding San Diego                       | -                   | 100,000           |
| Youth Assistance Coalition              | -                   | 45,333            |
| Cammies & Canines Sanctuary             | -                   | 42,000            |
| Wakeland Housing and Development        | -                   | 6,450             |
| Regional Task Force for the Homeless    | -                   | -                 |
| Total Community Support                 | <u>\$ 2,009,179</u> | <u>\$ 336,283</u> |

**Note 2 - Significant Accounting Policies:**

**Accounting Method**

The financial statements of the Foundation have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

**LUCKY DUCK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Financial Statement Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes thereon are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Estimates**

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

**Risks and Uncertainties**

The Foundation invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term, and such changes could materially affect the amounts reported in the statements of financial position.

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment

**LUCKY DUCK FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Fair Value Measurements (Continued)**

The Foundation's statements of financial position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Debt securities are considered Level 2 assets and are reported at fair market value based on quoted market prices in active markets for similar assets at the measurement date.

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding receivables. Management believes that all contributions receivable were fully collectible; therefore, no allowance for doubtful contributions receivable was recorded at December 31, 2020 and 2019.

**Capitalization and Depreciation**

The Foundation capitalizes all expenditures in excess of \$5,000 for property and equipment at cost, while donations of property and equipment are recorded at their estimated fair values. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

|                 |          |
|-----------------|----------|
| Tent structures | 20 years |
| Website         | 3 years  |

Depreciation totaled \$48,866 for each of the years ended December 31, 2020 and 2019.

Maintenance and repairs are charged to operations as incurred. Upon sale or disposition of property or equipment, the asset account is reduced by the cost and the accumulated depreciation account is reduced by the depreciation taken prior to the sale or disposition. Any resultant gain or loss is recorded as income or expense.

**Compensated Absences**

Accumulated unpaid vacation totaling \$6,058 and \$7,284 at December 31, 2020 and 2019, respectively, is accrued when incurred and included in accounts payable and accrued expenses.

**LUCKY DUCK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Revenue Recognition**

Contributions are recognized when the donor makes a promise to give in writing to the Foundation that is in substance, unconditional. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When the stipulated time restriction ends or purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Special event revenue is recognized in the period the event occurs.

**Donated Services and Support**

The Foundation utilizes the services of many volunteers throughout the year. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended December 31, 2020 and 2019 did not meet the requirements above, therefore no amounts were recognized in the financial statements.

The Foundation received in-kind donations totaling \$571,272 and \$52,558 for the years ended December 31, 2020 and 2019, respectively, which have been recorded as contributions revenue and expenses in the statements of activities.

**Functional Allocation of Expenses**

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to the operation of the programs of the Foundation are reported as program expenses, and all remaining expenses are reported as supporting services expenses.

**Income Taxes**

The Foundation is a public charity and is exempt from 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 believes that it has appropriate support for any tax positions taken, and, as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation is not a private foundation.

The Foundation's Return of Organization Exempt from Income Tax for the years ended December 31, 2020, 2019, 2018 and 2017 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed.

**LUCKY DUCK FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 2 - Significant Accounting Policies: (Continued)**

**Concentration of Credit Risk**

The Foundation maintains its cash and investments in bank deposit accounts and brokerage accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Accounting Pronouncements Adopted**

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This standard removed, modified, and added additional disclosure requirements on fair value measurements, specifically surrounding: (a) the amount of and reasons for transfers between Level 1 and Level 2 investments, (b) the policy for timing of these transfers, (c) the valuation process for Level 3 fair value measurements, and (d) the changes in unrealized gains and losses for the period including earnings on Level 3 fair value measurements held at the end of the reporting period. The Foundation has adopted this ASU for the year ended December 31, 2020. The adoption had no material effect on the 2020 financial statements.

**Reclassification**

The Foundation has reclassified certain prior year information to conform with the current year presentation.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 23, 2021, the date the financial statements were available to be issued and concluded that there were no events or transactions that needed to be disclosed.

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**Note 3 - Liquidity and Availability:**

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. The Foundation considers contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure within one year, are comprised of the following at December 31:

|   | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 1,142,470        | \$ 391,658          |
| Investments   | 5,348,871           | 4,736,920           |
| Contributions receivable  | 57,835              | 1,500               |
| Financial assets available for general expenditures within one year | <u>\$ 6,549,176</u> | <u>\$ 5,130,078</u> |

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

**Note 4 - Investments and Fair Value Measurements:**

The following table summarizes assets measured at fair value by classification within the fair value hierarchy at December 31:

|                     | <u>2020</u>  |   |  |
|---------------------|--|---|--|
|                     | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|                     |  |   | Balance at<br>December 31,<br>2020                 |
| U.S. Treasury bills | \$ -   | \$ 5,348,871  | \$ -   |
| Total Investments   | <u>\$ -</u>  | <u>\$ 5,348,871</u>                                       | <u>\$ 5,348,871</u>                                |

  

|                     | <u>2019</u>  |   |  |
|---------------------|--|---|--|
|                     | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|                     |  |   | Balance at<br>December 31,<br>2019                 |
| U.S. Treasury bills | \$ -   | \$ 4,736,920  | \$ -   |
| Total Investments   | <u>\$ -</u>  | <u>\$ 4,736,920</u>                                       | <u>\$ 4,736,920</u>                                |



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**Note 4 - Investments and Fair Value Measurements: (Continued)**

The following schedule summarizes investment income for the years ended December 31:

|                                   | <u>2020</u>     | <u>2019</u>      |
|-----------------------------------|-----------------|------------------|
| Interest and dividend income      | \$ 60           | \$ 4,811         |
| Net realized and unrealized gains | 2,150           | 31,310           |
| Total Investment Income           | <u>\$ 2,210</u> | <u>\$ 36,121</u> |

**Note 5 - Contributions Receivable:**

Contributions receivable totaling \$57,835 and \$1,500 at December 31, 2020 and 2019, respectively, and are due in less than one year.

**Note 6 - Property and Equipment:**

Property and equipment consist of the following at December 31:

|                                | <u>2020</u>       | <u>2019</u>       |
|--------------------------------|-------------------|-------------------|
| Tent structures                | \$ 921,375        | \$ 921,375        |
| Website                        | 8,392             | 8,392             |
| Subtotal                       | <u>929,767</u>    | <u>929,767</u>    |
| Less: Accumulated depreciation | <u>(157,301)</u>  | <u>(108,435)</u>  |
| Property and Equipment, Net    | <u>\$ 772,466</u> | <u>\$ 821,332</u> |

**Note 7 - Board Designated Net Assets:**

The Foundation's Board of Directors has designated a portion of its resources without donor restrictions as restricted for specific program related purposes as follows at December 31:

|                                   | <u>2020</u>       | <u>2019</u>       |
|-----------------------------------|-------------------|-------------------|
| Food & Water Program              | \$ 200,000        | \$ -              |
| Urban Street Angels               | 150,000           | -                 |
| EMPWR                             | 108,200           | -                 |
| Cohen Veterans' Network           | 100,000           | -                 |
| Youth Assistance Coalition        | 86,000            | -                 |
| University Collaboration          | 85,855            | 149,490           |
| Wheels of Change                  | -                 | 75,000            |
| Total Board Designated Net Assets | <u>\$ 730,055</u> | <u>\$ 224,490</u> |

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**Note 8 - Net Assets With Donor Restrictions:**

Net assets with donor restrictions consist of the following at December 31:

|  | <u>2020</u>       | <u>2019</u>         |
|--|-------------------|---------------------|
| <b>Subject to Expenditure for Specified Purpose:</b> |                   |                     |
| Food & Water Program                                 | \$ 641,832        | \$ -                |
| Jobs and Work Opportunity                            | 350,320           | 1,000,000           |
| University Collaboration                             | -                 | 100,510             |
| Wheels of Change                                     | -                 | 75,000              |
| Personal Care Kits                                   | -                 | 15,000              |
| Water Purchases                                      | -                 | 6,000               |
| Total Net Assets with Donor Restrictions             | <u>\$ 992,152</u> | <u>\$ 1,196,510</u> |

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors are as follows for the years ended December 31, 2020:

**Purpose Restrictions Fulfilled:**

|                          |                     |
|--------------------------|---------------------|
| Job and Work Opportunity | \$ 649,680          |
| Food & Water Program     | 384,157             |
| EMPWR Coats              | 258,200             |
| University Collaboration | 110,510             |
| Wheels of Change         | 75,200              |
| Personal Care            | 15,000              |
| Sycuan Water             | 6,000               |
| Community Care Kits      | 655                 |
|                          | <u>\$ 1,499,402</u> |

There were no net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors for the year ended December 31, 2019.

**Note 9 - Commitments and Contingency:**

**403(b) Pension Plan**

The Foundation sponsors a 403(b) pension plan (the “Plan”) covering all of its employees. Each employee’s total contribution may not exceed the maximum allowable under current regulations. Each participant of the Plan is responsible for their own plan investment decisions and fees incurred for the administration of the Plan. The Foundation does not match employee contributions or make any contributions to the Plan.

**Lease Agreement**

The Foundation had a 12-month lease agreement for office space which expired in July 2020 and converted to a month-to-month lease. Rent expense totaled \$19,200 and \$17,000 for the years ended December 31, 2020 and 2019, respectively.

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**Note 9 - Commitments and Contingency: (Continued)**

**Coronavirus Pandemic Contingency:**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Foundation is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Foundation's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Foundation's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.