



FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



Leaf & Cole, LLP

Certified Public Accountants

A Partnership of Professional Corporations

**LUCKY DUCK FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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Independent Auditor's Report

To the Board of Directors
Lucky Duck Foundation

Opinion

We have audited the accompanying financial statements of Lucky Duck Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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.

Basis for Opinion

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 Lucky Duck Foundation, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 Lucky Duck Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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 Lucky Duck 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 Lucky Duck 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 audit.

Leaf & Cole LLP

San Diego, California
May 18, 2022

**LUCKY DUCK FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
<u>Current Assets:</u> (Notes 2, 4, and 5)		
Cash and cash equivalents	\$ 2,222,685	\$ 1,142,470
Investments	5,049,460	5,348,871
Contributions receivable	66,675	57,835
Prepaid expenses	3,192	3,098
Total Current Assets	<u>7,342,012</u>	<u>6,552,274</u>
<u>Noncurrent Assets:</u> (Notes 2 and 6)		
Property and equipment, net	<u>750,703</u>	<u>772,466</u>
Total Noncurrent Assets	<u>750,703</u>	<u>772,466</u>
TOTAL ASSETS	<u><u>\$ 8,092,715</u></u>	<u><u>\$ 7,324,740</u></u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Note 2)		
Accounts payable and accrued expenses	\$ 303,069	\$ 383,678
Deferred revenue	4,000	-
Total Current Liabilities	<u>307,069</u>	<u>383,678</u>
Total Liabilities	<u>307,069</u>	<u>383,678</u>
<u>Commitments and Contingency</u> (Note 9)		
<u>Net Assets:</u> (Notes 2, 7 and 8)		
Without donor restrictions:		
Undesignated	5,394,683	5,218,855
Board designated	2,059,660	730,055
Total Net Assets Without Donor Restrictions	<u>7,454,343</u>	<u>5,948,910</u>
With donor restrictions:		
Purpose restriction	<u>331,303</u>	<u>992,152</u>
Total Net Assets With Donor Restrictions	<u>331,303</u>	<u>992,152</u>
Total Net Assets	<u>7,785,646</u>	<u>6,941,062</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,092,715</u></u>	<u><u>\$ 7,324,740</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, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 2,109,199	\$ 455,920	\$ 2,565,119	\$ 1,264,419	\$ 1,295,044	\$ 2,559,463
Special events, net of direct donor costs of \$45,849 and \$10,531, respectively	1,282,633	-	1,282,633	1,293,791	-	1,293,791
In-kind contributions	63,634	-	63,634	571,272	-	571,272
Miscellaneous revenue	950	-	950	-	-	-
Investment (loss) income	(16,552)	-	(16,552)	2,210	-	2,210
Net assets released from restrictions	1,116,769	(1,116,769)	-	1,499,402	(1,499,402)	-
Total Revenue and Support	<u>4,556,633</u>	<u>(660,849)</u>	<u>3,895,784</u>	<u>4,631,094</u>	<u>(204,358)</u>	<u>4,426,736</u>
Expenses:						
Program Services:						
Homeless initiative	<u>2,692,013</u>	<u>-</u>	<u>2,692,013</u>	<u>3,017,580</u>	<u>-</u>	<u>3,017,580</u>
Supporting Services:						
Management and general	61,183	-	61,183	48,923	-	48,923
Fundraising	<u>298,004</u>	<u>-</u>	<u>298,004</u>	<u>307,782</u>	<u>-</u>	<u>307,782</u>
Total Supporting Services	<u>359,187</u>	<u>-</u>	<u>359,187</u>	<u>356,705</u>	<u>-</u>	<u>356,705</u>
Total Expenses	<u>3,051,200</u>	<u>-</u>	<u>3,051,200</u>	<u>3,374,285</u>	<u>-</u>	<u>3,374,285</u>
Change in Net Assets	1,505,433	(660,849)	844,584	1,256,809	(204,358)	1,052,451
Net Assets at Beginning of Year	<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>
NET ASSETS AT END OF YEAR	<u>\$ 7,454,343</u>	<u>\$ 331,303</u>	<u>\$ 7,785,646</u>	<u>\$ 5,948,910</u>	<u>\$ 992,152</u>	<u>\$ 6,941,062</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, 2021 AND 2020

	2021				2020			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Homeless Initiative	Management and General	Fundraising	Total	Homeless Initiative	Management and General	Fundraising	Total
Advertising	\$ -	\$ -	\$ 137,094	\$ 137,094	\$ -	\$ -	\$ 164,437	\$ 164,437
Community support	2,005,432	-	-	2,005,432	2,009,179	-	-	2,009,179
Depreciation	46,763	-	-	46,763	48,866	-	-	48,866
Dues and subscriptions	-	3,343	-	3,343	-	2,735	-	2,735
Fees and other	-	414	1,706	2,120	-	435	1,084	1,519
Insurance	-	5,632	-	5,632	-	4,794	-	4,794
Meetings and meals	40	497	-	537	68	519	-	587
Office expense	71	2,603	558	3,232	-	908	-	908
Postage and mailing service	-	4,961	-	4,961	-	703	-	703
Professional development	-	5,986	-	5,986	-	1,277	-	1,277
Professional fees	19,448	-	8,104	27,552	18,764	7,541	7,818	34,123
Program supplies, food and equipment	425,990	-	-	425,990	811,837	-	-	811,837
Rent	13,320	3,330	5,550	22,200	11,520	2,880	4,800	19,200
Salaries and payroll related expenses	180,949	31,615	59,277	271,841	117,346	26,501	44,168	188,015
Special event	-	-	85,715	85,715	-	-	85,475	85,475
Taxes	-	150	-	150	-	150	-	150
Travel	-	1,526	-	1,526	-	-	-	-
Telephone	-	1,126	-	1,126	-	480	-	480
	<u>\$ 2,692,013</u>	<u>\$ 61,183</u>	<u>\$ 298,004</u>	<u>\$ 3,051,200</u>	<u>\$ 3,017,580</u>	<u>\$ 48,923</u>	<u>\$ 307,782</u>	<u>\$ 3,374,285</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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 844,584	\$ 1,052,451
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	46,763	48,866
Realized and unrealized gains on investments	16,664	(2,150)
(Increase) Decrease in:		
Contributions receivable	(8,840)	(56,335)
Prepaid expenses	(94)	2,675
Increase (Decrease) in:		
Accounts payable and accrued expenses	(80,609)	315,106
Deferred revenue	4,000	-
Net Cash Provided by Operating Activities	<u>822,468</u>	<u>1,360,613</u>
<u>Cash Flows From Investing Activities:</u>		
Investment purchases	(532,253)	(2,244,801)
Investment sales	815,000	1,635,000
Purchase of property and equipment	(25,000)	-
Net Cash Provided by (Used in) Investing Activities	<u>257,747</u>	<u>(609,801)</u>
Net Increase in Cash and Cash Equivalents	1,080,215	750,812
Cash and Cash Equivalents at Beginning of Year	<u>1,142,470</u>	<u>391,658</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,222,685</u>	<u>\$ 1,142,470</u>

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

LUCKY DUCK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 1 - Organization:

The 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 that alleviate the suffering of homelessness. This includes but is not limited to shelters, employment and job training, actionable research, food and water, housing, and more.

Our Mission

To alleviate the suffering of homelessness throughout 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 Foundation studies the issue daily, meets weekly, hosts homeless symposiums regularly to instigate meaningful collaboration and progress, and raises money to fund and activate high-impact programs that are fact-based and best-in-class.

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.

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.

**LUCKY DUCK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 1 - Organization: (Continued)

- Providing food and water to unsheltered homeless individuals due to COVID-19 eliminating faith-based and congregate meal services. Since launching, more than 1,200,000 meals have been distributed, and approximately 1,000 people per day receive food and water.
- Purchasing and distributing more than 5,000 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>2021</u>	<u>2020</u>
San Diego County Sheriff Food & Water Outreach Initiative	\$ 666,742	\$ 376,533
Youth Assistance Coalition	336,890	-
San Diego Continuing Education Foundation	200,000	200,000
Interfaith Shelter Network of San Diego	157,450	3,786
Salvation Army	67,378	33,690
San Diego Rescue Mission	50,000	50,000
SD Taxpayers Educ Fndtn	50,000	-
Dreams for Change	48,915	97,828
Project Overlay	47,000	3,000
Helen Woodward Animal Shelter	35,650	24,300
Miscellaneous	33,442	14,080
Interfaith Community Services	33,000	34,000
UC San Diego Foundation	27,355	75,000
Doors of Change	25,000	-
Urban Street Angels	23,900	-
29 Eleven Maternity	20,466	-
California State University San Marcos	20,000	20,000
City Heights Community Devel Corp	20,000	18,495
Specific Assistance to Individuals	14,707	5,000
Point Loma Nazarene University	13,500	13,500
McAlister Institute	13,491	26,982

(Continued)

LUCKY DUCK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 1 - Organization: (Continued)

	<u>2021</u>	<u>2020</u>
Simtech Solutions, Inc.	\$ 12,573	\$ 1,000
University of San Diego	12,500	37,500
San Diego State University	12,393	37,500
Community Through Hope	10,000	-
Jewish Family Service	10,000	-
Voices of Our City Choir	10,000	-
Empowerment Plan	8,100	-
Housing 4 the Homeless	5,000	-
Students Without Limits	5,000	-
Third Ave Charitable	5,000	-
Rotary Club	2,500	25,000
Project Happy Space	2,500	-
Home Start	1,600	156,033
Lucky Ducklings	1,380	-
Monarch School	1,000	-
Wagons of Hope	1,000	-
YIGBY Initiative	-	150,000
Alpha Project for the Homeless	-	115,112
Veterans Village of San Diego	-	100,985
YMCA of San Diego	-	100,000
NAMI San Diego	-	74,842
Family Health Center	-	31,391
PATH	-	30,240
San Diego Second Chance	-	30,000
Computers 2 Kids, San Diego	-	25,000
2-1-1 San Diego	-	25,000
San Diego LGBT Community Center	-	23,000
Operation Hope	-	20,000
Catholic Charities	-	15,882
Kitchens for Good	-	10,000
Give and Take, Inc.	-	2,500
HandsOn San Diego	-	1,000
Urban Land Institute	-	1,000
Total Community Support	<u>\$ 2,005,432</u>	<u>\$ 2,009,179</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, 2021 AND 2020**

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, 2021 AND 2020**

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:

- Investments in U.S. Treasury Bills 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, 2021 and 2020.

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 \$46,763 and \$48,866 for the years ended December 31, 2021 and 2020, respectively.

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 \$8,395 and \$6,058 at December 31, 2021 and 2020, respectively, is accrued when incurred, and included in accounts payable and accrued expenses.

**LUCKY DUCK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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. Deferred revenue totaled \$4,000 and \$-0- at December 31, 2021 and 2020, respectively.

Donated Services and Support

The Foundation received program supplies totaling \$19,975 and \$571,272 for the years ended December 31, 2021 and 2020, respectively which have been recorded as in-kind contributions and expenses in the statements of activities.

The Foundation received donations for professional services which are recorded at fair value and totaled \$28,659 and \$-0- for the years ended December 31, 2021 and 2020, respectively which have been recorded in in-kind contributions and expenses in the statements of activities.

The Foundation received donated office space in the amount of \$15,000 and \$-0- for the years ended December 31, 2021 and 2020, respectively which have been recorded as in-kind contributions and expenses in the statement of activities.

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 by volunteers for the years ended December 31, 2021 and 2020 did not meet the requirements above; therefore, no amounts were recognized in the financial statements for volunteer time.

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.

LUCKY DUCK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2 - Significant Accounting Policies: (Continued)

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, 2021, 2020, 2019 and 2018 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three-to-four years after the returns were filed.

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.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 18, 2022, the date the financial statements were available to be issued, and concluded that there were no events or transactions that needed to be disclosed.

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 2,222,685	\$ 1,142,470
Investments	5,049,460	5,348,871
Contributions receivable	66,675	57,835
Financial assets available for general expenditures within one year	<u>\$ 7,338,820</u>	<u>\$ 6,549,176</u>

LUCKY DUCK FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 3 - Liquidity and Availability: (Continued)

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:

	2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
U.S. Treasury bills	\$ -	\$ 5,049,460	\$ -	\$ 5,049,460
Total Investments	\$ -	\$ 5,049,460	\$ -	\$ 5,049,460

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

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

	2021	2020
Interest and dividend income	\$ 112	\$ 60
Net realized and unrealized (losses) gains	(16,664)	2,150
Total Investment (Losses) Income	\$ (16,552)	\$ 2,210

Note 5 - Contributions Receivable:

Contributions receivable totaling \$66,675 and \$57,835 at December 31, 2021 and 2020, respectively, and are due in less than one year.

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Note 6 - Property and Equipment:

Property and equipment consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Tent structures	\$ 921,375	\$ 921,375
Website	25,000	8,392
Subtotal	<u>946,375</u>	<u>929,767</u>
Less: Accumulated depreciation	<u>(195,672)</u>	<u>(157,301)</u>
Property and Equipment, Net	<u><u>\$ 750,703</u></u>	<u><u>\$ 772,466</u></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>2021</u>	<u>2020</u>
SD Rescue Mission - Shelter Beds	\$ 1,000,000	\$ -
Jobs & Work Opportunity	811,040	-
Food & Water Program	200,000	200,000
Lucky Duckling	48,620	-
Urban Street Angels	-	150,000
EMPWR	-	108,200
Cohen Veterans' Network	-	100,000
Youth Assistance Coalition	-	86,000
University Collaboration	-	85,855
Total Board-Designated Net Assets	<u><u>\$ 2,059,660</u></u>	<u><u>\$ 730,055</u></u>

Note 8 - Net Assets With Donor Restrictions:

Net assets with donor restrictions represent contributions received or receivable by the Foundation, which are limited in their use by time or donor-imposed restrictions. Net assets with donor restrictions consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose:		
Food & Water Program	\$ 206,539	\$ 641,832
Jobs and Work Opportunity	124,764	350,320
Total Net Assets with Donor Restrictions	<u><u>\$ 331,303</u></u>	<u><u>\$ 992,152</u></u>

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Note 8 - Net Assets With Donor Restrictions: (Continued)

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:

	<u>2021</u>	<u>2020</u>
Purpose Restrictions Fulfilled:		
Food & Water Program	\$ 610,915	\$ 384,157
Job and Work Opportunity	325,556	649,680
EMPWR Coats	180,273	258,200
Community Care Kits	25	655
University Collaboration	-	110,510
Wheels of Change	-	75,200
Personal Care	-	15,000
Sycuan Water	-	6,000
Total	<u>\$ 1,116,769</u>	<u>\$ 1,499,402</u>

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. In March 2021, the Foundation moved into and received donated office space on a month-to-month basis which has been recorded as in-kind contributions and expense. Rent expense totaled \$18,200 and \$19,200 of which \$15,000 and \$-0- is recorded as in-kind for the years ended December 31, 2021 and 2020, respectively.

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.