



**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**



**Leaf & Cole, LLP**

*Certified Public Accountants*

*A Partnership of Professional Corporations*

**LUCKY DUCK FOUNDATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

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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, 2022 and 2021, 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, 2022 and 2021, 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 22, 2023

**LUCKY DUCK FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
<b><u>Current Assets:</u></b> (Notes 2, 4, and 5)		
Cash and cash equivalents	\$ 1,808,062	\$ 2,222,685
Investments	5,966,542	5,049,460
Contributions receivable	42,860	66,675
Prepaid expenses	204,213	3,192
Total Current Assets	<u>8,021,677</u>	<u>7,342,012</u>
<b><u>Noncurrent Assets:</u></b> (Notes 2 and 6)		
Property and equipment, net	<u>807,112</u>	<u>750,703</u>
Total Noncurrent Assets	<u>807,112</u>	<u>750,703</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,828,789</u></u>	<u><u>\$ 8,092,715</u></u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b> (Note 2)		
Accounts payable and accrued expenses	\$ 118,204	\$ 303,069
Deferred revenue	<u>-</u>	<u>4,000</u>
Total Current Liabilities	<u>118,204</u>	<u>307,069</u>
Total Liabilities	<u>118,204</u>	<u>307,069</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	4,056,150	5,394,683
Board designated	<u>4,300,639</u>	<u>2,059,660</u>
Total Net Assets Without Donor Restrictions	<u>8,356,789</u>	<u>7,454,343</u>
With donor restrictions:		
Purpose restriction	<u>353,796</u>	<u>331,303</u>
Total Net Assets With Donor Restrictions	<u>353,796</u>	<u>331,303</u>
Total Net Assets	<u>8,710,585</u>	<u>7,785,646</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 8,828,789</u></u>	<u><u>\$ 8,092,715</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, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>Revenue and Support:</u></b>						
Contributions	\$ 1,965,387	\$ 675,138	\$ 2,640,525	\$ 2,109,199	\$ 455,920	\$ 2,565,119
Special events, net of direct donor costs of \$46,205 and \$45,849, respectively	1,311,086	-	1,311,086	1,282,633	-	1,282,633
In-kind contributions	665,515	-	665,515	63,634	-	63,634
Miscellaneous revenue	3,105	-	3,105	950	-	950
Investment income (loss)	53,004	-	53,004	(16,552)	-	(16,552)
Net assets released from restrictions	652,645	(652,645)	-	1,116,769	(1,116,769)	-
Total Revenue and Support	<u>4,650,742</u>	<u>22,493</u>	<u>4,673,235</u>	<u>4,556,633</u>	<u>(660,849)</u>	<u>3,895,784</u>
<b><u>Expenses:</u></b>						
<b>Program Services:</b>						
Homeless initiative	<u>3,311,372</u>	<u>-</u>	<u>3,311,372</u>	<u>2,692,013</u>	<u>-</u>	<u>2,692,013</u>
<b>Supporting Services:</b>						
Management and general	124,124	-	124,124	61,183	-	61,183
Fundraising	312,800	-	312,800	298,004	-	298,004
Total Supporting Services	<u>436,924</u>	<u>-</u>	<u>436,924</u>	<u>359,187</u>	<u>-</u>	<u>359,187</u>
Total Expenses	<u>3,748,296</u>	<u>-</u>	<u>3,748,296</u>	<u>3,051,200</u>	<u>-</u>	<u>3,051,200</u>
Change in Net Assets	902,446	22,493	924,939	1,505,433	(660,849)	844,584
Net Assets at Beginning 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>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 8,356,789</u>	<u>\$ 353,796</u>	<u>\$ 8,710,585</u>	<u>\$ 7,454,343</u>	<u>\$ 331,303</u>	<u>\$ 7,785,646</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, 2022 AND 2021**

	2022				2021			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Homeless Initiative	Management and General	Fundraising	Total	Homeless Initiative	Management and General	Fundraising	Total
Advertising	\$ 5,400	\$ -	\$ 86,229	\$ 91,629	\$ -	\$ -	\$ 137,094	\$ 137,094
Community support	2,221,344	-	24,325	2,245,669	2,005,432	-	-	2,005,432
Depreciation	57,243	-	-	57,243	46,763	-	-	46,763
Dues and subscriptions	-	3,390	-	3,390	-	3,343	-	3,343
Fees and other	6	352	3,690	4,048	-	414	1,706	2,120
Insurance	-	6,462	-	6,462	-	5,632	-	5,632
Meetings and meals	-	4,639	-	4,639	40	497	-	537
Office expense	39	2,088	-	2,127	71	2,603	558	3,232
Postage and mailing service	-	1,844	-	1,844	-	4,961	-	4,961
Professional development	-	385	-	385	-	5,986	-	5,986
Professional fees	21,670	5,418	21,594	48,682	19,448	-	8,104	27,552
Program supplies, food and equipment	798,183	-	3,120	801,303	425,990	-	-	425,990
Rent	14,880	3,720	6,200	24,800	13,320	3,330	5,550	22,200
Salaries and payroll related expenses	192,607	93,678	53,414	339,699	180,949	31,615	59,277	271,841
Special event	-	-	113,903	113,903	-	-	85,715	85,715
Taxes	-	200	-	200	-	150	-	150
Telephone	-	1,248	-	1,248	-	1,126	-	1,126
Travel	-	700	325	1,025	-	1,526	-	1,526
	<u>\$ 3,311,372</u>	<u>\$ 124,124</u>	<u>\$ 312,800</u>	<u>\$ 3,748,296</u>	<u>\$ 2,692,013</u>	<u>\$ 61,183</u>	<u>\$ 298,004</u>	<u>\$ 3,051,200</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, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 924,939	\$ 844,584
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation	57,243	46,763
Realized and unrealized gain (loss) on investments	(51,959)	16,664
<b>(Increase) Decrease in:</b>		
Contributions receivable	23,815	(8,840)
Prepaid expenses	(201,021)	(94)
<b>Increase (Decrease) in:</b>		
Accounts payable and accrued expenses	(184,865)	(80,609)
Deferred revenue	(4,000)	4,000
Net Cash Provided by Operating Activities	<u>564,152</u>	<u>822,468</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Investment purchases	(3,165,123)	(532,253)
Investment sales	2,300,000	815,000
Purchase of property and equipment	(113,652)	(25,000)
Net Cash (Used in) Provided by Investing Activities	<u>(978,775)</u>	<u>257,747</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(414,623)	1,080,215
Cash and Cash Equivalents at Beginning of Year	<u>2,222,685</u>	<u>1,142,470</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,808,062</u></u>	<u><u>\$ 2,222,685</u></u>

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



**LUCKY DUCK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**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, 2022 AND 2021**

**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>2022</u>	<u>2021</u>
San Diego Rescue Mission	\$ 600,000	\$ 50,000
San Diego County Sheriff Food & Water Outreach Initiative	463,354	666,742
Urban Street Angels	176,156	23,900
Home Start	133,334	1,600
San Diego Continuing Education Foundation	130,000	200,000
Monarch School	100,000	1,000
Salvation Army	70,710	67,378
Miscellaneous	56,374	34,822
SD Taxpayers Educ Fndtn	50,000	50,000
Dreams for Change	50,000	48,915
Voices of Our City Choir	50,000	10,000
Church of Salvation	50,000	-
Home Aid	48,234	-
National Conflict Resolution Center	33,334	-
Interfaith Community Services	33,000	186,400
Housing 4 the Homeless	25,000	5,000
Veterans Village of San Diego	25,000	-
YMCA of San Diego	25,000	-
Cura Smiles	25,000	-
Lucky Ducklings	21,954	1,380
McAlister Institute	16,667	13,491

(Continued)

**LUCKY DUCK FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

	<u>2022</u>	<u>2021</u>
City Heights Community Devel Corp	\$ 14,500	\$ 20,000
Computers 2 Kids, San Diego	13,500	-
Specific Assistance to Individuals	11,506	14,707
Community Through Hope	10,000	10,000
Shoreline Community Services	10,000	-
San Diego Youth Services	10,000	-
Helen Woodward Animal Shelter	5,000	35,650
Youth Assistance Coalition	5,000	336,890
Give and Take, Inc.	2,500	-
Hope for Homeless Lakeside, Inc.	2,500	-
Project Overlay	-	47,000
UC San Diego Foundation	-	27,355
Doors of Change	-	25,000
29 Eleven Maternity	-	20,466
California State University San Marcos	-	20,000
Point Loma Nazarene University	-	13,500
Simtech Solutions, Inc.	-	12,573
University of San Diego	-	12,500
San Diego State University	-	12,393
Jewish Family Service	-	10,000
Empowerment Plan	-	8,100
Students Without Limits	-	5,000
Third Ave Charitable	-	5,000
Interfaith Shelter Network of San Diego	-	4,050
Rotary Club	-	2,500
Project Happy Space	-	2,500
Wagons of Hope	-	1,000
Total Community Support	\$ <u>2,245,669</u>	\$ <u>2,005,432</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.

**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.

**LUCKY DUCK FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

**Financial Statement Presentation (Continued)**

- 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.

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 and Treasury Notes 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.

**LUCKY DUCK FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

**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, 2022 and 2021.

**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 \$57,243 and \$46,763 for the years ended December 31, 2022 and 2021, 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 \$12,890 and \$8,395 at December 31, 2022 and 2021, respectively, is accrued when incurred, and included in accounts payable and accrued expenses.

**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 recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor 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 \$-0- and \$4,000 at December 31, 2022 and 2021, respectively.

**LUCKY DUCK FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

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

**Donated Services and Support**

The Foundation received the following in-kind contributions for the year ending December 31:

	<u>2022</u>	<u>2021</u>
Program supplies	\$ 434,650	\$ 48,634
Professional services	210,865	-
Rent	20,000	15,000
Total Contributed Nonfinancial Assets	\$ <u>665,515</u>	\$ <u>63,634</u>

The Foundation received program supplies utilized in the Foundation's programs and have been recorded as in-kind contributions and program supplies expense in the statements of activities. Program supplies are valued at the retail price of the supplies received.

Contributed professional services of the executive director are recorded at fair value of the services received and have been recorded in in-kind contributions and salaries expenses in the statements of activities.

The Foundation received donated office space used for both program and supporting services which is valued at the amount for similar spaces. Rent is recorded as in-kind contributions and rent 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, 2022 and 2021 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.

**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, 2022, 2021, 2020, and 2019 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, 2022 AND 2021**

**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 September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. ASU 2020-07 improves transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit entities. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. This standard is applied on a retrospective basis. The adoption has no effect on the 2022 financial statements.

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) 842, *Leases (“FASB ASC 842”)* to increase transparency and comparability among organizations by requiring the recognition of lease assets and lease liabilities on the balance sheet by lessees and the disclosure of key information about leasing arrangements. This standard is applied on a modified retrospective basis. FASB ASC 842 was adopted January 1, 2022 with certain practical expedients available. The adoption had no effect on the 2022 financial statements.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 22, 2023, 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.

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**Note 3 - Liquidity and Availability: (Continued)**

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

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,808,062	\$ 2,222,685
Investments	5,966,542	5,049,460
Contributions receivable	42,860	66,675
Financial assets available for general expenditures within one year	<u>\$ 7,817,464</u>	<u>\$ 7,338,820</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>2022</u>		
	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, 2022
U.S. Treasury bills and notes	\$ -	\$ 5,966,542	\$ -
Total Investments	<u>\$ -</u>	<u>\$ 5,966,542</u>	<u>\$ -</u>

  

	<u>2021</u>		
	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 and notes	\$ -	\$ 5,049,460	\$ -
Total Investments	<u>\$ -</u>	<u>\$ 5,049,460</u>	<u>\$ -</u>

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

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 1,045	\$ 112
Net realized and unrealized gain (loss)	51,959	(16,664)
Total Investment Income (Loss)	<u>\$ 53,004</u>	<u>\$ (16,552)</u>

**Note 5 - Contributions Receivable:**

Contributions receivable totaling \$42,860 and \$66,675 at December 31, 2022 and 2021, 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>2022</u>	<u>2021</u>
Tent structures	\$ 1,035,027	\$ 921,375
Website	25,000	25,000
Subtotal	1,060,027	946,375
Less: Accumulated depreciation	(252,915)	(195,672)
Property and Equipment, Net	<u>\$ 807,112</u>	<u>\$ 750,703</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>2022</u>	<u>2021</u>
Bridge Shelter	\$ 1,000,000	\$ -
Pallet Homes	750,000	-
Food & Water Program	631,208	200,000
SD Rescue Mission - Shelter Beds	500,000	1,000,000
Job and Work Opportunity	394,545	811,040
SDCE Jobs	370,000	-
EMPWR	249,375	-
Cash for Trash	119,112	-
Safe Camping for Seniors	100,000	-
Street Corner Medical Care	57,300	-
Women & Children - SD Foundation	51,000	-
SD Canyonlands	50,000	-
Lucky Duckling	28,099	48,620
Total Board-Designated Net Assets	<u>\$ 4,300,639</u>	<u>\$ 2,059,660</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>2022</u>	<u>2021</u>
<b>Subject to Expenditure for Specified Purpose:</b>		
Urban Street Angels	\$ 130,000	\$ -
University Collaboration	100,916	-
SDRM Walk With Me	71,880	-
Women & Children - SD Foundation	51,000	-
Food & Water Program	-	206,539
Jobs and Work Opportunity	-	124,764
Total Net Assets with Donor Restrictions	<u>\$ 353,796</u>	<u>\$ 331,303</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>2022</u>	<u>2021</u>
<b>Purpose Restrictions Fulfilled:</b>		
EMPWR Coats	\$ 241,889	\$ 180,273
Food & Water Program	211,122	610,915
Job and Work Opportunity	124,814	325,556
Urban Street Angels	70,000	-
SDRM Walk With Me	3,120	-
Cash for Trash	1,700	-
Community Care Kits	-	25
Total	<u>\$ 652,645</u>	<u>\$ 1,116,769</u>

**Note 9 - Related Party Transaction:**

The services of the executive director were paid for by a company owned by the Chairman of the Board, and donated to the Foundation, totaling \$210,865 and \$-0- for the years ended December 31, 2022 and 2021, respectively.

**Note 10 - 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.

**Office Space**

The Foundation receives donated office space on a month-to-month basis, which has been recorded as in-kind contributions and rent expense. Rent expense totaled \$20,000 and \$18,200, of which \$20,000 and \$15,000 is recorded as in-kind, for the years ended December 31, 2022 and 2021, 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.