



**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**



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

**LUCKY DUCK FOUNDATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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  
June 6, 2024

**LUCKY DUCK FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
<b><u>Current Assets:</u></b> (Notes 2, 4, and 5)		
Cash and cash equivalents	\$ 1,890,288	\$ 1,808,062
Investments	6,514,177	5,966,542
Contributions receivable	39,170	42,860
Prepaid expenses	127,277	204,213
Total Current Assets	<u>8,570,912</u>	<u>8,021,677</u>
 <b><u>Noncurrent Assets:</u></b> (Notes 2 and 6)		
Property and equipment, net	<u>750,638</u>	<u>807,112</u>
Total Noncurrent Assets	<u>750,638</u>	<u>807,112</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 9,321,550</u></u>	 <u><u>\$ 8,828,789</u></u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b> (Note 2)		
Accounts payable and accrued expenses	\$ <u>80,143</u>	\$ <u>118,204</u>
Total Current Liabilities	<u>80,143</u>	<u>118,204</u>
 Total Liabilities	 <u>80,143</u>	 <u>118,204</u>
 <b><u>Commitments</u></b> (Note 10)		
 <b><u>Net Assets:</u></b> (Notes 2, 7 and 8)		
Without donor restrictions:		
Undesignated	5,498,720	4,056,150
Board designated	<u>3,446,373</u>	<u>4,300,639</u>
Total Net Assets Without Donor Restrictions	<u>8,945,093</u>	<u>8,356,789</u>
With donor restrictions:		
Purpose restriction	<u>296,314</u>	<u>353,796</u>
Total Net Assets With Donor Restrictions	<u>296,314</u>	<u>353,796</u>
Total Net Assets	<u>9,241,407</u>	<u>8,710,585</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 9,321,550</u></u>	 <u><u>\$ 8,828,789</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, 2023 AND 2022**

	2023			2022		
	Donor Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support:</b>						
Contributions	\$ 2,122,354	\$ 520,244	\$ 2,642,598	\$ 1,965,387	\$ 675,138	\$ 2,640,525
Special events, net of direct donor costs of \$90,552 and \$46,205, respectively	1,609,723	-	1,609,723	1,311,086	-	1,311,086
In-kind contributions	424,039	-	424,039	665,515	-	665,515
Investment income	330,146	-	330,146	53,004	-	53,004
Miscellaneous revenue	1,000	-	1,000	3,105	-	3,105
Net assets released from restrictions	577,726	(577,726)	-	652,645	(652,645)	-
Total Revenue and Support	<u>5,064,988</u>	<u>(57,482)</u>	<u>5,007,506</u>	<u>4,650,742</u>	<u>22,493</u>	<u>4,673,235</u>
<b>Expenses:</b>						
<b>Program Services:</b>						
Homeless initiative	3,946,407	-	3,946,407	3,311,372	-	3,311,372
<b>Supporting Services:</b>						
Management and general	145,420	-	145,420	124,124	-	124,124
Fundraising	384,857	-	384,857	312,800	-	312,800
Total Supporting Services	<u>530,277</u>	<u>-</u>	<u>530,277</u>	<u>436,924</u>	<u>-</u>	<u>436,924</u>
Total Expenses	<u>4,476,684</u>	<u>-</u>	<u>4,476,684</u>	<u>3,748,296</u>	<u>-</u>	<u>3,748,296</u>
Change in Net Assets	588,304	(57,482)	530,822	902,446	22,493	924,939
Net Assets at Beginning of Year	<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>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 8,945,093</u>	<u>\$ 296,314</u>	<u>\$ 9,241,407</u>	<u>\$ 8,356,789</u>	<u>\$ 353,796</u>	<u>\$ 8,710,585</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, 2023 AND 2022**

	2023				2022			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Homeless Initiative	Management and General	Fundraising	Total	Homeless Initiative	Management and General	Fundraising	Total
Advertising	\$ 31,245	\$ -	\$ 140,071	\$ 171,316	\$ 5,400	\$ -	\$ 86,229	\$ 91,629
Bad debt	-	3,280	-	3,280	-	-	-	-
Community support	2,429,380	-	12,861	2,442,241	2,221,344	-	24,325	2,245,669
Depreciation	61,674	-	-	61,674	57,243	-	-	57,243
Dues and subscriptions	50	4,644	-	4,694	-	3,390	-	3,390
Fees and other	-	937	4,752	5,689	6	352	3,690	4,048
Insurance	-	9,855	-	9,855	-	6,462	-	6,462
Meetings and meals	27	5,959	-	5,986	-	4,639	-	4,639
Office expense	-	3,101	-	3,101	39	2,088	-	2,127
Postage and mailing service	-	3,170	-	3,170	-	1,844	-	1,844
Professional development	-	609	-	609	-	385	-	385
Professional fees	26,462	6,616	32,842	65,920	21,670	5,418	21,594	48,682
Program supplies, food and equipment	1,138,630	-	12,285	1,150,915	798,183	-	3,120	801,303
Rent	14,880	3,720	6,200	24,800	14,880	3,720	6,200	24,800
Salaries and payroll related expenses	244,059	100,306	66,010	410,375	192,607	93,678	53,414	339,699
Special event	-	-	109,556	109,556	-	-	113,903	113,903
Taxes	-	200	-	200	-	200	-	200
Telephone	-	1,131	-	1,131	-	1,248	-	1,248
Travel	-	1,892	280	2,172	-	700	325	1,025
	<u>\$ 3,946,407</u>	<u>\$ 145,420</u>	<u>\$ 384,857</u>	<u>\$ 4,476,684</u>	<u>\$ 3,311,372</u>	<u>\$ 124,124</u>	<u>\$ 312,800</u>	<u>\$ 3,748,296</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, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in net assets	\$ 530,822	\$ 924,939
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation	61,674	57,243
Realized and unrealized gain on investments	(326,701)	(51,959)
<b>(Increase) Decrease in:</b>		
Contributions receivable	3,690	23,815
Prepaid expenses	76,936	(201,021)
<b>Increase (Decrease) in:</b>		
Accounts payable and accrued expenses	(38,061)	(184,865)
Deferred revenue	-	(4,000)
Net Cash Provided by Operating Activities	<u>308,360</u>	<u>564,152</u>
 <b><u>Cash Flows From Investing Activities:</u></b>		
Investment purchases	(1,520,934)	(3,165,123)
Investment sales	1,300,000	2,300,000
Purchase of property and equipment	<u>(5,200)</u>	<u>(113,652)</u>
Net Cash Used in Investing Activities	<u>(226,134)</u>	<u>(978,775)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	82,226	(414,623)
 Cash and Cash Equivalents at Beginning of Year	<u>1,808,062</u>	<u>2,222,685</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 1,890,288</u></u>	<u><u>\$ 1,808,062</u></u>

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



**LUCKY DUCK FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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 prevent and alleviate the suffering of homelessness throughout San Diego County.

**Our Vision**

To have San Diego County be a national model for addressing homelessness by applying leadership, expertise, accountability, and sound business principles.

**Our Approach**

We study the issue daily, meet to strategize weekly, and convene key stakeholders and political leaders regularly to instigate progress, collaboration, and change. We employ sound, principled business practices to ensure that every donation makes a difference. By diligently following the facts, we thoroughly vet every effort in order to fund, activate, and lead high-impact programs. Then, by collaborating with the best-in class organizations, we coordinate and focus local efforts to rally the community and call on elected leaders to act. We endeavor to lead San Diego to best practices in all areas of homelessness.

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.

**LUCKY DUCK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Our Approach (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 1,800,000+ meals and 12,000+ winter coats have been distributed, and anywhere from 250 to 500 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>2023</u>	<u>2022</u>
San Diego HC Seniors Safe at Home	\$ 428,500	\$ -
San Diego Continuing Education Foundation	285,173	130,000
San Diego County Sheriff Food & Water Outreach Initiative	281,657	463,354
Urban Street Angels	228,013	176,156
Regional Task Force for Homeless	110,000	-
Youth Assistance Coalition	102,500	5,000
We See You San Diego	100,000	-
Community Through Hope	80,000	10,000
Salvation Army	76,386	-
Church of Salvation	75,000	50,000
East County Transitional Living	75,000	-
Serving Seniors Safe at Home	71,500	-

(Continued)

**LUCKY DUCK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

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

**Our Approach (Continued)**

	<u>2023</u>	<u>2022</u>
Community Resource Center	\$ 50,000	\$ -
SD Canyonlands	50,000	-
Doors of Change	42,000	-
National Conflict Resolution Center	41,666	33,334
Third Ave Charitable	40,000	-
Rise Up Industries	38,333	-
Miscellaneous	36,106	56,374
Salvation Army	35,354	70,710
McAlister Institute	34,083	16,667
Solutions For Change	33,690	-
Dreams for Change	25,000	50,000
Home Aid	23,166	48,234
Home Start	20,666	133,334
Shoreline Community Services	20,000	10,000
Lucky Ducklings	12,861	-
St. Gabriel Church	11,000	-
Computers 2 Kids, San Diego	5,050	13,500
San Diego Youth Services	5,000	10,000
Specific Assistance to Individuals	4,537	11,506
San Diego Rescue Mission	-	600,000
Monarch School	-	100,000
SD Taxpayers Educ Fndtn	-	50,000
Voices of Our City Choir	-	50,000
Interfaith Community Services	-	33,000
Cura Smiles	-	25,000
Housing 4 the Homeless	-	25,000
Veterans Village of San Diego	-	25,000
YMCA of San Diego	-	25,000
City Heights Community Devel Corp	-	14,500
Helen Woodward Animal Shelter	-	5,000
Give and Take, Inc.	-	2,500
Hope for Homeless Lakeside, Inc.	-	2,500
Total Community Support	<u>\$ 2,442,241</u>	<u>\$ 2,245,669</u>

**LUCKY DUCK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**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.
- 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, 2023 AND 2022**

**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 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.

**Allowance for Credit Losses**

The Foundation recognizes an allowance for credit losses on accounts receivable to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which is based on the expectation as of the statement of financial position date, aging reports and historical information. Accounts receivable are written off when the Foundation determines such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Management believes that all accounts receivable were fully collectible; therefore, no allowance for credit losses on accounts receivable were recorded at December 31, 2023 and 2022.

**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 \$61,674 and \$57,243 for the years ended December 31, 2023 and 2022, 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 \$16,091 and \$12,890 at December 31, 2023 and 2022, respectively, is accrued when incurred, and included in accounts payable and accrued expenses.

**LUCKY DUCK FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**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 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.

**Donated Services and Support**

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

	<u>2023</u>	<u>2022</u>
Professional services	\$ 264,039	\$ 210,865
Program supplies	140,000	434,650
Rent	20,000	20,000
Total Contributed Nonfinancial Assets	\$ 424,039	\$ 665,515

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, 2023 and 2022 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, 2023 AND 2022**

**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, 2023, 2022, 2021 and 2020 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.

**Accounting Pronouncements Adopted**

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Financial Instruments – Credit Losses ("Topic 326")* to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. FASB ASU 2016-13 affects loans, debt securities, accounts receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset.

FASB ASU 2016-13 was adopted January 1, 2023 on a prospective transition approach. With respect to accounts receivables, ASU 2016-13 did not have a material impact on the financial statements.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 6, 2024, 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,890,288	\$ 1,808,062
Investments	6,514,177	5,966,542
Contributions receivable	39,170	42,860
Financial assets available for general expenditures within one year	<u>\$ 8,443,635</u>	<u>\$ 7,817,464</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:

	2023			Balance at December 31, 2023
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Treasury bills and notes	\$ -	\$ 6,514,177	\$ -	\$ 6,514,177
Total Investments	<u>\$ -</u>	<u>\$ 6,514,177</u>	<u>\$ -</u>	<u>\$ 6,514,177</u>
	2022			
	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	\$ -	\$ 5,966,542
Total Investments	<u>\$ -</u>	<u>\$ 5,966,542</u>	<u>\$ -</u>	<u>\$ 5,966,542</u>



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

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

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 3,445	\$ 1,045
Net realized and unrealized gain	326,701	51,959
Total Investment Income	<u>\$ 330,146</u>	<u>\$ 53,004</u>

**Note 5 - Contributions Receivable:**

Contributions receivable totaling \$39,170 and \$42,860 at December 31, 2023 and 2022, 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>2023</u>	<u>2022</u>
Tent structures	\$ 1,035,027	\$ 1,035,027
Website	30,200	25,000
Subtotal	1,065,227	1,060,027
Less: Accumulated depreciation	(314,589)	(252,915)
Property and Equipment, Net	<u>\$ 750,638</u>	<u>\$ 807,112</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>2023</u>	<u>2022</u>
Bridge Shelter	\$ 1,000,000	\$ 1,000,000
Pallet Homes	750,000	750,000
SD Rescue Mission - Shelter Beds	500,000	500,000
Food & Water Program	343,128	631,208
Father Joe Hustler of the Year	250,000	-
Job and Work Opportunity	173,714	394,545
SDCE Jobs	134,827	370,000
Cash for Trash	92,457	119,112
Street Corner Medical Care	57,300	57,300
Shoreline Community Services	40,000	-
Salvation Army	38,193	-
Women & Children - SD Foundation	26,516	51,000
Church of Salvation	25,000	-
Lucky Duckling	15,238	28,099
EMPWR	-	249,375
Safe Camping for Seniors	-	100,000
SD Canyonlands	-	50,000
Total Board-Designated Net Assets	<u>\$ 3,446,373</u>	<u>\$ 4,300,639</u>

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**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>2023</u>	<u>2022</u>
<b>Subject to Expenditure for Specified Purpose:</b>		
Food Rescue	\$ 100,000	\$ -
Women & Children - SD Foundation	51,000	51,000
Jobs and Work Opportunity	50,000	-
Urban Street Angels	37,049	130,000
SDRM Walk With Me	29,395	71,880
Jobs Funds	28,870	-
University Collaboration	-	100,916
Total Net Assets with Donor Restrictions	<u>\$ 296,314</u>	<u>\$ 353,796</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:

	<u>2023</u>	<u>2022</u>
<b>Purpose Restrictions Fulfilled:</b>		
Seniors Safe at Home	\$ 263,831	\$ -
EMPWR Coats	99,315	241,889
Urban Street Angels	92,951	70,000
Job and Work Opportunity	56,256	124,814
SDRM Walk With Me	52,485	3,120
Food & Water Program	11,972	211,122
University Collaboration	916	-
Cash for Trash	-	1,700
Total	<u>\$ 577,726</u>	<u>\$ 652,645</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 \$264,039 and \$210,865 for the years ended December 31, 2023 and 2022, respectively.

**Note 10 - Commitments:**

**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.

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**Note 10 - Commitments: (Continued)**

**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 of which \$20,000 is recorded as in-kind, for each of the years ended December 31, 2023 and 2022.