

**Chi Chi Rodriguez
Youth Foundation, Inc.
Financial Statements
June 30, 2022 and 2021**

Chi Chi Rodriguez Youth Foundation, Inc.
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June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors of the
Chi Chi Rodriguez Youth Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chi Chi Rodriguez Youth Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 Chi Chi Rodriguez Youth Foundation, Inc. as of June 30, 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 Chi Chi Rodriguez Youth Foundation, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Chi Chi Rodriguez Youth Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditor's Report (continued)

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 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 Chi Chi Rodriguez Youth Foundation, Inc.'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 Chi Chi Rodriguez Youth Foundation, Inc.'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.



Spoor Bunch Franz
Certified Public Accountants

March 22, 2023

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,969,328	\$ 1,349,222
Accounts receivable	4,280	-
Current portion of contributions receivable	72,917	69,368
Inventories	82,931	65,300
Prepaid expenses and other current assets	29,604	29,272
Total current assets	2,159,060	1,513,162
Endowment fund - Raymond James	1,442,057	1,639,875
Endowment fund - Community Foundation	361,759	398,148
Contributions receivable	1,285,522	1,358,439
Property and equipment, net	1,806,306	1,599,347
Other	56,670	45,452
Total assets	<u>\$ 7,111,374</u>	<u>\$ 6,554,423</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 150,647	\$ 104,181
Deferred revenue	32,096	36,383
Capital lease obligation - current portion	48,033	45,506
Total current liabilities	230,776	186,070
Capital lease obligation - net of current portion	24,629	72,662
Total liabilities	255,405	258,732
Net assets		
Without donor restrictions	4,000,473	3,173,009
With donor restrictions	2,855,496	3,122,682
Total net assets	6,855,969	6,295,691
Total liabilities and net assets	<u>\$ 7,111,374</u>	<u>\$ 6,554,423</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Activities
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Support and Revenue		
Public Support		
Special event revenue	\$ 645,507	\$ 418,251
Special event revenue - nonfinancial assets	35,319	42,004
Less: Special event costs	(119,974)	(89,130)
Special event costs - nonfinancial assets	<u>(35,319)</u>	<u>(42,005)</u>
Net revenue from special events	525,533	329,120
Grants	76,358	30,000
Contributions without donor restrictions	426,353	245,700
Contributions of nonfinancial assets	<u>149,354</u>	<u>108,114</u>
Total public support	<u>1,177,598</u>	<u>712,934</u>
Revenue		
Golf club merchandise and snack bar sales	221,612	152,604
Less: Cost of sales	<u>(132,970)</u>	<u>(88,073)</u>
Net golf club sales	<u>88,642</u>	<u>64,531</u>
Driving range merchandise and snack bar sales	151,722	156,768
Less: Cost of sales	<u>(91,729)</u>	<u>(102,914)</u>
Net driving range sales	<u>59,993</u>	<u>53,854</u>
Net revenue from golf club and driving range merchandise and snack bar sales	148,635	118,385
Green fees	1,659,862	1,427,680
Driving range income	720,171	599,609
Rental income	69,422	63,362
Investment and other (loss) income	<u>(17,859)</u>	<u>92,830</u>
Total sales, green fees and other income	<u>2,580,231</u>	<u>2,301,866</u>
Net Assets Released from Restrictions		
Satisfaction of donor restrictions - land lease	<u>139,183</u>	<u>139,183</u>
Total operating support and revenue	<u>3,897,012</u>	<u>3,153,983</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Activities (continued)
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Expenses		
Program services	\$ 2,380,095	\$ 2,140,555
Program services - nonfinancial assets	165,212	120,119
Supporting services	<u>524,241</u>	<u>476,388</u>
Total expenses	<u>3,069,548</u>	<u>2,737,062</u>
Increase in net assets without donor restrictions	<u>827,464</u>	<u>416,921</u>
Net Assets With Donor Restrictions		
Contributions with donor restrictions	72,960	55,131
Contributed land use	69,815	73,191
Investment income (loss)	(270,778)	395,757
Net assets released from restrictions	<u>(139,183)</u>	<u>(139,183)</u>
(Decrease) increase in net assets with donor restrictions	<u>(267,186)</u>	<u>384,896</u>
Increase in net assets	560,278	801,817
Net assets, beginning of year	<u>6,295,691</u>	<u>5,493,874</u>
Net assets, end of year	<u><u>\$ 6,855,969</u></u>	<u><u>\$ 6,295,691</u></u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Academic and Vocational</u>	<u>Junior Golf</u>	<u>Personal Life Management</u>	<u>Total</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>	<u>2022</u>
Salaries and payroll related expenses:								
Salaries and wages	\$ 507,365	\$ 151,100	\$ 295,544	\$ 954,009	\$ 58,385	\$ 155,304	\$ 213,689	\$ 1,167,698
Payroll taxes	38,093	11,344	22,189	71,626	4,384	11,660	16,044	87,670
Employee benefits	34,063	10,145	19,842	64,050	3,920	10,427	14,347	78,397
Total salaries and payroll related expenses	579,521	172,589	337,575	1,089,685	66,689	177,391	244,080	1,333,765
Professional fees	-	-	-	-	37,450	-	37,450	37,450
Building and equipment maintenance	124,056	17,722	8,861	150,639	17,722	8,861	26,583	177,222
Golf course maintenance	252,592	36,965	18,482	308,039	-	-	-	308,039
Equipment rent	56,541	8,077	4,039	68,657	8,077	4,039	12,116	80,773
Utilities and telephone	148,656	21,237	10,618	180,511	21,237	10,618	31,855	212,366
Insurance	77,886	11,127	5,563	94,576	11,127	5,563	16,690	111,266
Program supplies	87,980	10,351	5,175	103,506	-	-	-	103,506
Office expense	30,629	4,376	2,188	37,193	4,376	2,188	6,564	43,757
Advertising and promotion	58,788	5,879	5,879	70,546	23,515	23,515	47,030	117,576
Interest expense	3,413	488	244	4,145	488	244	732	4,877
Rent expense under land lease	97,428	13,918	6,959	118,305	13,918	6,959	20,877	139,182
Merchant service and bank fees	47,564	6,795	3,398	57,757	6,795	3,398	10,193	67,950
Fundraising expenses	-	-	-	-	-	23,881	23,881	23,881
Other	73,663	10,523	5,263	89,449	10,522	5,263	15,785	105,234
Total expenses before depreciation	1,638,717	320,047	414,244	2,373,008	221,916	271,920	493,836	2,866,844
Depreciation	141,894	20,270	10,135	172,299	20,270	10,135	30,405	202,704
Total expenses	<u>\$ 1,780,611</u>	<u>\$ 340,317</u>	<u>\$ 424,379</u>	<u>\$ 2,545,307</u>	<u>\$ 242,186</u>	<u>\$ 282,055</u>	<u>\$ 524,241</u>	<u>\$ 3,069,548</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Academic and Vocational</u>	<u>Junior Golf</u>	<u>Personal Life Management</u>	<u>Total</u>	<u>Management and General</u>	<u>Development</u>	<u>Total</u>	<u>2021</u>
Salaries and payroll related expenses:								
Salaries and wages	\$ 415,985	\$ 159,560	\$ 268,964	\$ 844,509	\$ 56,635	\$ 143,782	\$ 200,417	\$ 1,044,926
Payroll taxes	31,233	11,980	20,194	63,407	4,252	10,795	15,047	78,454
Employee benefits	32,086	12,307	20,746	65,139	4,368	11,090	15,458	80,597
Total salaries and payroll related expenses	479,304	183,847	309,904	973,055	65,255	165,667	230,922	1,203,977
Professional fees	-	-	-	-	41,420	-	41,420	41,420
Building and equipment maintenance	57,199	8,171	4,086	69,456	8,171	4,086	12,257	81,713
Golf course maintenance	248,787	36,408	18,204	303,399	-	-	-	303,399
Equipment rent	52,002	7,429	3,714	63,145	7,429	3,714	11,143	74,288
Utilities and telephone	149,821	21,403	10,702	181,926	21,403	10,702	32,105	214,031
Insurance	65,124	9,303	4,652	79,079	9,303	4,652	13,955	93,034
Program supplies	82,373	9,691	4,845	96,909	-	-	-	96,909
Office expense	27,936	3,991	1,995	33,922	3,991	1,995	5,986	39,908
Advertising and promotion	44,720	4,472	4,472	53,664	17,888	17,888	35,776	89,440
Interest expense	5,204	743	372	6,319	743	372	1,115	7,434
Rent expense under land lease	97,428	13,918	6,959	118,305	13,918	6,959	20,877	139,182
Merchant service and bank fees	37,511	5,359	2,679	45,549	5,359	2,679	8,038	53,587
Fundraising expenses	-	-	-	-	-	21,157	21,157	21,157
Other	58,571	8,367	4,185	71,123	8,366	4,185	12,551	83,674
Total expenses before depreciation	1,405,980	313,102	376,769	2,095,851	203,246	244,056	447,302	2,543,153
Depreciation	135,737	19,391	9,695	164,823	19,391	9,695	29,086	193,909
Total expenses	<u>\$ 1,541,717</u>	<u>\$ 332,493</u>	<u>\$ 386,464</u>	<u>\$ 2,260,674</u>	<u>\$ 222,637</u>	<u>\$ 253,751</u>	<u>\$ 476,388</u>	<u>\$ 2,737,062</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase in net assets	\$ 560,278	\$ 801,817
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	202,704	193,909
Loss (gain) on disposals of equipment	4,127	(418)
In-kind donation of leasehold improvements	(19,461)	(30,000)
Endowment contributions and investment loss (income)	234,207	(543,889)
Increase in cash surrender value of life insurance	(11,218)	(6,425)
(Increase) decrease in operating assets:		
Accounts receivable	(4,280)	-
Contributions receivable	69,368	65,992
Inventories	(17,631)	8,703
Prepaid expenses and other current assets	(332)	(12,276)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	46,466	13,571
Deferred revenue	(4,287)	8,417
Total adjustments	<u>499,663</u>	<u>(302,416)</u>
Net cash provided by operating activities	<u>1,059,941</u>	<u>499,401</u>
Cash flows from investing activities:		
Proceeds from sales of equipment	-	500
Purchases of equipment and leasehold improvements	(394,329)	(240,672)
Sales (purchases) of endowment investments	13,315	(6,497)
Net cash used in investing activities	<u>(381,014)</u>	<u>(246,669)</u>
Cash flows from financing activities:		
Principal payments on capital lease obligation	(45,506)	(43,291)
Net cash used in investing activities	<u>(45,506)</u>	<u>(43,291)</u>
Net increase in cash, cash equivalents and restricted cash	633,421	209,441
Cash, cash equivalents and restricted cash, beginning of year	<u>1,377,433</u>	<u>1,167,992</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 2,010,854</u>	<u>\$ 1,377,433</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Cash Flows (continued)
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Reconciliation to the Balance Sheets:		
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 1,969,328	\$ 1,349,222
Restricted cash - endowment	<u>41,526</u>	<u>28,211</u>
Total cash, cash equivalents and restricted cash	<u><u>\$ 2,010,854</u></u>	<u><u>\$ 1,377,433</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u><u>\$ 4,875</u></u>	<u><u>\$ 7,434</u></u>

Supplemental disclosure of noncash financing activity:

In December 2021, a leasehold improvement of \$19,461 was acquired through a nonfinancial contribution for the irrigation pump station.

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

1. Significant Accounting Policies

Organization

Chi Chi Rodriguez Youth Foundation, Inc. (the Organization) is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, located in Clearwater, Florida. The Organization provides academic and vocational junior golf and personal life management programs for disadvantaged children through its golf course and classroom facilities. The Organization is supported by public contributions and net revenues generated from the operation of its golf course and driving range.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Financial statement presentation follows GAAP for not-for-profit organizations. Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Contributions received are recorded as with or without donor restrictions depending on the absence or existence and nature of any donor restrictions. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions. When a donor restriction expires, net assets are reclassified to without donor restrictions and reported in the statements of activities as net assets released from restrictions. If donor-imposed conditions are met in the same reporting period as received, they are reported as contributions without donor restrictions.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, cash and cash equivalents include cash on hand, cash in banks and money market investment funds. The Raymond James Bank deposit program accounts in the Raymond James Endowment Fund are included in the statements of cash flows as restricted cash.

Investments

In accordance with GAAP, investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment income or loss in the statements of activities.

Investment securities are exposed to various risks such as interest rate, market and credit. Due to the risk associated with investment securities and the uncertainty related to changes in the value of such securities, it is at least reasonably possible that changes in risks in the near term could materially affect the fair value of investments and the amounts reported in the statements of financial position and the statements of activities.

Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 consists of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 consists of other than quoted prices included in Level 1 that are observable, either directly or indirectly, and Level 3 consists of unobservable inputs and has the lowest priority. The Organization uses appropriate valuation techniques based on the available data to measure the fair value of its investments.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

1. Significant Accounting Policies (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting dates.

Inventories

Inventories consist of golf club and driving range merchandise and snack bar items and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method. There was no reserve required as of June 30, 2022 or 2021.

Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are recorded at fair market value as of the date received. Depreciation is computed primarily on a straight-line basis over the estimated useful lives of the assets ranging from 5 to 40 years. The Organization capitalizes all purchases and donations of property and equipment with a cost or fair market value of at least \$2,500.

Revenue Recognition

Public support revenues include special fundraising events, contributions and grants.

Revenues from special events are recognized when the payments are received if the event is held in the same fiscal year as the receipt of the payment. All revenues from special events held during the years ended June 30, 2022 and 2021 were collected in the same fiscal year as the events, so there were no deferred revenues at the end of either fiscal year.

Revenues from unconditional contributions and grants are recognized when received. Revenues from conditional contributions and grants, that is those with a measurable performance obligation or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Revenues from golf, driving range, pro shops, and snack bars are recognized when the goods or services are provided. Revenues from the sales of gift cards and range cards are deferred until used, and the revenue is recognized when the goods or services are delivered.

Rental income from the lease of the paintball facility is recognized on a monthly basis over the term of the lease.

Donated Materials and Services

Donations of materials are recorded as support at their estimated fair value at the date of donation. Donations of services are recorded as support at their estimated fair value if they require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. During 2022 and 2021, donated materials and services totaled \$184,673 and \$150,119, respectively.

Chi Chi Rodriguez Youth Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2022 and 2021

1. Significant Accounting Policies (continued)

The Organization also receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under GAAP have not been satisfied. The volunteers provided approximately 6,385 and 7,609 hours in volunteer services during the years ended June 30, 2022 and 2021, respectively.

Functional Expenses

Direct expenses are recorded to the functional category to which they relate. Salaries and related expenses have been allocated to functional categories based on management's estimate of time spent for each function. Depreciation, insurance, maintenance, rent and utilities have been allocated based on management's estimate of square footages and usage of buildings and land. Other expenses are allocated based on management's estimate of the relative functional activity.

Income Taxes

The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Chapter 220.13, Florida Statutes. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Estimates in Financial Statements

The preparation of financial statements in conformity with GAAP 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 increases or decreases in net assets during the period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement – Revenue

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update, Not-for-Profit Entities (Topic 958) – *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update enhances the presentation and disclosure of contributed nonfinancial assets but does not impact the accounting for contributed nonfinancial assets. The Organization has adjusted the presentation and disclosures accordingly.

Accounting Principles Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, Leases. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard, including subsequent amendments, is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

2. Contributions Receivable

Contributions receivable consist of the following at June 30, 2022 and 2021, respectively:

	<u>2022</u>	<u>2021</u>
Land use contribution receivable based on total remaining imputed rents	\$ 1,867,373	\$ 2,006,556
Less: discount	<u>(508,934)</u>	<u>(578,749)</u>
Land use contribution receivable, net	1,358,439	1,427,807
Less: current portion of contributions receivable	<u>(72,917)</u>	<u>(69,368)</u>
Contributions receivable, net of current portion	<u><u>\$ 1,285,522</u></u>	<u><u>\$ 1,358,439</u></u>

In November 1985, the Organization entered into a lease agreement with the City of Clearwater (the “City”) for approximately 164 acres of land to be developed as a golf course. The lease was amended in November 2000, extending the lease term through November 2025. The lease was amended again in August 2018, extending the lease term through November 2035. The lease requires annual lease payments of \$1. As part of the lease, the Organization constructed educational and rehabilitative facilities that include an 18-hole, regulation size golf course and driving range. GAAP requires that the City’s lease commitment be recorded as a contribution with donor restrictions. As a result of the long-term nature of the lease, the City’s original contribution was recorded at the appraised value of the land which was \$2,905,000. The receivable is amortized and imputed rent expense of approximately \$139,000 is recognized annually using a 5% interest factor based on interest rates at the date of the latest lease extension.

3. Endowment Fund – Raymond James

In September 2018, the Organization received a \$1 million donation from the Jim Moran Foundation. The Declaration of Gift stipulates that it be designated towards the Chi Chi Rodriguez Foundation Endowment and proceeds derived from the endowment shall be used in fulfillment of the stated mission of the Organization. The Organization deposited the cash restricted for long-term purposes and the donation to a Freedom Investment account at Raymond James & Associates (Raymond James).

In October 2018, the Board of Directors adopted an Investment Management Policy Statement for this endowment. This policy statement governs the investment management responsibilities, investment objectives, asset allocation guidelines, permitted assets, prohibited transactions and distribution policy. The principal objective is to provide supplemental operating funds to the Organization on an annual basis while maintaining the principal value of the funds.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

3. Endowment Fund – Raymond James (continued)

The Raymond James endowment fund June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Raymond James Bank deposit program accounts	\$ 41,526	\$ 28,211
Mutual funds at fair value	<u>1,400,531</u>	<u>1,611,664</u>
	<u>\$ 1,442,057</u>	<u>\$ 1,639,875</u>

The following summarizes the Raymond James endowment fund activity included in the statements of activities with donor restrictions for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,639,875	\$ 1,188,987
Donations	65,970	55,131
Interest and dividends	103,531	51,418
Realized gains (losses)	45,068	12,901
Unrealized gains (losses)	<u>(412,387)</u>	<u>331,438</u>
Ending balance	<u>\$ 1,442,057</u>	<u>\$ 1,639,875</u>

The mutual fund investments are reported at fair value in the accompanying statements of financial position as of June 30, 2022 and 2021 as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Fair Value, Level 1</u>	<u>Cost</u>	<u>Fair Value, Level 1</u>	<u>Cost</u>
Mutual funds	<u>\$ 1,400,531</u>	<u>\$ 1,502,869</u>	<u>\$ 1,611,664</u>	<u>\$ 1,315,071</u>

4. Endowment Fund – Community Foundation

In August 2013, the Organization entered into an agreement with the Community Foundation of Tampa Bay, Inc. (Community Foundation) to establish the Chi Chi Rodriguez Youth Foundation Endowment Fund within the Community Foundation. The purpose of the endowment fund is to provide a greater income stream for the growth and stability of the Organization.

The money is invested in an investment pool managed by the Community Foundation. The Community Foundation invests the assets and receives compensation for their managing services. This fund is board designated and contains no donor imposed restrictions, therefore the funds are classified as net assets without donor restrictions.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2022 and 2021

4. Endowment Fund – Community Foundation (continued)

The Community Foundation endowment fund activity for the years ended June 30, 2022 and 2021 was as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 398,148	\$ 305,148
Interest and dividends	7,180	5,331
Realized and unrealized gains (losses)	(40,575)	90,275
Administrative and investment fees	<u>(2,994)</u>	<u>(2,606)</u>
Ending balance	<u>\$ 361,759</u>	<u>\$ 398,148</u>

The fair value of the Community Foundation endowment fund is based on the quoted net asset value of the shares held by the Organization in the Community Foundation investment pool at year-end. The net asset value of the investment pool is based on quoted market prices at the close of business.

5. Property and Equipment

Property and equipment consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Buildings and leasehold improvements	\$ 6,093,824	\$ 5,804,635
Machinery and equipment	890,169	795,204
Furniture, fixtures and office equipment	<u>83,828</u>	<u>83,828</u>
	7,067,821	6,683,667
Less: accumulated depreciation	<u>(5,261,515)</u>	<u>(5,084,320)</u>
Total property and equipment, net	<u>\$ 1,806,306</u>	<u>\$ 1,599,347</u>

6. Capital Lease

The Organization entered into a lease agreement for financing the acquisition of maintenance equipment. This lease agreement qualifies as a capital lease under GAAP and, therefore, has been recorded at the present value of the future minimum lease payments. The lease has an imputed interest rate of 5% and the maintenance equipment totaling \$199,289 was placed in service in June 2019 with amortization beginning in July 2019. Amortization of assets under capital lease is included in depreciation expense.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
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6. Capital Lease (continued)

The future minimum annual lease payments under the capital lease and the present value as of June 30, 2022 are as follows:

Years Ending June 30,	
2023	\$ 50,381
2024	<u>25,191</u>
Total minimum lease payments	75,572
Less: amount representing interest	<u>(2,910)</u>
Present value of minimum lease payments	72,662
Less: current portion	<u>(48,033)</u>
Capital lease obligation - net of current portion	<u><u>\$ 24,629</u></u>

7. Operating Lease

The Organization leases golf cars under operating leases. Rent expense for operating leases for the years ended June 30, 2022 and 2021 was \$82,522 and \$75,953, respectively. The monthly lease payments are \$6,202 and the leases expire in October 2023. The future minimum annual lease payments total \$74,421 for the year ended June 30, 2023 and \$24,807 for the year ended June 30, 2024.

8. Line of Credit

The Organization entered into a loan agreement with Valley National Bank in June 2019 for a \$250,000 unsecured revolving line of credit. The interest rate is variable, based on the Wall Street Journal Prime Rate, and the line of credit is subject to annual review by the lender. There were no draws taken on the line of credit since inception and no outstanding balance as of June 30, 2022 or 2021.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021 relate to the following:

	<u>2022</u>	<u>2021</u>
Contributed land use	\$ 1,358,439	\$ 1,427,807
Endowment fund - Raymond James	1,442,057	1,639,875
Donation restricted for driving range lighting	<u>55,000</u>	<u>55,000</u>
Total net assets with donor restrictions	<u><u>\$ 2,855,496</u></u>	<u><u>\$ 3,122,682</u></u>

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
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10. Retirement Plan

The Organization sponsors a defined contribution retirement savings plan for its employees. Eligible employees may defer the maximum allowed by the Internal Revenue Code. Employees are eligible to participate once they attain the age of twenty-one and complete one year of service. The Organization may elect to make matching contributions not to exceed 6% of the participants' compensation. For the years ended June 30, 2022 and 2021, the Organization's matching contributions totaled \$13,584 and \$8,454, respectively.

11. Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of cash and money market accounts held in financial institutions, which at times may exceed federally insured limits. The accounts have been spread among five banks to minimize the risk and the Organization has not experienced and does not expect to experience any losses in such accounts.

12. Life Insurance

The Organization is the beneficiary on a life insurance policy. The cash surrender value is \$56,670 and \$45,452 and are recognized as other on the statements of financial position at June 30, 2022 and 2021, respectively. Cash surrender value earnings of \$11,218 and \$6,425 are recognized in investment and other income on the statements of activities for the years ended June 30, 2022 and 2021, respectively.

13. Liquidity and Availability

Financial assets available for general expenditure, that is without donor restrictions, within one year of the statements of financial position dates of June 30, 2022 and 2021 include:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,969,328	\$ 1,349,222
Community Foundation endowment fund	<u>361,759</u>	<u>398,148</u>
Total	<u>\$ 2,331,087</u>	<u>\$ 1,747,370</u>

The Organization maintains adequate cash balances to meet operating expenses and obligations and the ongoing public support, golf course and driving range operations are adequately funding the annual programs. If needed, additional funds would be available through the line of credit.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
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14. Contributed Nonfinancial Assets

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2022</u>	<u>2021</u>
Contributed land use	\$ 69,815	\$ 73,191
Golf equipment and supplies	54,446	6,933
Special event services and contributions	41,062	25,928
Academy and education supplies	20,048	29,130
Donated leasehold improvements	19,461	30,000
Furniture, storage and improvements	18,735	5,095
Consulting services	16,500	18,750
Food and beverage	13,217	12,662
Clothing	1,145	6,845
Health and cleaning supplies	59	14,775
	<u>\$ 254,488</u>	<u>\$ 223,309</u>

The Organization recognized contributed nonfinancial assets within revenue, including contributed land lease, golf equipment and supplies, special event services and contributions, academy and education supplies, donated leasehold improvements, furniture, storage and improvements, consulting services, food and beverage, clothing and health and cleaning supplies. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed land use relates to a lease agreement entered into with the City of Clearwater for approximately 164 acres of land to be developed as a golf course. The lease requires annual lease payments of \$1 and is amortized annually. GAAP requires that the City's lease commitment be recorded as a contribution with donor restrictions.

Contributed golf equipment and supplies, academy and education supplies, furniture, storage and improvements, food and beverage, clothing and health and cleaning supplies, were each utilized in the following programs: academic and vocational, junior golf, and personal life management. In valuing each of these items, the Organization estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Contributed special event services and contributions were utilized in each of the special events hosted by the Organization. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services or rates. In valuing each contribution item, the Organization estimated fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
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14. Contributed Nonfinancial Assets (continued)

Contributed services recognized are comprised of consulting services related to various advertising and marketing matters. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar advertising and marketing consulting services.

15. Subsequent Events

Management has evaluated events occurring subsequent to year end through March 22, 2023, the date the financial statements were available to be issued, for financial reporting and disclosure purposes. Management identified no subsequent events that require adjustment to or disclosure in these financial statements.