

**Chi Chi Rodriguez
Youth Foundation, Inc.
Financial Statements
June 30, 2020 and 2019**

Chi Chi Rodriguez Youth Foundation, Inc.
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June 30, 2020 and 2019

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Independent Auditor's Report

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

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, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report (continued)

Opinion

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Spoor Bunch Franz". The signature is written in a cursive, flowing style.

Spoor Bunch Franz

January 27, 2021

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,133,284	\$ 489,910
Current portion of contributions receivable	65,992	62,780
Inventories	74,003	101,341
Prepaid expenses and other current assets	<u>16,996</u>	<u>19,399</u>
Total current assets	1,290,275	673,430
Endowment fund - Raymond James	1,188,987	1,112,783
Endowment fund - Community Foundation	305,148	304,444
Contributions receivable	1,427,807	1,493,799
Property and equipment, net	1,522,665	1,691,256
Other	<u>39,027</u>	<u>32,902</u>
Total assets	<u>\$ 5,773,909</u>	<u>\$ 5,308,614</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	90,610	60,747
Deferred revenue	27,966	26,960
Capital lease obligation - current portion	<u>43,291</u>	<u>41,356</u>
Total current liabilities	161,867	129,063
Capital lease obligation - net of current portion	<u>118,168</u>	<u>157,933</u>
Total liabilities	280,035	286,996
Net assets		
Without donor restrictions	2,756,088	2,327,256
With donor restrictions	<u>2,737,786</u>	<u>2,694,362</u>
Total net assets	<u>5,493,874</u>	<u>5,021,618</u>
Total liabilities and net assets	<u>\$ 5,773,909</u>	<u>\$ 5,308,614</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Activities
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Support and Revenue		
Public support		
Special event revenue	\$ 558,105	\$ 593,753
Special event revenue - in-kind	24,399	30,745
Less: Special event costs	(124,579)	(121,790)
Special event costs - in-kind	<u>(24,399)</u>	<u>(30,745)</u>
Net revenue from special events	433,526	471,963
Grants	43,750	67,290
Contributions without donor restrictions	405,851	227,315
Contributions - in-kind	<u>57,515</u>	<u>37,918</u>
Total public support	<u>940,642</u>	<u>804,486</u>
Revenue		
Golf club merchandise and snack bar sales	133,397	133,820
Less: Cost of sales	<u>(71,153)</u>	<u>(72,573)</u>
Net golf club sales	<u>62,244</u>	<u>61,247</u>
Driving range merchandise and snack bar sales	115,679	129,312
Less: Cost of sales	<u>(82,130)</u>	<u>(87,782)</u>
Net driving range sales	<u>33,549</u>	<u>41,530</u>
Net revenue from golf club and driving range merchandise and snack bar sales	95,793	102,777
Green fees	1,153,188	965,470
Driving range income	423,136	372,055
Rental income	62,150	63,920
COVID-19 relief income	235,500	-
Investment and other income	<u>20,175</u>	<u>20,897</u>
Total sales, green fees and other income	<u>1,989,942</u>	<u>1,525,119</u>
Net Assets Released from Restrictions		
Satisfaction of donor restrictions - land lease	<u>139,183</u>	<u>139,183</u>
Total support and revenue	<u>3,069,767</u>	<u>2,468,788</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Activities (continued)
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Expenses		
Program services	\$ 2,166,400	\$ 2,086,699
Program services - in-kind	57,515	37,918
Supporting services	417,020	420,752
Total expenses	<u>2,640,935</u>	<u>2,545,369</u>
Increase (decrease) in net assets without donor restrictions	<u>428,832</u>	<u>(76,581)</u>
Net Assets With Donor Restrictions		
Contributions with donor restrictions	80,000	1,025,000
Contributed land use	76,403	79,459
Investment income	26,204	31,683
Net assets released from restrictions	<u>(139,183)</u>	<u>(139,183)</u>
Increase in net assets with donor restrictions	<u>43,424</u>	<u>996,959</u>
Increase in net assets	472,256	920,378
Net assets, beginning of year	<u>5,021,618</u>	<u>4,101,240</u>
Net assets, end of year	<u>\$ 5,493,874</u>	<u>\$ 5,021,618</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	<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>2020</u>
Salaries and payroll related expenses:								
Salaries and wages	\$ 402,467	\$ 173,972	\$ 278,716	\$ 855,155	\$ 54,323	\$ 90,938	\$ 145,261	\$ 1,000,416
Payroll taxes	29,892	12,921	20,701	63,514	4,035	6,754	10,789	74,303
Employee benefits	35,763	15,459	24,767	75,989	4,827	8,081	12,908	88,897
Total salaries and payroll related expenses	468,122	202,352	324,184	994,658	63,185	105,773	168,958	1,163,616
Professional fees	-	-	-	-	37,300	-	37,300	37,300
Building and equipment maintenance	55,372	7,910	3,955	67,237	7,910	3,955	11,865	79,102
Golf course maintenance	226,712	33,177	16,589	276,478	-	-	-	276,478
Equipment rent	56,104	8,015	4,007	68,126	8,015	4,007	12,022	80,148
Utilities and telephone	155,640	22,234	11,117	188,991	22,234	11,117	33,351	222,342
Insurance	58,137	8,305	4,153	70,595	8,305	4,153	12,458	83,053
Program supplies	55,740	6,558	3,279	65,577	-	-	-	65,577
Office expense	30,337	4,334	2,167	36,838	4,334	2,167	6,501	43,339
Advertising and promotion	42,561	4,256	4,256	51,073	17,024	17,024	34,048	85,121
Interest expense	5,847	835	418	7,100	835	418	1,253	8,353
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	31,114	4,445	2,222	37,781	4,445	2,222	6,667	44,448
Fundraising expenses	-	-	-	-	-	29,163	29,163	29,163
Other	67,598	9,656	4,830	82,084	9,655	4,831	14,486	96,570
Total expenses before depreciation	1,350,712	325,995	388,136	2,064,843	197,160	191,789	388,949	2,453,792
Depreciation	131,001	18,714	9,357	159,072	18,714	9,357	28,071	187,143
Total expenses	<u>\$ 1,481,713</u>	<u>\$ 344,709</u>	<u>\$ 397,493</u>	<u>\$ 2,223,915</u>	<u>\$ 215,874</u>	<u>\$ 201,146</u>	<u>\$ 417,020</u>	<u>\$ 2,640,935</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services				Supporting Services			Total Expenses
	Academic and Vocational	Junior Golf	Personal Life Management	Total	Management and General	Development	Total	2019
Salaries and payroll related expenses:								
Salaries and wages	\$ 403,723	\$ 167,919	\$ 274,024	\$ 845,666	\$ 53,871	\$ 124,048	\$ 177,919	\$ 1,023,585
Payroll taxes	29,878	12,427	20,279	62,584	3,987	9,180	13,167	75,751
Employee benefits	40,299	16,761	27,352	84,412	5,377	12,382	17,759	102,171
Total salaries and payroll related expenses	473,900	197,107	321,655	992,662	63,235	145,610	208,845	1,201,507
Professional fees	-	-	-	-	36,203	-	36,203	36,203
Building and equipment maintenance	66,500	9,500	4,750	80,750	9,500	4,750	14,250	95,000
Golf course maintenance	213,919	31,305	15,653	260,877	-	-	-	260,877
Equipment rent	70,489	10,070	5,035	85,594	10,070	5,035	15,105	100,699
Utilities and telephone	133,944	19,135	9,567	162,646	19,135	9,567	28,702	191,348
Insurance	47,528	6,790	3,395	57,713	6,790	3,395	10,185	67,898
Program supplies	52,430	6,168	3,084	61,682	-	-	-	61,682
Office expense	35,139	5,020	2,510	42,669	5,020	2,510	7,530	50,199
Advertising and promotion	17,202	1,720	-	18,922	8,601	6,881	15,482	34,404
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	25,119	3,589	1,794	30,502	3,589	1,794	5,383	35,885
Fundraising expenses	-	-	-	-	-	20,727	20,727	20,727
Other	62,682	8,954	4,478	76,114	8,953	4,478	13,431	89,545
Total expenses before depreciation	1,296,280	313,276	378,880	1,988,436	185,014	211,706	396,720	2,385,156
Depreciation	112,149	16,021	8,011	136,181	16,021	8,011	24,032	160,213
Total expenses	<u>\$ 1,408,429</u>	<u>\$ 329,297</u>	<u>\$ 386,891</u>	<u>\$ 2,124,617</u>	<u>\$ 201,035</u>	<u>\$ 219,717</u>	<u>\$ 420,752</u>	<u>\$ 2,545,369</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 472,256	\$ 920,378
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	187,143	160,214
(Gain) loss on disposals of equipment	(13,368)	53
Endowment contributions and investment income	(76,907)	(1,041,627)
(Increase) decrease in operating assets:		
Contributions receivable	62,780	59,724
Inventories	27,338	(14,533)
Prepaid expenses and other current assets	2,402	14,050
Other assets	(6,125)	(7,666)
Increase in operating liabilities:		
Accounts payable and accrued expenses	29,864	16,159
Deferred revenue	1,006	2,541
Total adjustments	214,133	(811,085)
Net cash provided by operating activities	686,389	109,293
Cash flows from investing activities:		
Proceeds from sales of equipment	45,000	1,100
Purchases of equipment and leasehold improvements	(50,184)	(488,768)
Sales (purchases) of endowment investments	13,142	(59,534)
Net cash provided by (used in) investing activities	7,958	(547,202)
Cash flows from financing activities:		
Principal payments on capital lease obligation	(37,831)	-
Net cash used in investing activities	(37,831)	-
Net increase (decrease) in cash and cash equivalents	656,516	(437,909)
Cash, cash equivalents and restricted cash, beginning of year	511,476	949,385
Cash, cash equivalents and restricted cash, end of year	\$ 1,167,992	\$ 511,476

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Cash Flows (continued)
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation to the Balance Sheets:		
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 1,133,284	\$ 489,910
Restricted cash - endowment	<u>34,708</u>	<u>21,566</u>
Total cash, cash equivalents and restricted cash	<u><u>\$ 1,167,992</u></u>	<u><u>\$ 511,476</u></u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u><u>\$ 8,353</u></u>	<u><u>\$ -</u></u>

Supplemental disclosure of noncash financing activity:

In June 2019, equipment totaling \$199,289 was acquired through a capital lease.

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2020 and 2019

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 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, 2020 and 2019

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, 2020 or 2019.

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 sponsorships, registrations and 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, 2020 and 2019 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 sales, greens fees and rental income are recognized when the goods or services are provided.

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 2020 and 2019, donated materials and services totaled \$81,914 and \$68,663, respectively.

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 11,126 and 13,593 hours in volunteer services during the years ended June 30, 2020 and 2019, respectively.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

1. Significant Accounting Policies (continued)

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. Management considered the impact of the COVID-19 pandemic on the assumptions and estimates used in the financial statements for the year ended June 30, 2020.

Accounting Pronouncements Adopted:

Contributions Received and Contributions Made

During the year ended June 30, 2020, using the modified prospective method, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The contribution standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction. It also provides guidance as to when a contribution should be considered conditional or unconditional. Conditional contributions have different revenue recognition when compared to non-reciprocal transfers of resources in that amounts are reflected as earned when barriers to entitlement are overcome with any difference being deferred or a receivable as applicable.

Restricted Cash

FASB issued ASU 2016-18 Statement of Cash Flows, *Restricted Cash* to address the diversity that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The Organization adopted this ASU in 2020 and applied on a retrospective basis to 2019, adjusting the presentation of its statement of cash flows accordingly. As a result, restricted cash is now included in cash, cash equivalents, and restricted cash on the statement of cash flows.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

1. Significant Accounting Policies (continued)

Accounting Pronouncement Issued But Not Yet Adopted – Revenue Recognition

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers, which supersedes nearly all existing revenue recognition guidance under GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. The standard was effective for annual periods beginning after December 15, 2018. However, in June 2020, the FASB granted a one-year delay in adoption. Management is currently evaluating the impact of its pending adoption of ASU 2014-09 on its financial statements.

Reclassifications

Certain accounts in the 2019 financial statements were reclassified for comparative purposes to conform with the presentation in the 2020 financial statements.

2. Contributions Receivable

Contributions receivable consist of the following at June 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Land use contribution receivable based on total remaining imputed rents	\$ 2,145,739	\$ 2,284,922
Less: discount	<u>(651,940)</u>	<u>(728,343)</u>
Land use contribution receivable, net	1,493,799	1,556,579
Less: current portion of contributions receivable	<u>(65,992)</u>	<u>(62,780)</u>
Contributions receivable, net of current portion	<u><u>\$ 1,427,807</u></u>	<u><u>\$ 1,493,799</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.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

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.

The Raymond James endowment fund June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Raymond James Bank deposit program accounts	\$ 34,708	\$ 21,566
Mutual funds at fair value	<u>1,154,279</u>	<u>1,091,217</u>
	<u>\$ 1,188,987</u>	<u>\$ 1,112,783</u>

The following summarizes the Raymond James endowment fund activity included in the statement of activities with donor restrictions for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 1,112,783	\$ 81,100
Donations	50,000	1,000,000
Interest and dividends	54,561	72,444
Realized losses	(23,302)	(10,755)
Unrealized losses	<u>(5,055)</u>	<u>(30,006)</u>
Ending balance	<u>\$ 1,188,987</u>	<u>\$ 1,112,783</u>

The mutual fund investments are reported at fair value in the accompanying statement of financial position as of June 30, 2020 and 2019 as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Fair Value, Level 1</u>	<u>Cost</u>	<u>Fair Value, Level 1</u>	<u>Cost</u>
Mutual funds	<u>\$ 1,154,279</u>	<u>\$ 1,181,527</u>	<u>\$ 1,091,217</u>	<u>\$ 1,121,223</u>

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2020 and 2019

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.

The Community Foundation endowment fund activity for the years ended June 30, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 304,444	\$ 294,501
Interest and dividends	5,073	5,778
Realized and unrealized gains (losses)	(1,858)	6,831
Administrative and investment fees	<u>(2,511)</u>	<u>(2,666)</u>
Endowment fund ending balance	<u>\$ 305,148</u>	<u>\$ 304,444</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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Buildings and leasehold improvements	\$ 5,547,084	\$ 5,514,466
Machinery and equipment	801,867	830,734
Furniture, fixtures and office equipment	<u>83,828</u>	<u>83,832</u>
	6,432,779	6,429,032
Less: accumulated depreciation	<u>(4,910,114)</u>	<u>(4,737,776)</u>
Total property and equipment	<u>\$ 1,522,665</u>	<u>\$ 1,691,256</u>

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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.

The future minimum annual lease payments under the capital lease and the present value as of June 30, 2020 are as follows:

Years Ending June 30,	
2021	\$ 50,381
2022	50,381
2023	50,381
2024	<u>25,191</u>
Total minimum lease payments	176,334
Less: amount representing interest	<u>(14,875)</u>
Present value of minimum lease payments	161,459
Less: current portion	<u>(43,291)</u>
Capital lease obligation - net of current portion	<u><u>\$ 118,168</u></u>

7. Operating leases

The Organization leases golf cars and grounds equipment. Rent expense for operating leases for the years ended June 30, 2020 and 2019 was approximately \$68,400 and \$102,000, respectively. The grounds equipment lease expired in fiscal year 2019 and the golf car lease expires in October 2020. Future minimum lease payments under the golf car lease total \$22,800.

8. COVID-19 Relief

The Coronavirus Aid, Relief and Economic Security (CARES) Act provided fast and direct economic assistance during the COVID-19 pandemic in 2020. The Paycheck Protection Program (PPP) was designed to provide an incentive for small businesses to keep workers on the payroll. The Economic Injury Disaster Loan (EIDL) program was designed to provide working capital to meet financial obligations and operating expenses that could have been met had the disaster not occurred.

The Organization applied for and received a PPP loan in the amount of \$225,500 and an EIDL advance in the amount of \$10,000 in April 2020.

It is the Organization's intent to apply for forgiveness of the PPP loan under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the Small Business

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8. COVID-19 Relief (continued)

Administration (SBA). The Organization is eligible for loan forgiveness in an amount equal to payments made during the 24-week period beginning on the loan funding date, with the exception that no more than 40% of the amount of loan forgiveness may be for expenses other than payroll expenses. The PPP loan has an interest rate of 1% and is payable in 18 payments of \$12,690 if not forgiven.

Under GAAP, the PPP loan is treated as a conditional contribution because it contains measurable performance obligations, and the revenue is recognized when the conditions are met. The Organization used all PPP loan proceeds to pay direct payroll expenses thereby substantially meeting the conditions of the contribution, and therefore the PPP loan proceeds were recognized as income for the year ended June 30, 2020.

The EIDL advance is treated as an unconditional contribution under GAAP because it does not contain performance obligations and the proceeds were recorded as income when received.

9. 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, 2020.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2020 and 2019 relate to the following:

	<u>2020</u>	<u>2019</u>
Contributed land use	\$ 1,493,799	\$ 1,556,579
Endowment fund - Raymond James	1,188,987	1,112,783
Donation restricted for driving range lighting	<u>55,000</u>	<u>25,000</u>
Total net assets with donor restrictions	<u>\$ 2,737,786</u>	<u>\$ 2,694,362</u>

11. 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, 2020 and 2019, the Organization's matching contributions totaled \$9,090 and \$9,169, respectively.

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12. Concentrations and 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 three banks to minimize the risk and the Organization has not experienced and does not expect to experience any losses in such accounts.

13. Liquidity and Availability

Financial assets available for general expenditure, that is without donor restrictions, within one year of the statements of financial positions dates of June 30, 2020 and 2019 include:

	<u>2020</u>	<u>2019</u>
Total current assets	\$ 1,290,275	\$ 673,430
Board designated Community Foundation endowment fund	305,148	304,444
Less: current liabilities	<u>(161,867)</u>	<u>(129,063)</u>
Total	<u>\$ 1,433,556</u>	<u>\$ 848,811</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.

14. Subsequent Events

Management has evaluated events occurring subsequent to year end through January 27, 2021, the date the financial statements were available to be issued, for financial reporting and disclosure purposes. Management identified the following subsequent event.

In September 2020, the Organization entered into an operating lease for a new fleet of golf cars. The lease term is 36 months beginning in December 2020 and the lease payments are \$6,201 per month.