

**Chi Chi Rodriguez
Youth Foundation, Inc.
Financial Statements
June 30, 2023 and 2022**

Chi Chi Rodriguez Youth Foundation, Inc.
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June 30, 2023 and 2022

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Independent Auditor's Report

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

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, 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 Chi Chi Rodriguez Youth Foundation, Inc. as of June 30, 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 Chi Chi Rodriguez Youth Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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, 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 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

February 1, 2024

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 2,593,672	\$ 1,969,328
Accounts receivable	-	4,280
Current portion of land use contribution receivable	76,648	72,917
Inventories	94,543	82,931
Prepaid expenses and other current assets	41,449	29,604
Total current assets	2,806,312	2,159,060
Endowment fund - Raymond James	1,681,453	1,442,057
Endowment fund - Community Foundation	396,386	361,759
Land use contribution receivable	1,208,874	1,285,522
Property and equipment, net	1,625,735	1,806,306
Right-of-use assets - operating	295,910	-
Right-of-use assets - finance	119,654	-
Other	64,024	56,670
Total assets	<u>\$ 8,198,348</u>	<u>\$ 7,111,374</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 125,430	\$ 150,647
Deferred revenue	36,468	32,096
Capital lease obligation - current portion	-	48,033
Operating lease liability, current portion	86,436	-
Finance lease liability, current portion	24,931	-
Total current liabilities	273,265	230,776
Capital lease obligation - net of current portion	-	24,629
Operating lease liability, non-current portion	209,474	-
Total liabilities	482,739	255,405
Net assets		
Without donor restrictions	4,693,634	4,000,473
With donor restrictions	3,021,975	2,855,496
Total net assets	7,715,609	6,855,969
Total liabilities and net assets	<u>\$ 8,198,348</u>	<u>\$ 7,111,374</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Activities
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Support and Revenue		
Public Support		
Special event revenue	\$ 609,457	\$ 645,507
Special event revenue - nonfinancial assets	30,318	35,319
Less: Special event costs	(113,427)	(119,974)
Special event costs - nonfinancial assets	<u>(30,318)</u>	<u>(35,319)</u>
Net revenue from special events	496,030	525,533
Grants	46,420	76,358
Contributions without donor restrictions	301,563	426,353
Contributions of nonfinancial assets	<u>125,868</u>	<u>149,354</u>
Total public support	<u>969,881</u>	<u>1,177,598</u>
Revenue		
Golf club merchandise and snack bar sales	206,067	221,612
Less: Cost of sales	<u>(112,673)</u>	<u>(132,970)</u>
Net golf club sales	<u>93,394</u>	<u>88,642</u>
Driving range merchandise and snack bar sales	200,462	151,722
Less: Cost of sales	<u>(122,873)</u>	<u>(91,729)</u>
Net driving range sales	<u>77,589</u>	<u>59,993</u>
Net revenue from golf club and driving range merchandise and snack bar sales	170,983	148,635
Green fees	1,901,269	1,659,862
Driving range income	844,722	720,171
Rental income	72,320	69,422
Investment and other income (loss)	<u>110,054</u>	<u>(17,859)</u>
Total sales, green fees and other income	<u>3,099,348</u>	<u>2,580,231</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>4,208,412</u>	<u>3,897,012</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Activities (continued)
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating Expenses		
Program services	\$ 2,794,681	\$ 2,380,095
Program services - nonfinancial assets	156,186	165,212
Supporting services	564,384	524,241
	<u>3,515,251</u>	<u>3,069,548</u>
Total expenses		
Increase in net assets without donor restrictions	<u>693,161</u>	<u>827,464</u>
Net Assets With Donor Restrictions		
Contributions with donor restrictions	70,664	72,960
Contributed land use	66,266	69,815
Investment income (loss)	168,732	(270,778)
Net assets released from restrictions	(139,183)	(139,183)
	<u>166,479</u>	<u>(267,186)</u>
Increase (decrease) in net assets with donor restrictions		
Increase in net assets	859,640	560,278
Net assets, beginning of year	<u>6,855,969</u>	<u>6,295,691</u>
Net assets, end of year	<u>\$ 7,715,609</u>	<u>\$ 6,855,969</u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	<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>2023</u>
Salaries and payroll related expenses:								
Salaries and wages	\$ 600,643	\$ 198,299	\$ 369,131	\$ 1,168,073	\$ 65,165	\$ 168,169	\$ 233,334	\$ 1,401,407
Payroll taxes	44,775	14,782	27,517	87,074	4,858	12,536	17,394	104,468
Employee benefits	44,028	14,536	27,058	85,622	4,777	12,327	17,104	102,726
Total salaries and payroll related expenses	689,446	227,617	423,706	1,340,769	74,800	193,032	267,832	1,608,601
Professional fees	-	-	-	-	45,733	-	45,733	45,733
Building and equipment maintenance	115,287	16,470	8,235	139,992	16,470	8,235	24,705	164,697
Golf course maintenance	259,600	37,990	18,995	316,585	-	-	-	316,585
Equipment rent	65,872	9,410	4,705	79,987	9,410	4,705	14,115	94,102
Utilities and telephone	174,776	24,968	12,484	212,228	24,968	12,484	37,452	249,680
Insurance	78,112	11,159	5,579	94,850	11,159	5,579	16,738	111,588
Program supplies	168,741	19,852	9,926	198,519	-	-	-	198,519
Office expense	29,650	4,236	2,118	36,004	4,236	2,118	6,354	42,358
Advertising and promotion	54,174	5,417	5,417	65,008	21,669	21,669	43,338	108,346
Interest expense	1,643	235	117	1,995	235	117	352	2,347
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	59,048	8,435	4,218	71,701	8,435	4,218	12,653	84,354
Fundraising expenses	-	-	-	-	-	25,720	25,720	25,720
Other	81,142	11,591	5,797	98,530	11,590	5,797	17,387	115,917
Total expenses before depreciation and amortization	1,874,919	391,298	508,256	2,774,473	242,623	290,633	533,256	3,307,729
Depreciation and amortization	145,266	20,752	10,376	176,394	20,752	10,376	31,128	207,522
Total expenses	<u>\$ 2,020,185</u>	<u>\$ 412,050</u>	<u>\$ 518,632</u>	<u>\$ 2,950,867</u>	<u>\$ 263,375</u>	<u>\$ 301,009</u>	<u>\$ 564,384</u>	<u>\$ 3,515,251</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.
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Increase in net assets	\$ 859,640	\$ 560,278
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	187,580	202,704
Amortization of right-of-use asset - finance	19,942	-
Amortization of right-of-use asset - operating	119,987	-
Loss (gain) on disposals of equipment	(26,793)	4,127
In-kind donation of leasehold improvements	-	(19,461)
Endowment contributions and investment loss (income)	(274,023)	234,207
Increase in cash surrender value of life insurance	(7,354)	(11,218)
(Increase) decrease in operating assets:		
Accounts receivable	4,280	(4,280)
Land use contribution receivable	72,917	69,368
Inventories	(11,612)	(17,631)
Prepaid expenses and other current assets	(11,845)	(332)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(25,217)	46,466
Deferred revenue	4,372	(4,287)
Operating lease liability	(119,987)	-
Total adjustments	<u>(67,753)</u>	<u>499,663</u>
Net cash provided by operating activities	<u>791,887</u>	<u>1,059,941</u>
Cash flows from investing activities:		
Proceeds from sales of equipment	23,500	-
Purchases of equipment and leasehold improvements	(143,312)	(394,329)
Sales (purchases) of endowment investments	(16,996)	13,315
Net cash used in investing activities	<u>(136,808)</u>	<u>(381,014)</u>
Cash flows from financing activities:		
Payments on finance lease liability	(47,731)	-
Principal payments on capital lease obligation	-	(45,506)
Net cash used in financing activities	<u>(47,731)</u>	<u>(45,506)</u>
Net increase in cash, cash equivalents and restricted cash	607,348	633,421
Cash, cash equivalents and restricted cash, beginning of year	<u>2,010,854</u>	<u>1,377,433</u>
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 2,618,202</u></u>	<u><u>\$ 2,010,854</u></u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.
Statements of Cash Flows (continued)
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 2,593,672	\$ 1,969,328
Restricted cash - endowment	24,530	41,526
Total cash, cash equivalents and restricted cash	<u><u>\$ 2,618,202</u></u>	<u><u>\$ 2,010,854</u></u>
 Supplemental disclosure of cash flow information:		
Cash paid for interest	<u><u>\$ 2,347</u></u>	<u><u>\$ 4,875</u></u>
 Supplemental disclosure of noncash financing activity:		
Right-of-use assets obtained in exchange for lease obligations:		
Operating lease	<u><u>\$ 415,897</u></u>	<u><u>\$ -</u></u>
Finance lease	<u><u>\$ 139,596</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements

Chi Chi Rodriguez Youth Foundation, Inc.

Notes to Financial Statements

Years Ended June 30, 2023 and 2022

1. Description of Organization and 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 of the Organization 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.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the net assets without donor restrictions class. Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, the Organization classifies all highly liquid assets with an initial maturity of three months or less as cash and cash equivalents. 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

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

1. Description of Organization and Significant Accounting Policies (continued)

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.

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, 2023 or 2022.

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.

Leases

The Organization determines if an arrangement is a lease at inception. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term discounted by the risk free rate for the operating leases and the rate implicit in the lease for the finance lease. The risk-free rate used is based on the U.S. Treasury instrument rate for the same period of time as the lease term. The Organization has lease agreements with lease and non-lease components, which are generally accounted for separately. Lease terms may include options to extend or terminate certain leases. The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

The Organization has elected the short-term lease expedient. A short-term lease is a lease that, as of the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. For such leases, the Organization will not apply the recognition requirements of the lease standard and instead will recognize the lease payments as lease cost on a straight-line basis over the lease term.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

1. Description of Organization and Significant Accounting Policies (continued)

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, 2023 and 2022 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 the services rendered require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation.

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 7,646 and 6,385 hours in volunteer services during the years ended June 30, 2023 and 2022, 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.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

1. Description of Organization and Significant Accounting Policies (continued)

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.

Recently Adopted Accounting standards

Effective July 1, 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, Leases, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$555,493 and lease liabilities totaling \$488,861 in its statement of financial position as of July 1, 2022. Simultaneously, the Organization derecognized property and equipment totaling \$139,596 and capital lease obligations totaling \$72,662. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

2. Land Use Contribution Receivable

Land use contribution receivable consists of the following at June 30, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Land use contribution receivable based on total remaining imputed rents	\$ 1,728,190	\$ 1,867,373
Less: discount	<u>(442,668)</u>	<u>(508,934)</u>
Land use contribution receivable, net	1,285,522	1,358,439
Less: current portion of land use contribution receivable	<u>(76,648)</u>	<u>(72,917)</u>
Land use contribution receivable, net of current portion	<u>\$ 1,208,874</u>	<u>\$ 1,285,522</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 and reflected as net assets released from restrictions on the statements of activities.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

3. Endowment Fund – Raymond James

In September 2018, the Organization received a \$1 million donation from the Jim Moran Foundation. The declaration of gift stipulated 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 donation was deposited 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 which complies with the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA). 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 goal is to make available during each fiscal year an amount equal to 4.0% of the market value of the endowment portfolio as calculated on the first day of the fiscal year, using a three year rolling average. However, market conditions can dictate a lesser amount.

The Raymond James endowment fund at June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Raymond James Bank deposit program accounts	\$ 24,530	\$ 41,526
Mutual funds at fair value	<u>1,656,923</u>	<u>1,400,531</u>
	<u>\$ 1,681,453</u>	<u>\$ 1,442,057</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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 1,442,057	\$ 1,639,875
Donations	55,330	65,970
Interest and dividends	70,591	103,531
Realized gains (losses)	24,476	45,068
Unrealized gains (losses)	<u>88,999</u>	<u>(412,387)</u>
Ending balance	<u>\$ 1,681,453</u>	<u>\$ 1,442,057</u>

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

3. Endowment Fund – Raymond James (continued)

The mutual fund investments are reported at fair value in the accompanying statements of financial position as of June 30, 2023 and 2022 as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Fair Value, Level 1</u>	<u>Cost</u>	<u>Fair Value, Level 1</u>	<u>Cost</u>
Mutual funds	<u>\$ 1,656,923</u>	<u>\$ 1,659,147</u>	<u>\$ 1,400,531</u>	<u>\$ 1,502,869</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.

The Community Foundation endowment fund activity for the years ended June 30, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 361,759	\$ 398,148
Interest and dividends	7,074	7,180
Realized and unrealized gains (losses)	30,346	(40,575)
Administrative and investment fees	<u>(2,793)</u>	<u>(2,994)</u>
Ending balance	<u>\$ 396,386</u>	<u>\$ 361,759</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.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

5. Property and Equipment

Property and equipment consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Buildings and leasehold improvements	\$ 6,067,456	\$ 6,093,824
Machinery and equipment	677,960	890,169
Furniture, fixtures and office equipment	<u>62,578</u>	<u>83,828</u>
	6,807,994	7,067,821
Less: accumulated depreciation	<u>(5,182,259)</u>	<u>(5,261,515)</u>
Total property and equipment, net	<u><u>\$ 1,625,735</u></u>	<u><u>\$ 1,806,306</u></u>

Depreciation expense was \$187,580 and \$202,704 for the years ended June 30, 2023 and 2022, respectively.

6. Leases

As a lessee, the Organization leases certain equipment under operating and finance leases expiring at various dates through 2028.

The components of lease cost for the year ended June 30, 2023 were as follows:

Components of lease cost:	
Operating lease cost	\$ 130,449
Finance lease cost:	
Amortization of right-of-use assets**	19,942
Interest on lease liability	<u>2,347</u>
Total lease cost	<u><u>\$ 152,738</u></u>

** included with depreciation and amortization on the statement of functional expenses

	<u>Operating</u>	<u>Finance</u>
Right-of-use assets	\$ 415,897	\$ 139,596
Accumulated amortization	<u>(119,987)</u>	<u>(19,942)</u>
	<u><u>\$ 295,910</u></u>	<u><u>\$ 119,654</u></u>
Lease liabilities	<u><u>\$ 295,910</u></u>	<u><u>\$ 24,931</u></u>

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

6. Leases (continued)

Other information related to the leases is as follows for the year ended June 30, 2023:

	<u>Operating</u>	<u>Finance</u>
Weighted average remaining lease term	3.8 years	0.42 years
Weighted average discount rate	3.88%	5.00%

Future maturities of lease liabilities:

Years ending June 30,		
2024	\$ 96,009	\$ 25,191
2025	77,931	-
2026	64,240	-
2027	64,240	-
2028	16,060	-
	<hr/>	<hr/>
Total minimum lease payments	318,480	25,191
Less: amount representing interest	(22,570)	(260)
	<hr/>	<hr/>
Present value of minimum lease payments	295,910	24,931
Less: current portion	(86,436)	(24,931)
	<hr/>	<hr/>
Lease liability, long-term	<u>\$ 209,474</u>	<u>\$ -</u>

Rent expense under FASB ASC 840 (pre-adoption of the new lease standard) for a golf cart operating lease totaled \$82,522 for the year ended June 30, 2022.

The assets acquired through capital leases as of June 30, 2022 were \$199,289 less accumulated depreciation of \$59,827. The related capital lease obligation was \$72,662.

The future minimum payments required under capital leases as of June 30, 2022 were as follows:

Years Ending June 30,	
2023	\$ 50,381
2024	25,191
	<hr/>
Total minimum lease payments	75,572
Less: amount representing interest	(2,910)
	<hr/>
Present value of minimum lease payments	<u>\$ 72,662</u>

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

7. 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 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, 2023 or 2022.

8. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022 relate to the following:

	<u>2023</u>	<u>2022</u>
Contributed land use	\$ 1,285,522	\$ 1,358,439
Endowment fund - Raymond James	1,681,453	1,442,057
Donation restricted for driving range lighting	<u>55,000</u>	<u>55,000</u>
Total net assets with donor restrictions	<u>\$ 3,021,975</u>	<u>\$ 2,855,496</u>

9. 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, 2023 and 2022, the Organization's matching contributions totaled \$15,375 and \$13,584, respectively.

10. 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.

11. Life Insurance

The Organization is the beneficiary on a life insurance policy. The cash surrender value is \$59,564 and \$52,210 and are recognized as other on the statements of financial position at June 30, 2023 and 2022, respectively. Cash surrender value earnings of \$7,354 and \$11,218 are recognized in investment and other income on the statements of activities for the years ended June 30, 2023 and 2022, respectively.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

12. 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, 2023 and 2022 include:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 2,593,672	\$ 1,969,328
Community Foundation endowment fund	396,386	361,759
Total	<u>\$ 2,990,058</u>	<u>\$ 2,331,087</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.

13. Contributed Nonfinancial Assets

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Contributed land use (Note 2)	\$ 66,266	\$ 69,815
Golf equipment and supplies	26,588	54,446
Special event services and non-cash contributions	22,493	41,062
Academy and education supplies	64,200	20,048
Donated leasehold improvements	-	19,461
Furniture, storage and improvements	7,585	18,735
Consulting services	15,000	16,500
Food and beverage	19,920	13,217
Clothing	400	1,145
Health and cleaning supplies	-	59
	<u>\$ 222,452</u>	<u>\$ 254,488</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed 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.

Chi Chi Rodriguez Youth Foundation, Inc.
Notes to Financial Statements
Years Ended June 30, 2023 and 2022

13. Contributed Nonfinancial Assets (continued)

Contributed special event services and non-cash contributions were utilized in each of the special events hosted by the Organization and are valued and 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.

Consulting services relate to various advertising and marketing matters and are valued and reported at the estimated fair value in the financial statements based on current rates for similar advertising and marketing consulting services.

14. Subsequent Events

Management has evaluated events occurring subsequent to year end through February 1, 2024, 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.