

MUNGER & COMPANY, CPAs

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**OCEANSIDE IVEY RANCH
PARK ASSOCIATION, INC.**
Audited Financial Statements
For the Year Ended June 30, 2021

Table of Contents

| | Pages |
|----------------------------------|-------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7-12 |

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Oceanside Ivey Ranch Park Association, Inc.

We have audited the accompanying financial statements of Oceanside Ivey Ranch Park Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oceanside Ivey Ranch Park Association, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

April 15, 2022

A handwritten signature in blue ink, appearing to read "Roland", with a long horizontal flourish extending to the right.

Munger & Company, CPAs

Oceanside Ivey Ranch Park Association, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

ASSETS

| | | |
|--------------------------------|-----------|-------------------------|
| Cash | \$ | 178,564 |
| Certificates of Deposit | | 169,812 |
| Accounts Receivable | | 107,984 |
| Prepaid Expenses and Other | | 12,929 |
| Land Improvements | | 51,349 |
| Barn | | 590,553 |
| Leasehold Improvements | | 81,018 |
| Fixtures | | 97,896 |
| Horses and Related Equipment | | 191,721 |
| Vehicles | | 5,260 |
| Less: Accumulated Depreciation | | (444,613) |
| TOTAL ASSETS | \$ | <u>1,042,473</u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | | |
|--------------------------|----|-----------------------|
| Accounts Payable | \$ | 4,030 |
| Credit Card Payable | | 8,154 |
| Accrued Expenses | | 42,126 |
| Advanced Tuition | | 6,672 |
| PPP Loan | | 58,015 |
| TOTAL LIABILITIES | | <u>118,997</u> |

NET ASSETS

| | | |
|---|-----------|-------------------------|
| Net Assets Without Donor Restrictions | | |
| Undesignated | | 350,292 |
| Invested in Fixed Assets, net | | 573,184 |
| TOTAL NET ASSETS | | <u>923,476</u> |
| TOTAL LIABILITIES AND NET ASSETS | \$ | <u>1,042,473</u> |

The Accompanying Notes Are an Integral Part of the Financial Statements

Oceanside Ivey Ranch Park Association, Inc.
STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2021

| | <u>Net Assets Without Donor Restrictions</u> |
|---|--|
| REVENUES, GAINS, AND SUPPORT | |
| Grants and Contracts | \$ 96,923 |
| Contributions | 52,675 |
| In-kind Contributions | 6,000 |
| PPP Loan Forgiveness | 58,586 |
| Program Revenues | 871,577 |
| Rental Income | 12,549 |
| Interest Income | <u>1,108</u> |
| Total Revenue, Gains, and Support | 1,099,418 |
| EXPENSES | |
| Program Services | |
| Horses | 417,463 |
| In-Home Respite | 75,903 |
| Child Care | <u>265,661</u> |
| Total Program Expenses | 759,027 |
| Supporting Services | |
| Management and General | 29,517 |
| Fundraising | <u>24,755</u> |
| Total Supporting Expenses | <u>54,272</u> |
| Total Expenses | <u>813,299</u> |
| Change in Net Assets | 286,119 |
| NET ASSETS AT BEGINNING OF FISCAL YEAR | <u>637,357</u> |
| NET ASSETS AT END OF FISCAL YEAR | <u>\$ 923,476</u> |

The Accompanying Notes Are an Integral Part of the Financial Statements

Oceanside Ivey Ranch Park Association, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2021

| | PROGRAM SERVICES | | | SUPPORTING SERVICES | | Total |
|-------------------------------------|-------------------|------------------|-------------------|----------------------|------------------|-------------------|
| | Horses | In Home Respite | Child Care | Management & General | Fundraising | |
| OPERATING EXPENSES | | | | | | |
| Salaries & Wages | \$ 225,986 | \$ 41,088 | \$ 143,810 | \$ 11,895 | \$ 3,965 | \$ 426,744 |
| Payroll Taxes | 20,515 | 3,730 | 13,056 | 1,080 | 359 | 38,740 |
| Benefits | 5,356 | 974 | 3,408 | 281 | 94 | 10,113 |
| Worker's Compensation | 17,004 | 3,092 | 10,821 | 895 | 299 | 32,111 |
| Payroll Processing Fees | 1,290 | 235 | 820 | 68 | 23 | 2,436 |
| Advertising | 1,753 | 319 | 1,116 | | | 3,188 |
| Insurance | 6,184 | 1,124 | 3,935 | 3,172 | | 14,415 |
| Professional Fees | 31,979 | 5,814 | 20,350 | 7,250 | | 65,393 |
| Dues & Subscriptions | 2,153 | 392 | 1,370 | | | 3,915 |
| Grant Writing | | | | | 18,391 | 18,391 |
| Education | 800 | 145 | 509 | | | 1,454 |
| Repairs and Maintenance | 24,342 | 4,426 | 15,490 | 1,281 | 428 | 45,967 |
| Transportation | 605 | 110 | 386 | | | 1,101 |
| Food | 20,094 | 3,654 | 12,788 | 1,057 | 352 | 37,945 |
| Communications | 1,291 | 235 | 822 | 68 | 21 | 2,437 |
| Bank and Credit Card Fees | 2,758 | 501 | 1,755 | 145 | 48 | 5,207 |
| Occupancy | 4,297 | 781 | 2,734 | 226 | 76 | 8,114 |
| Program Supplies | 11,168 | 2,031 | 7,107 | | | 20,306 |
| Office and Related | 15,377 | 2,796 | 9,785 | 809 | 269 | 29,036 |
| TOTAL OPERATING EXPENSES | <u>392,952</u> | <u>71,447</u> | <u>250,062</u> | <u>28,227</u> | <u>24,325</u> | <u>767,013</u> |
| NON-OPERATING EXPENSES | | | | | | |
| Depreciation & Amortization Expense | 24,003 | 4,364 | 15,275 | 1,263 | 421 | 45,326 |
| Interest | 381 | 69 | 243 | 20 | 7 | 720 |
| Taxes | 127 | 23 | 81 | 7 | 2 | 240 |
| TOTAL NON-OPERATING EXPENSES | <u>24,511</u> | <u>4,456</u> | <u>15,599</u> | <u>1,290</u> | <u>430</u> | <u>46,286</u> |
| TOTAL EXPENSES | <u>\$ 417,463</u> | <u>\$ 75,903</u> | <u>\$ 265,661</u> | <u>\$ 29,517</u> | <u>\$ 24,755</u> | <u>\$ 813,299</u> |

The Accompanying Notes Are an Intergal Part of the Financial Statements

Oceanside Ivey Ranch Park Association, Inc.
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2021

| | |
|--|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in Net Assets | \$ 286,119 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Forgiveness of debt | (58,586) |
| Proceeds from sale of fixed assets | |
| Depreciation | 45,326 |
| (Increase) / Decrease in operating assets: | |
| Accounts Receivable | (85,805) |
| Prepaid Expenses and Other | (10,923) |
| Increase / (Decrease) in operating liabilities | |
| Accounts Payable | (4,734) |
| Credit Card Payable | 373 |
| Accrued Expenses | 13,510 |
| Advanced Tuition | (2,879) |
| Net Cash Provided by Operating Activities | <u>182,401</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of Fixed Assets | (19,789) |
| Purchases of Investments | (140,814) |
| Net Cash Used by Investing Activities | <u>(160,603)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | |
| Principal payments on loan | (10,000) |
| Proceeds from Loan Borrowings | 58,584 |
| Net Cash Provided by Financing Activities | <u>48,584</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 70,382 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>108,182</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>\$ 178,564</u></u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | |
| Cash Paid for Interest | \$ 151 |
| Cash Paid for Taxes | <u><u>\$ 240</u></u> |

The Accompanying Notes Are an Integral Part of the Financial Statements

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 1. Nature of Organization

Oceanside Ivey Ranch Park Association, Inc. (the Organization) is a not-for-profit corporation organized under the laws of the State of California in 1981. The Organization's mission is to provide services to children and adults with and without special needs, located throughout San Diego County. The Organization provides services on an improved, 12-acre portion of the original Ivey Ranch in Oceanside, California. During 2021, we had 849 volunteers that donated 17,554 hours at \$28.54 an hour.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recorded when earned and expenses are recorded when incurred, resulting in related receivables and payables.

Cash and Cash Equivalents

Cash equivalents consist primarily of items that have an original maturity of 90 days or less.

Receivables and Credit Policies

Receivables consist of trade receivables arising mainly from program services. An allowance for doubtful accounts for estimated losses that result from the failure or inability of customers to make required payments is considered. When determining the allowance, the Organization considers the probability of recoverability of receivables based on past experience, taking into account current collection trends as well as general economic factors. Credit risks are assessed based on historical write-offs, net of recoveries, as well as an analysis of the aged accounts receivable balances with allowances generally increasing as the receivable ages. The analysis of receivables is performed throughout the year. For the year ended June 30, 2021, management determined that an allowance was not necessary based upon the factors above. As a result, the allowance for uncollectible accounts is \$0 at June 30, 2021.

Property and Equipment

We record property and equipment additions over \$2,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized from services when the services are provided. All services are transferred at a point in time.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Our contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated services, materials and equipment are recorded at the respective fair values of the services when received.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c)(3).

The Organization has reviewed its position for all open tax years and believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal and state Exempt Organization Tax Returns are subject to examination, generally for three years after they were filed for federal returns and four years for state returns.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and foundations supportive of the mission. Investments are made by the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Subsequent Events

The Organization has evaluated subsequent events through April 15, 2022, the date the financial statements were available to be issued.

Note 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | |
|---------------------------|-------------------|
| Cash and cash equivalents | \$ 178,564 |
| Accounts receivable | 107,984 |
| Operating investments | <u>169,812</u> |
| | <u>\$ 456,360</u> |

As part of the liquidity management plan, cash is invested in excess of daily requirements in CDs.

Note 4. Fair Value Measurements and Disclosures

Certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity.

Unobservable inputs are inputs that reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 4. Fair Value Measurements and Disclosures (continued)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

The Organization’s investments are considered to be Level 1 assets.

The following assets carried at fair value are reviewed and adjusted on a recurring basis:

| | Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-------------------------|-------------------|---|---|--|
| Certificates of Deposit | \$ 169,812 | \$ 169,812 | \$ - | \$ - |
| Total Investments | <u>\$ 169,812</u> | <u>\$ 169,812</u> | <u>\$ -</u> | <u>\$ -</u> |

Note 5. Notes Payable

During the year, the Organization obtained the following loans for the year ended June 30, 2021:

Loan Payable from the Small Business Administration (SBA) for the Paycheck Protection Program (PPP) loan which was awarded on May 1, 2020 totaling \$58,017 and was awarded another during 2021 for \$58,015. The terms of the notes state that interest is to be 1% per annum, payments will be equal monthly payments which will be due on the 7th month and continuing through the 24 month loan term. However, if the Organization has sufficient allowable expenses to apply against this loan then this loan will become a forgivable loan. The first PPP loan totaling \$58,017 was fully forgiven during the year. Management believes that it has sufficient allowable expenses to charge against the second loan to allow it to be forgiven as well.

During the prior year, the Organization had a loan payable from the SBA economic injury disaster loan (EIDL) program totaling \$10,000. The EIDL loan programs requires a maximum interest rate of 4% per annum, 30 year note term. The SBA is required to provide the loan payments and final loan terms and it has not yet provided that information to the Organization. During the year this loan was determined to be a grant that had no further payback liability and became a forgiven loan.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2021

Note 6. City of Oceanside Lease

The City of Oceanside lease expires in 2031 which requires the Organization to continue operating with its core mission. The lease offers a one-time lease option of an additional 10 years at end of the 2031 lease.

Note 7. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, office and related, interest, worker's compensation, payroll processing fees, food, telephone, bank and credit card fees, and taxes, which are allocated on the basis of estimates of time and effort.

Note 8. Contract Billings

The Organization was notified in the prior year that a funder determined that certain billings by the Organization were not eligible to be reimbursed. Management is not aware of any communications for the current year, however, these could occur in the future.

Note 9. Concentrations

The revenue received from the Regional Center comprised 50% of total revenues for the year ended June 30, 2021. The Regional Center comprised 95% of accounts receivable at June 30, 2021.

Bank Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Cash balances did not exceed this federally insured deposit limit for the year ended June 30, 2021.

Note 10. Covid-19

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's funders, customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.