

MUNGER & COMPANY, CPAs

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**OCEANSIDE IVEY RANCH
PARK ASSOCIATION, INC.**
Audited Financial Statements
For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Oceanside Ivey Ranch Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Oceanside Ivey Ranch Association, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit 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 Oceanside Ivey Ranch Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oceanside Ivey Ranch Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Oceanside Ivey Ranch Association, 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 Oceanside Ivey Ranch Association, 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.

March 17, 2023



Munger & Company, CPAs

Oceanside Ivey Ranch Park Association, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

Cash	\$	153,647
Certificates of Deposit		282,011
Accounts Receivable		67,021
Prepaid Expenses and Other		18,685
Land Improvements		58,899
Barn		590,553
Leasehold Improvements		172,818
Fixtures		79,308
Horses and Related Equipment		194,721
Vehicles		5,260
Less: Accumulated Depreciation		(496,217)
TOTAL ASSETS	\$	<u>1,126,706</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$	11,340
Credit Card Payable		14,575
Accrued Expenses		46,612
Advanced Tuition		7,372
TOTAL LIABILITIES		<u>79,899</u>

NET ASSETS

Net Assets Without Donor Restrictions		
Undesignated		1,046,807
TOTAL NET ASSETS		<u>1,046,807</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>1,126,706</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, 2022

	Net Assets Without Donor Restrictions
REVENUES, GAINS, AND SUPPORT	
Grants	\$ 133,587
Contributions	162,735
PPP Loan Forgiveness	58,669
Program Revenues	677,119
Rental Income	20,917
Interest Income	1,905
	<hr/>
Total Revenue, Gains, and Support	1,054,932
EXPENSES	
Program Services	
Horses	479,530
In-Home Respite	87,188
Child Care	305,157
	<hr/>
Total Program Expenses	871,876
Supporting Services	
Management and General	31,677
Fundraising	28,048
	<hr/>
Total Supporting Expenses	59,725
	<hr/>
Total Expenses	931,601
	<hr/>
Change in Net Assets	123,331
NET ASSETS AT BEGINNING OF FISCAL YEAR	923,476
	<hr/>
NET ASSETS AT END OF FISCAL YEAR	\$ 1,046,807
	<hr/> <hr/>

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, 2022

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Horses	In Home Respite	Child Care	Total Program	Management & General	Fundraising	Total
OPERATING EXPENSES							
Salaries & Wages	\$ 257,539	\$ 46,825	\$ 163,889	\$ 468,252	11,895	\$ 3,965	\$ 484,112
Payroll Taxes	21,981	3,997	13,988	39,966	1,016	338	41,319
Benefits	12,904	2,346	8,211	23,461	595	198	24,255
Worker's Compensation	18,289	3,325	11,639	33,253	845	282	34,380
Payroll Processing Fees	1,482	270	943	2,695	68	23	2,786
Advertising	531	97	338	965	-	-	965
Insurance	6,218	1,131	3,957	11,306	3,189	-	14,495
Professional Fees	36,269	6,594	23,079	65,942	9,000	-	74,942
Dues & Subscriptions	2,513	457	1,600	4,570	-	-	4,570
Grant Writing	-	-	-	-	-	21,553	21,553
Education	1,007	183	641	1,831	-	-	1,831
Repairs and Maintenance	35,856	6,519	22,817	65,191	1,656	553	67,400
Transportation	988	180	629	1,797	-	-	1,797
Food	28,239	5,135	17,971	51,344	1,304	434	53,082
Communications	1,351	246	860	2,457	63	20	2,539
Bank and Credit Card Fees	3,125	568	1,989	5,681	144	48	5,873
Occupancy	4,952	900	3,151	9,004	229	77	9,309
Program Workshops and Supplies	10,033	1,825	6,385	18,242	-	-	18,242
Office and Related	7,097	1,291	4,516	12,904	327	108	13,340
Depreciation & Amortization Expense	28,426	5,168	18,090	51,684	1,313	438	53,435
Interest	554	101	352	1,007	26	9	1,041
Taxes	178	32	113	324	8	3	335
TOTAL EXPENSES	<u>\$ 479,530</u>	<u>\$ 87,188</u>	<u>\$ 305,157</u>	<u>\$ 871,876</u>	<u>\$ 31,677</u>	<u>\$ 28,048</u>	<u>\$ 931,601</u>

The Accompanying Notes Are an Integral Part of the Financial Statements

Oceanside Ivey Ranch Park Association, Inc.

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 123,331
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Forgiveness of debt	(58,669)
Depreciation	53,435
(Increase) / Decrease in operating assets:	
Accounts Receivable	40,963
Prepaid Expenses and Other	(5,756)
Increase / (Decrease) in operating liabilities	
Accounts Payable	7,310
Credit Card Payable	6,421
Accrued Expenses	4,486
Advanced Tuition	700
Net Cash Provided by Operating Activities	<u>172,221</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Fixed Assets	(85,593)
Purchases of Investments	<u>(111,545)</u>
Net Cash Used by Investing Activities	(197,138)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(24,917)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>178,564</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 153,647</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	<u>\$ 1,041</u>
Cash Paid for Taxes	<u><u>\$ 335</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, 2022

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.

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.

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, 2022, 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, 2022.

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, 2022

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

Program revenue is recognized daily based upon attendance of each student under mandated rates. The Organization combined contracts in program services with customers into a single portfolio of similar contracts. The performance obligation is simultaneously received and consumed by the customer unless the customer pre-pays for future services.

Rental income is earned monthly which is during the period related to the performance obligation being met. The performance obligation of providing access to the rented facilities is simultaneously received and consumed. The organization combines contracts with similar customers into a single portfolio of similar contracts.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2022

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. There were no donated goods or services for the year ended June 30, 2022. As a result, no monetization policy was adopted.

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) and similar state statutes.

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, 2022

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.

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	\$ 153,647
Accounts receivable	67,021
Certificates of Deposit	<u>282,011</u>
	<u>\$ 502,679</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, 2022

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	\$ 282,011	\$ 282,011	\$ -	\$ -
Total Investments	<u>\$ 282,011</u>	<u>\$ 282,011</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5. Notes Payable

During the year, the Organization obtained the following loan for the year ended June 30, 2022:

Loan Payable from the Small Business Administration (SBA) for the Paycheck Protection Program (PPP) loan during 2021 for \$58,669. 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. This PPP loan totaling \$58,669 was fully forgiven during the year.

OCEANSIDE IVEY RANCH PARK ASSOCIATION, INC.
Notes to the Financial Statements
For the Year Ended June 30, 2022

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. The organization is not required to make any payments to the City but is required to make improvements to the premises during the lease term.

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 program billings are subject to review by funding sources. Management is not aware of any communications for the current year from the funders that any billed items are being questioned, however, this could occur in the future and could be material in nature.

Note 9. Concentrations

The revenue received from the Regional Center comprised 30% of total revenues for the year ended June 30, 2022. The Regional Center comprised 89% of accounts receivable at June 30, 2022.

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, 2022.

Note 10. Subsequent Events

The Organization has evaluated subsequent events through March 17, 2023, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosure in the financial statements.