PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO

CONSIDINE & CONSIDINE
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pro Kids Golf Academy, Inc.
dba Pro Kids | The First Tee of San Diego

We have audited the accompanying financial statements of Pro Kids Golf Academy, Inc. dba Pro Kids | The First Tee of San Diego, a nonprofit organization, which comprise of the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pro Kids Golf Academy, Inc. dba Pro Kids | The First Tee of San Diego, a nonprofit organization, as of December 31, 2019 and 2018, 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.

Considine & Considine

CONSIDINE & CONSIDINE
An accountancy corporation

June 1, 2020

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	$ 488,870	$ 417,876
Receivables (note 3)	112,779	80,421
Inventory	8,299	6,924
Prepaid expenses	29,200	11,864
	639,148	517,085
PROPERTY AND EQUIPMENT (note 4)	5,092,094	5,149,187
OTHER ASSETS		
Receivables - long-term (note 3)	-	19,088
Investments (note 6)	955,828	1,030,598
Other receivable (note 15)	42,429	15,000
	998,257	1,064,686
TOTAL ASSETS	6,729,499	6,730,958
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	100,593	132,415
Unearned revenue	22,530	22,984
TOTAL LIABILITIES	123,123	155,399
NET ASSETS (note 10)		
Without donor restrictions	6,183,126	5,868,083
With donor restrictions	423,250	707,476
	6,606,376	6,575,559
TOTAL LIABILITIES AND NET ASSETS	$ 6,729,499	$ 6,730,958

See accompanying notes

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUE		
Donations	$ 1,291,067	$ 944,499
Golf course	268,240	223,114
Other income	43,902	43,659
Investment return	122,327	(39,073)
	1,725,536	1,172,199
Special Events, Net (note 12)		
Special events revenue	1,172,909	1,035,127
Direct benefits to donors	(102,675)	(72,660)
	1,070,234	962,467
NET ASSETS RELEASED FROM RESTRICTION		
Restriction satisfied by payments	314,991	277,230
TOTAL REVENUE WITHOUT DONOR RESTRICTIONS	3,110,761	2,411,896
OPERATING EXPENSES		
Program services	2,183,919	2,022,454
Management and general	216,949	281,472
Development	394,850	322,145
	2,795,718	2,626,071
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	315,043	(214,175)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Donations	3,500	158,052
Investment return	27,265	(678)
Net assets released from restrictions	(314,991)	(277,230)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(284,226)	(119,856)
TOTAL CHANGE IN NET ASSETS	30,817	(334,031)
NET ASSETS, BEGINNING	6,575,559	6,909,590
NET ASSETS, ENDING	$ 6,606,376	$ 6,575,559

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTAL
EXPENSES				
Auto	$ 12,894	$ -	$ -	$ 12,894
Bad Debts	4,500	-	-	4,500
Facility and equipment maintenance	230,077	6,993	6,993	244,064
Food and beverage	-	-	16,952	16,952
Green fees	-	-	13,452	13,452
Insurance	33,705	4,213	4,213	42,131
Marketing	510	-	2,713	3,223
Office and administrative	44,193	40,161	13,871	98,225
Outside services	66,885	48,118	50,976	165,980
Personnel	1,201,762	54,541	119,166	1,375,469
Production	13,070	-	226,869	239,939
Professional development	724	-	-	724
Professional services	-	17,800	-	17,800
Rent	6,838	-	-	6,838
Scholarships	149,832	-	-	149,832
Supplies	43,100	1,192	754	45,046
Training and education	8,533	-	-	8,533
Travel and meals	33,560	2,735	371	36,666
Utilities and telephone	87,474	10,934	10,934	109,343
Youth events	4,182	-	-	4,182
TOTAL EXPENSES BEFORE DEPRECIATION	1,941,839	186,689	467,265	2,595,793
Depreciation	242,080	30,260	30,260	302,600
TOTAL EXPENSES	2,183,919	216,949	497,525	2,898,393
Less: Direct benefits to donors at special events included in revenue	-	-	(102,675)	(102,675)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	$ 2,183,919	$ 216,949	$ 394,850	$ 2,795,718

See accompanying notes

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	DEVELOPMENT	TOTAL
EXPENSES				
Auto	$ 17,010	$ -	$ -	$ 17,010
Facility and equipment maintenance	166,413	41,603	-	208,016
Food and beverage	-	-	16,091	16,091
Green fees	-	-	13,426	13,426
Insurance	59,772	3,321	3,321	66,413
Interest	201	-	-	201
Marketing	59,351	-	-	59,351
Office and administrative	63,440	3,523	3,524	70,488
Outside services	116,685	-	-	116,685
Personnel	994,078	198,816	132,544	1,325,437
Production	-	-	190,187	190,187
Professional development	8,855	590	394	9,839
Professional services	14,850	825	825	16,500
Rent	6,698	-	-	6,698
Scholarships	144,290	-	-	144,290
Supplies	22,074	-	-	22,074
Training and education	3,528	-	-	3,528
Travel and meals	19,137	213	1,914	21,263
Utilities and telephone	109,963	6,109	6,109	122,181
Youth events	4,345	-	-	4,345
TOTAL EXPENSES BEFORE DEPRECIATION	1,810,688	255,001	368,334	2,434,023
Depreciation	211,766	26,471	26,471	264,708
TOTAL EXPENSES	2,022,454	281,472	394,805	2,698,731
Less: Direct benefits to donors at special events included in revenue	-	-	(72,660)	(72,660)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	$ 2,022,454	$ 281,472	$ 322,145	$ 2,626,071

PRO KIDS GOLF ACADEMY, INC.
dba PRO KIDS | THE FIRST TEE OF SAN DIEGO
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ 30,817	$ (334,031)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Depreciation	302,600	264,708
(Gain)/Loss on investments, net	(118,492)	62,894
Change in operating assets and liabilities:		
Receivables	(13,270)	162,178
Inventory	(1,375)	2,488
Prepaid expenses	(17,336)	14,715
Other receivable	(27,429)	(14,524)
Accounts payable and accrued expenses	(31,822)	48,710
Unearned revenue	(455)	782
	88,921	541,951
NET CASH PROVIDED BY OPERATING ACTIVITIES	119,738	207,920
CASH FLOWS USED BY INVESTING ACTIVITIES		
Proceeds on sales of investments	352,735	435,152
Acquisitions of investments	(159,473)	(544,699)
Acquisitions of property and equipment	(245,506)	(123,241)
	(48,744)	(232,788)
NET CHANGE IN CASH	70,994	(24,868)
CASH, BEGINNING OF YEAR	417,876	442,744
CASH, END OF YEAR	$ 488,870	$ 417,876

NOTE 1 THE ORGANIZATION

Pro Kids Golf Academy, Inc. dba Pro Kids | The First Tee of San Diego (the "Organization") is a non-profit corporation and a leader in youth development programming. The Organization operates year-round with programming 6 days a week for youth beginning at age 7 through high school. The Organization's signature golf and life skills program couples on-course coaching with a curriculum that seamlessly integrates instruction in life skills (i.e. proper introductions, handling frustration, resiliency, etc.) and core values (i.e. honesty, respect, sportsmanship, etc.). In addition to this golf and life skills instruction delivered by PGA members and apprentices, the Organization's Learning Center educators provide critical academic support and personal development opportunities that support and reinforce the activities and efforts of City Heights and Oceanside schools. Both on and off the course, the Organization exposes kids to positive opportunities after high school and equip them to become leaders in the community. A cornerstone of the Organization's program is the Pro Kids scholarship; since 1999, the Organization has awarded over $2.5 million to more than 250 scholars, most of whom are the first in their families to pursue higher education. Boys and girls program participants are offered mentorship by volunteer leaders from San Diego's business community.

The Organization formally began offering academic support to kids with the construction of its first, state of the art, Learning Center in 2001. Building upon this longstanding commitment to advanced education, the Pro Kids Academy was launched in the fall of 2015 to help underserved kids close the experience gap and develop the necessary core competencies to navigate the complex journey to college and ultimately career success. This is achieved by integrating existing golf and life skills programming with relevant curriculum in the areas of science, technology, engineering, and mathematics.

The Organization partnered with Feeding San Diego in the winter of 2018 as an Adult Care Food Program and Summer Food Service Program distribution site and has since provided over 33,000 free meals to youth facing hunger throughout San Diego County. In 2020 the Organization is partnering with subject matter experts to offer additional programing in financial literacy and science related to golf and life skills.

The Organization was incorporated as a 501(c)(3), not for profit organization in 1994. A small group of influential sports and business leaders partnered with the City of San Diego to provide underserved youth positive recreational activities and with an aim to increase minority participation in junior golf programs. Currently, the Organization partners with city and county schools in San Diego and Oceanside, providing physical education classes, serving as a resource for local high school golf teams, offering PGA Junior League golf competition, and acting as a centralized equipment donation program for the San Diego County region. The Organization operates and maintains the Colina Park public golf course and program facility in San Diego and a program facility in Oceanside.

The Organization consists of the following activities and funding sources:

1) General activities funded by general unrestricted donations.
2) Special activities funded by restricted donations and grants.
3) Sale of merchandise and green fees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The accompanying financial statements are prepared using the accrual method of accounting in conformity with generally accepted accounting principles (GAAP) in the United States.

Estimates - The preparation of financial statements in conformity with GAAP requires the Organization to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial statement presentation - The Organization follows the Financial Accounting Standards Board's (FASB) Financial Statements of Not-for-Profit Organizations for presentation of its financial statements which require that net assets, support, revenue and gains, expenses and losses be classified as with donor restrictions and without donor restrictions.

Net assets without donor restrictions - Consists of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services. Net assets without donor restrictions also include amounts designated for certain purposes by the Board of Directors.

Net assets with donor restrictions - These net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds. These nets assets also include amounts that are restricted by donors that neither expire by the passage of time nor can be fulfilled or removed by actions of the Organization.

Cash and cash equivalents - The Organization considers financial instruments with a fixed maturity date of less than two months to be cash equivalents. The Organization maintains three checking accounts at a national bank and five cash accounts at a national investment firm. At various times, cash balances may exceed federally insured deposit limits (FDIC). As of December 31, 2019 and 2018, the Organization exceeded this limit by approximately $219,000 and $22,000, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Receivables – Receivables include pledges receivable which consist of donor promises to give and reimbursement grants. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. As of December 31, 2019 and 2018, no pledges are considered uncollectible.

A discount on pledges receivable expected to be received over several years are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in donations revenue on the statements of activities and changes in net assets.

Inventory - The Organization values its inventory at the lower of cost or net realizable value and uses the last-in first-out method. Inventory consists of merchandise held in the Pro Shop at the Colina Park facility.

Property and equipment - Property, building and leasehold improvements are stated at cost. Major renewals and improvements are capitalized and charged to expense through depreciation expense.

Repairs and maintenance are charged to expense as incurred. Depreciation is provided on a straight line basis over the estimated useful lives of the depreciable assets of 3 to 39 years. Golf course land improvements are carried at cost and are not subject to depreciation.

Impairment of property and equipment - The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amounts of an asset to the future net undiscounted cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value of such property. There were no impairment losses recognized for the years ended December 31, 2019 and 2018.

Investments - Investments are carried at fair market value. Income on investments are recognized as revenue in the period it is earned, and realized and unrealized gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Unearned revenue - Rounds of golf can be purchased in advance at the Colina Park Pro Shop. Revenue is not recognized until the player redeems their purchase by playing the rounds of golf. The balance in unearned revenue represents the outstanding rounds of golf that have been purchased but not yet redeemed.

Fair value measurements - The Organization follows accounting standards consistent with the Financial Accounting Standards Board (FASB) codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Revenue recognition - The financial statements of the Organization are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when earned or a donor makes a promise to give that is, in substance, unconditional. Revenue from cost reimbursement of grants is generally recorded when the costs are billed to the granting agency.

Donor-imposed restrictions - All contributions are considered to be without donor restrictions unless specifically restricted by donor. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as with donor restrictions, increasing that net asset class. Gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. However, if a restriction is fulfilled in the same fiscal period in which the contribution is received, the support is reported as without donor restrictions.

Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets with donor restrictions until the restriction is fulfilled.

Donated goods and services - The Organization records donated goods with a fair value of $2,000 or more. In addition, the Organization recognizes the value of donated services by recording the donations at fair value. All donated services recognized create a non-financial asset or required specialized skills that would have been purchased if not donated. There were no donated goods for the years ended December 31, 2019 and 2018.

Functional allocation of expenses – The Organization allocates its expenses on a functional basis among its program and support services. Directly identifiable expenses are charged to program and supporting services. There are certain categories of expenses that are attributable to more than one program or supporting function and require allocation on a reasonable basis. Personnel and professional services expenses are allocated on the basis of estimated time spent. Utilities and telephone expenses are allocated on the basis of square footage. Facility and maintenance, travel and meals, insurance, office and administrative, professional development and depreciation expenses are allocated on the basis of estimated usage.

Income taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Organization follows accounting standards which provide the accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of December 31, 2019 and 2018, the Organization had no accrued interest or penalties related to uncertain tax positions.

(“ASC”) Topic 606 (“ASC 606”) *Revenue from Contracts with Customers, provides guidance for revenue recognition*. This ASC’s core principle requires an Organization to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the Organization expects to be entitled in exchange for those goods or services. The standard also clarifies the principal versus agent considerations, providing the evaluation must focus on whether the entity has control of the goods or services before they are transferred to the customer. The new standard permits the use of either the modified retrospective or full retrospective transition method.

The Organization has performed a review of the new guidance as compared to its current accounting policies, and evaluated all services rendered to its customers as well as underlying contracts to determine the impact of this standard to its revenue recognition process. Upon completion of its review of relevant contracts, the Organization has made a determination that there is no material impact to revenue recognition upon adoption of the new standard.

Additionally, the Organization has identified and implemented changes to its accounting policies and practices, business processes, and controls to support the new revenue recognition standard. The Organization adopted the standard on January 1, 2019, using the modified retrospective transition method.

Reclassifications - Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 3 RECEIVABLES

For the year ended December 31, 2019, receivables consisted of donations receivable of approximately $117,000. These are stated at outstanding balances, less any allowance for doubtful accounts and are expected to be collected within one year of the date of the statements of financial position. The Organization provides for losses on receivables using the allowance methods. The allowance is based on experience. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. For the year ended December 31, 2019, management did not write off any amount of its receivables.

For the year ended December 31, 2018, pledges receivable consist of approximately $100,000, included in receivables in the statements of financial position. Long-term pledges receivable are shown at present value using discount rates ranging from 1.10% - 1.41%. The Organization discounted two pledges which were collectible from one to two years. The discount on the pledges was $912 at December 31, 2018.

NOTE 4 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

	2019	2018
Colina Park:		
Leasehold improvements	$ 4,182,886	$ 4,139,624
Golf course equipment	431,939	338,047
Program furniture, fixtures and equipment	291,156	237,803
Vehicles	127,950	72,950
	5,033,931	4,788,424
Oceanside:		
Leasehold improvements	2,772,669	2,772,669
Program furniture, fixtures, and equipment	72,583	72,583
Vehicles	65,215	65,215
	2,910,467	2,910,467
	7,944,398	7,698,891
Less accumulated depreciation	(2,852,304)	(2,549,704)
	$ 5,092,094	$ 5,149,187

Depreciation expense was $302,600 and $264,708 for the years ended December 31, 2019 and 2018, respectively.

NOTE 5 FAIR VALUE MEASUREMENT

The Organization follows the method of fair value measurements to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below.

> Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market date is available. The fair value hierarchy gives the lowest priority to level 3 inputs.

The investments in mutual funds, exchange traded funds and exchange traded notes are valued at market prices in active markets and have readily determinable fair values. These assets are classified as level 1.

The investments in corporate bond funds are valued at market prices in inactive markets. These are classified as level 2.

Pledges receivable are valued annually and multi-year pledges are discounted using discount rates of 1.10% - 1.41% (see note 3). There were no changes in the valuation method during the current year. The assets are classified as level 3.

Financial assets carried at fair value and measured on a recurring basis at December 31, 2019 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Assets				
Exchange traded funds	$ 665,274	$ -	$ -	$ 665,274
Corporate bonds	-	217,104	-	217,104
Mutual funds	73,450	-	-	73,450
	$ 738,724	$ 217,104	$ -	$ 955,828

The following summarizes fair value measurements using significant level 3 inputs, and changes therein, for the year ended December 31, 2019:

	Pledges receivable
Balance at January 1, 2019	$ 99,509
New pledges received	-
Collections	(99,509)
Discount on pledges	-
Balance at December 31, 2019	$ -

Financial assets carried at fair value and measured on a recurring basis at December 31, 2018 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Assets				
Exchange traded funds	$ 824,748	$ -	$ -	$ 824,748
Corporate bonds	-	200,671	-	200,671
Pledges receivable	-	-	99,509	99,509
Exchange traded note	5,179	-	-	5,179
	$ 829,927	$ 200,671	$ 99,509	$ 1,130,107

The following summarizes fair value measurements using significant level 3 inputs, and changes therein, for the year ended December 31, 2018:

	Pledges receivable
Balance at January 1, 2018	$ 261,687
New pledges received	-
Collections	(166,579)
Discount on pledges	4,401
Balance at December 31, 2018	$ 99,509

NOTE 6 INVESTMENTS

Investments are held at fair market value and consist of the following at December 31, 2019:

	Cost	Fair value
Exchange traded funds	$ 534,976	$ 665,274
Corporate bonds	211,770	217,104
Mutual funds	72,789	73,450
	$ 819,535	$ 955,828

Investments are held at fair market value and consist of the following at December 31, 2018:

	Cost	Fair value
Exchange traded funds	$ 844,350	$ 824,748
Corporate bonds	211,770	200,671
Exchange traded note	5,643	5,179
	$ 1,061,763	$ 1,030,598

The following schedule summarizes the Organization's return on investment and its classification in the statement of activities and changes in net assets for the year ended December 31, 2019:

	Without donor restrictions	With donor restrictions	Total
Dividends and interest	$ 11,027	$ 19,379	$ 30,406
Investment gain	66,171	60,655	126,826
Investment fees	(4,287)	(3,353)	(7,640)
	$ 72,911	$ 76,681	$ 149,592

The following schedule summarizes the Organization's return on long-term investments and its classifications in the statement of activities and changes in net assets for the year ended December 31, 2018:

		2018	
	Without donor restrictions	With donor restrictions	Total
Dividends and interest	$ 31,983	$ -	$ 31,983
Investment loss	(62,216)	(678)	(62,894)
Investment fees	(8,840)	-	(8,840)
	$ (39,073)	$ (678)	$ (39,751)

NOTE 7 LINE OF CREDIT

The Organization has an agreement with a commercial bank for a $300,000 unsecured line of credit. The interest rate on the line is the lender's prime rate plus 2.00%, but no less than 6.00%. The lender's prime rate was 5.25% and 4.50% at December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, $0 had been drawn on the line. The line of credit is set to expire on September 1, 2020.

Interest expense related to the line is $0 and $201 for the years ended December 31, 2019 and 2018, respectively.

NOTE 8 COMMITTMENTS

The Organization leases its headquarters office, land and golf course in San Diego under an operating lease with the City of San Diego. During the year ended May 31, 2013, the Organization entered into a twenty-five year lease with the City of San Diego. The annual rent base is $3,167 per year and is subject to increases based on the Consumer Price Index. The total rent expense was $3,500 for the years ended December 31, 2019 and 2018.

The Organization moved to its office building situated on the leased golf course property on October 8, 2001. The building costs have been capitalized as leasehold improvements.

In July 2010, the Organization entered into a thirty year lease agreement with the City of Oceanside for its Oceanside facility. The annual rent is $3,000 per year. Total rent expense for the years ended December 31, 2019 and 2018 was $3,000.

Minimum future rental payments, in aggregate, for the years ended December 31 are as follows:

2020	$ 18,984
2021	18,984
2022	18,984
2023	16,903
2024	6,500
Thereafter	104,000
	$ 184,354

NOTE 9 ENDOWMENT FUND

Phil and Margie Ward Scholarship Fund - The Organization has received donations for the purpose of creating an endowment fund to support college scholarships. The donations are perpetual in nature and only the investment earnings on the principal can be used for scholarship distributions. Earnings on the fund are transferred at the end of each fiscal year to the scholarship investment accounts to be used for scholarship distributions. The Organization's Board of Directors oversees the fund's investment and granting of college scholarships. The funds are to be invested with a focus on security of principal and high current returns, which may include interest bearing investments. The fund had a balance of $220,441 and $231,703 at December 31, 2019 and 2018, respectively. The amount to be held in perpetuity was $215,116 as of December 31, 2019 and 2018.

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the presentation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original values of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment in perpetuity made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has the following endowment related activities and changes in endowment net assets for the year ending December 31, 2019:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets			
Beginning of year	$ -	$ 231,703	$ 231,703
Contributions	-	-	-
Dividends and interest	-	10,832	10,832
Investment loss	-	16,433	16,433
Amounts appropriated for expenditures	-	(38,527)	(38,527)
Endowment net assets, end of year	$ -	$ 220,441	$ 220,441

The Organization has the following endowment related activities and changes in endowment net assets for the year ending December 31, 2018:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets			
Beginning of year	$ -	$ 243,158	$ 243,158
Contributions	-	-	-
Dividends and interest	-	10,815	10,815
Investment gain	-	(11,493)	(11,493)
Amounts appropriated for expenditures	-	(10,777)	(10,777)
Endowment net assets, end of year	$ -	$ 231,703	$ 231,703

NOTE 10 NET ASSETS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by donors during the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Capital expenditures	$ 279,360	$ 262,120
Purpose restriction accomplished:		
Scholarships	35,631	7,982
Philanthropy program	-	4,500
Legal support	-	2,628
	$ 314,991	$ 277,230

Net assets consist of the following at December 31:

	2019	2018
With donor restrictions:		
Subject to expenditure for specific purpose:		
Scholarships	$ 50,762	$ 82,893
Legal support	7,372	7,372
	58,134	90,265
Subject to capital expenditures	150,000	402,095
Investment in perpetuity	215,116	215,116
	423,250	707,476
Without donor restrictions:		
Board designated - operations and general reserves	454,092	453,178
Unrestricted and undesignated	5,729,034	5,414,905
	6,183,126	5,868,083
	$ 6,606,376	$ 6,575,559

NOTE 11 GRANTS

The Organization receives grants for financial assistance from various government agencies and foundations. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed expenditures resulting from such audits could become a liability of the Organization. In the opinion of the Organization's management, no material reimbursement of funds will be required as a result of expenditures allowed.

NOTE 12 SPECIAL EVENTS

Special event revenues and expenses consist of the following for years ended December 31, 2019 and 2018:

	2019	2018
Revenue:		
Sponsorships	$ 595,650	$ 654,410
Auction proceeds	375,185	297,267
Ticket sales	166,313	65,350
Donations	35,761	18,100
	1,172,909	1,035,127
Expenses:		
Direct benefit to donors	102,675	72,660
Other expenses	226,766	170,324
	329,441	242,984
Net special events revenue	$ 843,468	$ 792,143

NOTE 13 RETIREMENT PLAN

The Organization maintains a SIMPLE IRA plan for its employees. The Organization provides matching contributions to the plan up to a maximum of 3% of the salaries of participating employees. The total matching contribution for the years ended December 31, 2019 and 2018 was $19,195 and $16,559, respectively. All contributions to the plan are 100% vested.

NOTE 14 LIQUIDITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in short-term investments.

The following table reflects the Organization’s financial assets as of December 31, 2019 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designation. Amounts not available include alternative investments with redemption limitations as more fully described in notes 9 and 10. In the event that need arises to utilize the board-designated reserves for liquidity purposes, the reserves could be drawn upon through board resolution.

The table below presents financial assets available for general expenditures at December 31, 2019:

	2019	2018
Financial assets at year-end:		
Cash	$ 488,870	$ 417,876
Receivables	112,779	80,421
Investments	955,828	1,030,598
Other receivable	42,429	15,000
	1,599,906	1,543,895
Less:		
Donor imposed restrictions making financial assets unavailable for general expenditure	423,250	707,476
Board designated - operations and general reserves	454,092	453,178
Financial assets not available to be used within one year	877,342	1,160,654
Financial assets available to meet general expenditure within one year	$ 722,564	$ 383,241

To fund current programs which are ongoing, major and central to its annual operations and general expenditures the Organization has several sources of income as follows:

- Investment earnings without donor restrictions
- Appropriated investment earnings from donor-restricted gifts and endowments
- Board-designated investments for operations and general reserves
- Contributions without donor restrictions
- Contributions with donor restrictions

General expenditures include administrative and general expenses, fundraising expenses, and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity, the income generated from such endowments is used to fund programs. Support without donor restrictions has historically represented approximately 90% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating with a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

NOTE 15 OTHER RECEIVABLE

In February 2019, the Organization entered into a $63,000 unsecured note receivable agreement with an employee. The note requires three annual payments of $21,985 beginning December 15, 2019 at 2.570% interest and allowed the Organization to forgive some or all of the balance. As of December 31, 2019, the balance of the note receivable was $42,429. The loan was forgiven subsequent to the year-end. As of December 31, 2018, other receivables consisted of sponsorship receivable of $15,000.

NOTE 16 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 1, 2020, the date which the financial statements were available to be issued. As a result of the spread of COVID-19 Coronavirus and the resulting stay-at-home orders issued by the State of California, the state in which the Organization operates, the Organization is experiencing reduced revenues. The duration of the reduction in revenues may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.

Subsequent to December 31, 2019, the stock market experienced a significant decline in value. As of June 1, 2020, the Dow Jones Industrial Average declined 11.04% since December 31, 2019. During the same period it is estimated that the Organization's investments declined by 3.02% or approximately $30,000. The Organization will continue to monitor its investments as it has successfully done in the past, but has no immediate plans to change its investment portfolio.

On April 13, 2020, the Organization received loan proceeds in the amount of approximately $275,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying business for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable up to twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower reduces salaries or employee counts during the twenty-four week period.

The unforgiven portion of the PPP loan is payable over five years at an interest rate 1%. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot be assured that the Organization will not take actions that could cause it to be ineligible for forgiveness of the loan, in whole or in part.