

THE TYLER ROBINSON FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018



HOULDSWORTH, RUSSO & COMPANY

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THE TYLER ROBINSON FOUNDATION, INC.

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Tyler Robinson Foundation, Inc.
Las Vegas, Nevada

We have audited the accompanying financial statements of The Tyler Robinson Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 The Tyler Robinson Foundation, Inc. as of December 31, 2018, 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.

Holdsworth, Russo & Company, P.C.

Las Vegas, Nevada
March 26, 2019

Certified Public Accountants
20 YEARS & COUNTING

THE TYLER ROBINSON FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,135,361
Cash and cash equivalents, restricted	5,616
Accounts receivable	106,000
Unconditional promises to give	100,000
Inventory	12,265
Prepaid expenses	1,156
	<hr/>
	1,360,398

PROPERTY AND EQUIPMENT, NET

1,579

\$ 1,361,977

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 18,301
Accrued expenses	14,689
	<hr/>
	32,990

NET ASSETS

Without donor restrictions	1,223,371
With donor restrictions	105,616
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Total net assets

1,328,987

Total liabilities and net assets \$ 1,361,977

See accompanying notes to financial statements.

THE TYLER ROBINSON FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenue, gains, and other support:

Contributions		\$	453,272
Retail sales			
Sales	\$	23,912	
Cost of goods sold		<u>(13,003)</u>	
Net revenues from retail sales			10,909
Special events			
Special events revenue	2,791,950		
Cost of direct benefits to donors		<u>(1,397,699)</u>	
Net revenues from special events			<u>1,394,251</u>

1,858,432

Expenses and losses:

Program services			1,274,651
Supporting services:			
Management and general			186,703
Fundraising			<u>57,355</u>

1,518,709

Bad debt expense			<u>2,500</u>
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1,521,209

Increase in net assets without donor restrictions			<u>337,223</u>
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NET ASSETS WITH DONOR RESTRICTIONS

Contributions			<u>77,116</u>
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Increase in net assets with donor restrictions			<u>77,116</u>
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INCREASE IN NET ASSETS

414,339

NET ASSETS AT BEGINNING OF YEAR

914,648

NET ASSETS AT END OF YEAR

\$ 1,328,987

See accompanying notes to financial statements.

THE TYLER ROBINSON FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and wages	\$ 248,279	\$ 58,998	\$ 21,221	\$ 328,498
Payroll taxes	26,812	6,371	2,292	35,475
Employee benefits	28,994	6,890	2,478	38,362
Advertising and promotion	85,667	1,884	9,763	97,314
Consulting	59,417	5,109	5,652	70,178
Depreciation	1,034	246	88	1,368
Donations to charitable organizations	53,021	-	-	53,021
Family grants	655,458	-	-	655,458
Information technology	-	21,401	-	21,401
Insurance	2,262	538	193	2,993
Interest	-	1,557	-	1,557
Licensing, registration, and processing fees	-	29,455	6,313	35,768
Office expenses	16,041	9,790	5,017	30,848
Professional fees	38,400	32,403	-	70,803
Rent	28,607	6,798	2,445	37,850
Travel	30,659	5,263	1,893	37,815
	<u>\$ 1,274,651</u>	<u>\$ 186,703</u>	<u>\$ 57,355</u>	<u>\$ 1,518,709</u>

See accompanying notes to financial statements.

**THE TYLER ROBINSON FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 414,339
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	1,368
(Increase) decrease in operating assets:	
Accounts receivable	(106,000)
Unconditional promises to give	(71,500)
Prepaid expenses	2,347
Inventory	3,890
Increase (decrease) in operating liabilities:	
Accounts payable	5,851
Accrued expenses	2,053
	252,348
 NET INCREASE IN CASH	 252,348
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 888,629
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 1,140,977</u>
 SUMMARY OF CASH ACCOUNTS:	
Cash and cash equivalents	\$ 1,135,361
Cash and cash equivalents, restricted	5,616
	<u>\$ 1,140,977</u>
 SUPPLEMENTAL DISCLOSURES:	
Interest paid	\$ 1,557

See accompanying notes to financial statements.

THE TYLER ROBINSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Tyler Robinson Foundation, Inc. (the Organization) was incorporated in the State of Nevada and began operations in April 2013. The Organization was established to strengthen families financially and emotionally as they cope with the tragedy of a pediatric cancer diagnosis by providing grants to defray out of pocket life expenses. The Organization receives the majority of its support from a fundraising concert provided without charge by a band whose members serve on the Organization's Board of Directors.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 and subsections. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Income Tax Status

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures, some of which may need revision in future periods.

THE TYLER ROBINSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consists primarily of amounts owed to the Organization for sponsorships at special events. Management reviews accounts receivable balances to determine if an allowance for doubtful accounts is necessary. No allowance for uncollectible accounts receivable was present at December 31, 2018.

Promises to Give

Promises to give represent promises from donors to give to the Organization. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized at fair value when the conditions on which they depend are substantially met. Promises to give are stated at the amount management expects to collect from outstanding balances. It is the Organization's policy to charge off uncollectible balances when management determines the promise to give will not be collected. No allowance for uncollectible promises to give was present at December 31, 2018. All unconditional promises to give are expected to be received within one year of December 31, 2018.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000 and with a useful life of greater than one year. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the useful lives of the assets, generally as follows:

Vehicles	5 Years
Furniture and equipment	5-7 Years
Buildings and improvements	15-39 Years

Inventory

Inventory consists of clothing and novelty items branded with the Organization's logo held for use in program services and sales to unrelated parties. Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in first-out method.

THE TYLER ROBINSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor-Imposed Restrictions

Contributions received are recorded as increases in net assets with or without restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by their donor 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. For the year ended December 31, 2018, donated entertainment services in the amount of \$1,000,000 were reported as special event expenses in the statement of activities.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount which the carrying amount of the assets exceeds the fair value of the assets.

Advertising and Promotion

The Organization uses advertising to promote its programs and fundraising events. The production costs of advertising are expensed as incurred. Advertising expense was \$97,314 for the year ended December 31, 2018.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. The Organization has adopted the provisions of ASU 2016-14 during the year ended December 31, 2018, and has adjusted the presentation of these statements accordingly.

THE TYLER ROBINSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated on the basis of employee time and effort: salaries and wages, payroll taxes, employee benefits, depreciation, insurance, and rent.

The following expenses were directly allocated by function based on the nature of the expense: donations to charitable organizations, family grants, information technology, and interest.

The following expenses were allocated on the basis of a combination of outside contractor time and effort, employee time and effort, and directly by function based on the nature of the expense: advertising and promotion, consulting, licensing, registration, and processing fees, office expenses, professional fees, and travel.

Date of Management's Review

Subsequent events have been evaluated through March 26, 2019, which is the date the financial statements were available to be issued.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Organization is substantially supported by contribution revenues, and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The following table reflects the Organization's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Cash and cash equivalents	\$ 1,140,977
Accounts receivable	106,000
Unconditional promise to give	<u>100,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,346,977</u>

THE TYLER ROBINSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Furniture and equipment	\$ 7,511
Less: accumulated depreciation	<u>(5,932)</u>
Total	<u>\$ 1,579</u>

Depreciation expense totaled \$1,368 for the year ended December 31, 2018.

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2018:

Ambassador program	\$ 5,616
Time restriction	<u>100,000</u>
	<u>\$ 105,616</u>

Net assets with donor restrictions consisted of the following at December 31, 2018:

Cash	\$ 5,616
Unconditional promises to give	<u>100,000</u>
	<u>\$ 105,616</u>

NOTE 5. CONCENTRATION OF RISK

The Organization maintains its balance of cash in a financial institution in Nevada. The balance at the Nevada institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, \$914,033 was uninsured.

The Organization sponsors a special event annually for the purpose of fundraising. For the year ended December 31, 2018, net special event revenues represented 72% of total revenues.

The entire balance of unconditional promises to give was pledged by one donor at December 31, 2018.

Approximately 71% of the total accounts receivable balance at December 31, 2018 was due from one sponsor.

THE TYLER ROBINSON FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE 6. RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors donated entertainment services for the Organization's special event. These donated entertainment services are recorded at an estimated fair value of \$1,000,000, which represents 52% of total contributions. In addition, monetary contributions in the aggregate amount of \$57,000 were also made to the Organization by certain members of the Board of Directors.

NOTE 7. OPERATING LEASES

The Organization leases storage space on a month-to-month basis at a rate of \$82 per month. During 2018, the Organization leased office space on a month-to-month basis at rates ranging from \$1,067 to \$2,544. In January 2019, the Organization entered into a non-cancelable operating lease for office space expiring May 31, 2020 requiring monthly payments of \$2,049. The term of the 14-month lease will commence on April 1, 2019.

Future minimum lease payments are as follows:

2019	\$ 18,441
2020	<u>10,245</u>
	<u>\$ 28,686</u>

Rent expense totaled \$37,850 for the year ended December 31, 2018.