

**The Marty Lyons
Foundation, Inc.**

(A Not-For-Profit Corporation)

**Financial Statements
December 31, 2019 and 2018**

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

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BASS & LEMER

CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
The Marty Lyons Foundation, Inc.

Independent Auditor's Report

We have audited the accompanying financial statements of The Marty Lyons Foundation, Inc., (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, 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 audits 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.

Independent Auditor's Report, continued

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Marty Lyons Foundation, Inc. as of December 31, 2019 and 2018, and the changes in its net assets, its functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants

West Hempstead, New York
October 5, 2020

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Statements of Financial Position
December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|--------------------------|--------------------------|
| Assets | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 62,045 | \$ 328,904 |
| Prepaid Expenses | 16,483 | 19,750 |
| Total Current Assets | <u>78,528</u> | <u>348,654</u> |
| Other Assets | | |
| Equipment (at Cost), Net of Accumulated Depreciation | 5,730 | - |
| Investment in Marketable Securities (at Fair Value) | 221,018 | 316,464 |
| Security Deposit - Office Lease | 2,000 | 2,000 |
| Total Other Assets | <u>228,748</u> | <u>318,464</u> |
| Total Assets | <u><u>\$ 307,276</u></u> | <u><u>\$ 667,118</u></u> |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts Payable | \$ 32,387 | \$ 40,067 |
| Deferred Revenue - Deposits - Fundraising Events | 968 | - |
| Total Current Liabilities | <u>33,355</u> | <u>40,067</u> |
| Net Assets without Donor Restrictions | 273,921 | 627,051 |
| Net Assets with Donor Restrictions | - | - |
| Total Liabilities and Net Assets | <u><u>\$ 307,276</u></u> | <u><u>\$ 667,118</u></u> |

The accompanying summary of significant accounting principles and policies
and notes to financial statements are an integral part of these statements.

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Statements of Activities
For the Years Ended December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Changes in Net Assets without Donor Restrictions | | |
| Support, Revenues and Gain (Loss) Investment | | |
| Fund Raising Events (Net of Expenses of \$256,697 and \$249,519, respectively) | \$ 485,747 | \$ 448,475 |
| Donation Income | 198,535 | 596,594 |
| Investment Return, Net | 43,725 | (6,907) |
| Total Revenues and Other Support | <u>728,007</u> | <u>1,038,162</u> |
| Expenses | | |
| Program Services | 992,714 | 714,978 |
| Fund Raising Expenses | 44,960 | 42,527 |
| Management and General Expenses | 43,463 | 33,221 |
| Total Expenses | <u>1,081,137</u> | <u>790,726</u> |
| (Decrease) Increase in Net Assets without Donor Restrictions | (353,130) | 247,436 |
| Increase in Net Assets with Donor Restrictions | - | - |
| Net Assets | | |
| Beginning of Year | <u>627,051</u> | <u>379,615</u> |
| End of Year | <u>\$ 273,921</u> | <u>\$ 627,051</u> |

The accompanying summary of significant accounting principles and policies and notes to financial statements are an integral part of these statements.

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Statement of Functional Expenses
For the Year Ended December 31, 2019

| 2019 | Program Services | Fund Raising | Management and General | Total |
|---|---------------------|------------------|------------------------------|---------------------|
| Specific Assistance to Individuals | \$ 650,102 | \$ - | \$ - | \$ 650,102 |
| Leased Employee Payroll and Payroll Taxes | 227,810 | - | - | 227,810 |
| Rent Expense | 28,658 | - | 9,553 | 38,211 |
| Postage and Delivery | 23,974 | - | 2,664 | 26,638 |
| Leased Employee Fringe Benefits | 25,785 | - | - | 25,785 |
| Telephone | 6,354 | - | 706 | 7,060 |
| Professional Dues, Registrations and Licenses | 6,608 | - | - | 6,608 |
| Supplies | 5,261 | - | 928 | 6,189 |
| Pension Plan Contribution - Leased Employees | 4,666 | - | - | 4,666 |
| Computer Costs | 4,519 | - | 4,519 | 9,038 |
| Insurance | 4,500 | - | - | 4,500 |
| Leased Employee Payroll Processing | 4,477 | - | - | 4,477 |
| Public Relations and Fund Raising | - | 44,960 | - | 44,960 |
| Professional Fees | - | - | 7,605 | 7,605 |
| Bank and Credit Card Fees | - | - | 10,035 | 10,035 |
| Seminar Fees, Administrative and Office Expenses | - | - | 5,510 | 5,510 |
| Depreciation | - | - | 1,078 | 1,078 |
| Chapter and Board Meeting Expenses | - | - | 865 | 865 |
| Totals | <u>\$ 992,714</u> | <u>\$ 44,960</u> | <u>\$ 43,463</u> | <u>\$ 1,081,137</u> |

The accompanying summary of significant accounting principles and policies and notes to financial statements are an integral part of these statements.

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Statement of Functional Expenses
For the Year Ended December 31, 2018

| 2018 | Program Services | Fund Raising | Management and General | Total |
|---|---------------------|------------------|------------------------------|-------------------|
| Specific Assistance to Individuals | \$ 411,326 | \$ - | \$ - | \$ 411,326 |
| Leased Employee Payroll and Payroll Taxes | 204,061 | - | - | 204,061 |
| Public Relations and Fund Raising | - | 42,527 | - | 42,527 |
| Rent Expense | 24,668 | - | 8,223 | 32,891 |
| Leased Employee Fringe Benefits | 20,059 | - | - | 20,059 |
| Telephone | 10,250 | - | 1,139 | 11,389 |
| Supplies | 9,488 | - | 1,674 | 11,162 |
| Professional Fees | - | - | 10,920 | 10,920 |
| Bank Charges and Miscellaneous | - | - | 7,346 | 7,346 |
| Postage and Delivery | 6,186 | - | 687 | 6,873 |
| Seminar Fees, Administrative and Office Expenses | 6,424 | - | - | 6,424 |
| Insurance | 5,968 | - | - | 5,968 |
| Professional Dues, Registrations and Licenses | 5,262 | - | - | 5,262 |
| Computer Costs | 2,493 | - | 2,492 | 4,985 |
| Leased Employee Payroll Processing | 4,525 | - | - | 4,525 |
| Pension Plan Contribution - Leased Employees | 4,268 | - | - | 4,268 |
| Chapter and Board Meeting Expenses | - | - | 740 | 740 |
| Totals | <u>\$ 714,978</u> | <u>\$ 42,527</u> | <u>\$ 33,221</u> | <u>\$ 790,726</u> |

The accompanying summary of significant accounting principles and policies and notes to financial statements are an integral part of these statements.

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

| | 2019 | 2018 |
|--|--------------|------------|
| Cash Flows from Operating Activities | | |
| (Decrease) Increase in Net Assets | \$ (353,130) | \$ 247,436 |
| <i>Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash (Used) in/Provided by Operating Activities -</i> | | |
| Depreciation | 1,078 | - |
| Net Unrealized and Realized (Gain) Loss on Investments | (34,773) | 10,506 |
| Decrease in Receivables-Fundraising Events | - | 1,275 |
| Decrease in Prepaid Expenses | 3,267 | 5,250 |
| (Decrease) Increase in Accounts Payable | (7,680) | 21,173 |
| Increase (Decrease) in Deferred Revenue - Deposits - Fundraising Events | 968 | (18,130) |
| Donation of Marketable Securities | - | (217,779) |
| Total Adjustments | (37,140) | (197,705) |
| Net Cash (Used) in/Provided by Operating Activities | (390,270) | 49,731 |
| Cash Flows from Investing Activities | | |
| Purchase of Investments | (114,545) | (65,257) |
| Sales of Investments | 244,764 | 51,751 |
| Purchase of Equipment | (6,808) | - |
| Net Cash Provided by/(Used) in Investing Activities | 123,411 | (13,506) |
| Net (Decrease) Increase in Cash and Cash Equivalents | (266,859) | 36,225 |
| Cash and Cash Equivalents | | |
| Beginning of Year | 328,904 | 292,679 |
| End of Year | \$ 62,045 | \$ 328,904 |
| Supplementary Information | | |
| Interest Paid on a Cash Basis | \$ - | \$ - |
| Income Taxes Paid on a Cash Basis | \$ - | \$ - |

The accompanying summary of significant accounting principles and policies and notes to financial statements are an integral part of these statements.

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Notes to Financial Statements
December 31, 2019 and 2018

1. Nature of Operations

The Marty Lyons Foundation, Inc. (the "Corporation") was incorporated on October 28, 1982 in New York State as a Not-for-Profit Corporation. It was formed to raise funds to fulfill special wishes of children between three (3) and seventeen (17) years of age inclusive who have been diagnosed as having a terminal or life threatening illness by providing and arranging a wish such as: a trip, meeting a celebrity, attending a special event, a shopping spree, a specific gift, or any other special wish request the Board of Directors may deem to be within the capabilities of the Corporation. The Corporation's support and revenue was almost entirely generated through contributions, gifts, grants and special fund raising events and activities. The Corporation received federal tax exempt 501(c)(3) status from the Internal Revenue Service on April 27, 1984. Donors may deduct contributions to the Corporation as provided in Section 170 of the Internal Revenue Code. Bequests, legacies, devises, transfers, or gifts to the Corporation can be deductible for federal estate and gift tax purposes. The principal source of revenue for the years ended December 31, 2019 and 2018 came from fund raising programs and donation income.

The Corporation is currently registered to solicit funds in New York, Florida, Georgia, Massachusetts, Maryland, New Jersey, South Carolina, Connecticut, Alabama, North Carolina, Texas, Virginia and Pennsylvania.

2. Summary of Significant Accounting Principles and Policies

This summary of the significant accounting principles and policies of the Corporation is presented to assist in evaluating the Corporation's financial statements included in this report. These principles and policies conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit entities. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions which may impact the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and disclosures of contingencies during the reporting period. Actual results could differ from those estimates and assumptions. A summary of the accounting principles and policies followed by the Corporation is as follows:

- Assets, liabilities, revenue and expenses are recognized on the accrual basis. Revenues received for future periods are deferred to the applicable period. Expenses are recognized when incurred.
- Equipment is stated at cost less accumulated depreciation computed on the straight-line method depreciation over their useful lives.
- Revenue is recognized when earned. 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 are not recognized until the conditions on which they depend have been substantially met.
- The carrying amounts of cash, receivables, accounts payable and accrued expenses approximate fair value because of the short-term nature of the items.

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Notes to Financial Statements
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- Cash and cash equivalents included in the accompanying financial statements of cash flows represents cash in checking accounts and money market accounts with original maturities of three months or less. The Corporation considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.
- Operating lease expense is recorded on the straight-line basis as paid.
- Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions.
- The Corporation implemented Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 820 (formerly SFAS 157) for those assets that are measured at and reported at fair value. This standard establishes a single authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements.
- In general, fair values determined by Level I inputs are based upon quoted prices in active markets for identical assets. Level II fair values are observable from other data points such as quoted prices, yield curves, and interest rates. Level III fair values are computed based on other information where there is little or no market activity for the related asset or liability. The Corporation currently has no financial assets which use Level II or III fair value measurements.
- Investments in marketable securities with readily determinable fair values and all investments in certificates of deposit are reported at their fair values in the Statements of Financial Position. Investment income is reported as increases in unrestricted net assets in the reporting period in which the income is received.
- 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. Donor-imposed restriction are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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Notes to Financial Statements
December 31, 2019 and 2018

• **FASB ASC 606 New Accounting Guidance Implementation**

The Financial Accounting Standards Board ("FASB") issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification ("ASC"). Topic 606 requires the recognition of revenue as the related performance obligations are satisfied, and the recording of contract liabilities for any unspent revenue.

The Corporation adopted the requirements of this new guidance as of January 1, 2019. Deferred revenue of \$968 was required to the Corporation's accounting policies for the year ending December 31, 2019.

3. Liquidity and Availability of Financial Assets

The following represents The Marty Lyons Foundation, Inc's financial assets at December 31:

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Financial assets at year end: | | |
| Investment in Marketable Securities (at Fair Value) | \$ 221,018 | \$ 316,464 |
| Cash and Cash Equivalents | <u>62,045</u> | <u>328,904</u> |
| Total Financial Assets | 283,063 | 645,368 |
| Less amount not available to be used within one year: | | |
| Net assets with donor restrictions | - | - |
| Less net assets with purpose restrictions to be met in less than a year | <u>-</u> | <u>-</u> |
| Financial assets available to meet general expenditures over the next 12 months | <u>\$ 283,063</u> | <u>\$ 645,368</u> |

4. Cash and Cash Equivalents

Cash and Cash Equivalents consist of the following as of December 31:

| | <u>2019</u> | <u>2018</u> |
|-----------------------|------------------|-------------------|
| Cash - Morgan Stanley | \$ 49,100 | \$ 64,943 |
| Cash - Checking | 9,923 | 38,848 |
| Cash - Money Market | <u>3,022</u> | <u>225,113</u> |
| Totals | <u>\$ 62,045</u> | <u>\$ 328,904</u> |

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Notes to Financial Statements
December 31, 2019 and 2018

5. Equipment (Net of Accumulated Depreciation)

Equipment (Net of Accumulated Depreciation) consist of the following at December 31:

| | <u>2019</u> |
|--|-----------------|
| Equipment | \$ 6,808 |
| Less: Accumulated Depreciation Equipment | <u>(1,078)</u> |
| Total | <u>\$ 5,730</u> |

6. Investments

Investments at December 31, 2019 consist of the following:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Gain</u> |
|-----------------------|-------------|-------------------|------------------------|
| Marketable Securities | \$ 190,672 | \$ 221,018 | \$ 30,346 |

The following schedule summarizes the investment return and its classification in the Statement of Activities:

| | <u>2019</u> | <u>2018</u> |
|--|------------------|-------------------|
| Net Realized and Unrealized Gain (Losses)* | \$ 34,773 | \$ (10,506) |
| Dividend and Interest Income | 9,659 | 3,599 |
| Investment Management Fees | <u>(707)</u> | <u>-</u> |
| Investment Return, Net | <u>\$ 43,725</u> | <u>\$ (6,907)</u> |

* At December 31, 2019 and 2018, the aggregated market value of investments was higher/lower than their aggregate cost by \$30,346, and \$(11,798), respectively. The statements of activities provide for the respective increase and decrease in the net realized and unrealized gains (losses), which is included in the net investment returns for the year.

Investments at December 31, 2018 consist of the following:

| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Loss</u> |
|-------------------------|-------------------|-------------------|------------------------|
| Marketable Securities | \$ 264,607 | \$ 252,809 | \$ (11,798) |
| Certificates of Deposit | <u>63,655</u> | <u>63,655</u> | <u>-</u> |
| Totals | <u>\$ 328,262</u> | <u>\$ 316,464</u> | <u>\$ (11,798)</u> |

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Notes to Financial Statements
December 31, 2019 and 2018

7. Program Services – Specific Assistance to Individuals

During 2019 and 2018, the Corporation fulfilled wishes to approximately 115 and 70 children, respectively, between three (3) and seventeen (17) years of age inclusive who have been diagnosed as having a terminal or life-threatening illness. The special wishes included meeting a celebrity, educational and entertainment items, shopping sprees, special gifts and trips to recreational sites and specific points of interests. The child's family is provided with airline tickets, hotel accommodations and a travel expense allowance on trips outside of the area in which they reside. Applications are accepted for any child between the ages of three (3) and seventeen (17) inclusive who has been diagnosed as having a terminal or life-threatening illness by their attending physician and confirmed by the Corporation's medical advisors shall be eligible. The child must reside or be receiving medical treatment within the geographic locations of the Corporation's principal office or chapters. The applicant who meets these requirements will be eligible for a special wish from the Corporation. Reports on these wishes are made quarterly to the Board of Directors.

8. Net Realized/Unrealized Gains (Losses) on Investments

Listed below are the gains (losses) on investments during the years ended December 31:

| | <u>2019</u> | <u>2018</u> |
|---|------------------|--------------------|
| Net Realized (Losses) Gains on Investments Sold | \$ (7,371) | \$ 1,292 |
| Change in Net Unrealized Gains (Losses) on Investments held at Year End | <u>42,144</u> | <u>(11,798)</u> |
| Totals | <u>\$ 34,773</u> | <u>\$ (10,506)</u> |

9. Donation Income

All donations received by the Corporation are unrestricted contributions. There were no donor stipulations that limit the use of the donated assets. During 2018, the Corporation received a specific bequest of \$249,557 as follows:

| | |
|-----------------------|-------------------|
| Marketable Securities | \$ 217,779 |
| Cash | <u>31,778</u> |
| Total | <u>\$ 249,557</u> |

The marketable securities were recorded as donation income and valued at fair value on the date the marketable securities were received from the donor's estate.

The Marty Lyons Foundation, Inc.
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Notes to Financial Statements
December 31, 2019 and 2018

10. Special Fund Raising Events and Activities

During 2019 and 2018, the Corporation had various fund raising events. The net proceeds from these events are to be used in achieving the Corporation's commitment to its present and future recipients.

The major fund raising events in 2019 were as follows:

| <u>Fund Raising Event</u> | <u>Revenue</u> | <u>Expenses</u> | <u>Net</u> |
|-----------------------------------|-------------------|-------------------|-------------------|
| Celebrity Golf Classic | \$ 327,891 | \$ 111,235 | \$ 216,456 |
| Five Boro Bike Tour | 84,982 | 23,000 | 61,982 |
| Long Island Golf Outing | 38,671 | 24,196 | 14,475 |
| Nassau/Suffolk Bowling for Wishes | 18,251 | 5,969 | 12,282 |
| Marty Gras Dinner Dance | 24,430 | 12,367 | 12,063 |
| Cigar Night | 22,071 | 13,907 | 8,164 |
| Generosity 5K | 6,869 | 3,450 | 3,419 |
| High Tide Classic | 18,291 | 8,501 | 9,790 |
| March Madness | 4,705 | 3,556 | 1,149 |
| North Carolina Golf Classic | 14,237 | 16,240 | (2,003) |
| NFL Playoff Party | 5,717 | 3,854 | 1,863 |
| Tilles Center Concert | 41,257 | 25,432 | 15,825 |
| Young Professionals Flag Football | 57,921 | 4,990 | 52,931 |
| Casino Night | 77,351 | - | 77,351 |
| Totals | <u>\$ 742,444</u> | <u>\$ 256,697</u> | <u>\$ 485,747</u> |

The major fund raising events in 2018 were as follows:

| <u>Fund Raising Event</u> | <u>Revenue</u> | <u>Expenses</u> | <u>Net</u> |
|----------------------------|-------------------|-------------------|-------------------|
| Celebrity Golf Classic | \$ 338,539 | \$ 149,603 | \$ 188,936 |
| Five Boro Bike Tour | 147,803 | 24,940 | 122,863 |
| 2018 Flag Football | 39,822 | 2,489 | 37,333 |
| Florida Golf Outing | 30,173 | 6,926 | 23,247 |
| Long Island Golf Outing | 47,678 | 25,388 | 22,290 |
| 2018 Super Bowl Raffle | 21,140 | 5,420 | 15,720 |
| 2018 Walkathon | 15,133 | 3,000 | 12,133 |
| Nassau Bowling for Wishes | 16,437 | 7,881 | 8,556 |
| Georgia Golf Classic | 16,744 | 8,746 | 7,998 |
| Marty Gras Dinner Dance | 18,210 | 11,462 | 6,748 |
| Suffolk Bowling for Wishes | 6,387 | 3,736 | 2,651 |
| Totals | <u>\$ 698,066</u> | <u>\$ 249,591</u> | <u>\$ 448,475</u> |

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Notes to Financial Statements
December 31, 2019 and 2018

11. Rent Expense

The Corporation is currently leasing office space pursuant to a lease dated August 2013 that was renewed for one year for September 1, 2019 through August 31, 2020 payable at \$2,750 per month. The lease requires payment of escalation rentals for certain operating expenses and real estate taxes. Minimum future rental payments under this lease are summarized as follows:

Rent expense for the years 2019 and 2018 is \$38,210 and \$32,891, respectively.

Year Ending December 31,

| | |
|------|------------------|
| 2020 | <u>\$ 22,000</u> |
|------|------------------|

As of the date of the financial statements the office lease has not been renewed for the period beyond August 31, 2020.

Rent expense (including charges for operating expenses and taxes) is recognized using the straight-line method over the term of the lease.

12. Employee Leasing Agreement

Effective January 1, 2013, the Corporation engaged the services of an employee leasing company. The agreement automatically renews each year for one year. Therefore, for 2019 and 2018 the payroll, payroll taxes, employee fringe benefits, pension plan contribution and payroll processing expenses are actually employee leasing expenses. These amounts are shown separately in the Statements of Functional Expenses for comparative purposes.

13. Investment Risk and Uncertainties

The Corporation, at times, had cash deposits with Bank of America in excess of the \$250,000 FDIC insurance coverage.

The Securities Investor Protection Corporation (SIPC) provides up to \$500,000 of insurance coverage for the Corporation's securities with Morgan Stanley (including a \$250,000 limit for cash).

The Corporation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Corporation's statement of financial position.

14. Contributed Services

The Corporation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Corporation. The value of this contributed time and expense is not reflected in the accompanying financial statements because it does not meet the recognition criteria and cannot be objectively measured or valued.

The Marty Lyons Foundation, Inc.
(A Not-For-Profit Corporation)

Notes to Financial Statements
December 31, 2019 and 2018

15. Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents approximate fair value because of the short-term maturity of those financial instruments.

The fair values of the Corporation's financial instruments at December 31, 2019 are as follows:

| | <u>Carrying Value</u> | <u>Fair Value</u> |
|---------------------------|---------------------------|-----------------------|
| Financial Assets: | | |
| Equity Securities | \$ 144,595 | \$ 144,595 |
| Cash and Cash Equivalents | 62,045 | 62,045 |
| Mutual Funds | 34,992 | 34,992 |
| Government Securities | 23,175 | 23,175 |
| Corporate Fixed Income | 18,256 | 18,256 |

The fair values of the Corporation's financial instruments at December 31, 2018 are as follows:

| | <u>Carrying Value</u> | <u>Fair Value</u> |
|---------------------------|---------------------------|-----------------------|
| Financial Assets | | |
| Cash and Cash Equivalents | \$ 328,904 | \$ 328,904 |
| Equity Securities | 133,929 | 133,929 |
| Certificates of Deposit | 63,655 | 63,655 |
| Mutual Funds | 49,404 | 49,404 |
| Government Securities | 38,778 | 38,778 |
| Corporate Fixed Income | 30,698 | 30,698 |

Investments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

- Level I** - Pricing inputs are quoted prices available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level I include listed equity securities. The Corporation, to the extent that it holds such investments, adjusts the quoted price for these investments.
- Level II** - Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level I. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly traded securities with restrictions on disposition.
- Level III** - Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant judgment or estimation. The types of investments which would generally be included in this category include debt and equity securities issued by private entities.

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The following table summarizes the fair value of the Corporation's investments as of December 31, 2019:

| | <u>Total</u> | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> |
|------------------------|-------------------|-------------------|-----------------|------------------|
| Equity Securities | \$ 144,595 | \$ 144,595 | - | - |
| Mutual Funds | 34,992 | 34,992 | - | - |
| Government Securities | 23,175 | 23,175 | - | - |
| Corporate Fixed Income | 18,256 | 18,256 | - | - |
| Total Investments | <u>\$ 221,018</u> | <u>\$ 221,018</u> | <u>\$ -</u> | <u>\$ -</u> |

The following table summarizes the fair value of the Corporation's investments as of December 31, 2018:

| | <u>Total</u> | <u>Level I</u> | <u>Level II</u> | <u>Level III</u> |
|-------------------------|-------------------|-------------------|-----------------|------------------|
| Equity Securities | \$ 133,929 | \$ 133,929 | \$ - | \$ - |
| Certificates of Deposit | 63,655 | 63,655 | - | - |
| Mutual Funds | 49,404 | 49,404 | - | - |
| Government Securities | 38,778 | 38,778 | - | - |
| Corporate Fixed Income | 30,698 | 30,698 | - | - |
| Total Investments | <u>\$ 316,464</u> | <u>\$ 316,464</u> | <u>\$ -</u> | <u>\$ -</u> |

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Certificates of Deposit: Valued at cash value which approximates fair value.

Marketable Securities: Valued at the closing price reported in the active market in which the marketable securities are traded.

16. Tax Status

The Corporation is a qualified not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state and local taxes under comparable laws. Accordingly, it is not subject to income taxes except to the extent it has taxable income from activities that are not related to its exempt purpose. The Corporation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. No provision for income taxes was required for the years 2019 and 2018. The Corporation's tax returns for all years since 2016 remain open to examination by the respective taxing authorities. There are currently no tax examinations in progress.

17. Functional Expenses

The Foundation's financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocations on a reasonable basis that is consistently applied. The expenses that are allocated are rent expense, postage and delivery, telephone, supplies and computer costs.

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18. Subsequent Events

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

As a result of coronavirus, all events have been cancelled for the foreseeable future. The Corporation's first priority once it is safe to do so, is to complete wishes that were cancelled in 2020.

The Corporation evaluates events and transactions that occur subsequent to the Statements of Financial Position date but prior to the issuance date of the financial statements to determine the necessity for recognitions and/or reporting of any of these events and transactions in the financial statements. As of October 5, 2020, there are no subsequent events to be recognized or reported.

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Schedule 1
Celebrity Golf Classic
Revenue and Expenses

For the Years Ended December 31, 2019 and 2018

| | <u>2019</u> | <u>2018</u> |
|---------------------------------|-------------------|-------------------|
| Total Revenue | <u>\$ 327,690</u> | <u>\$ 338,539</u> |
| Expenses | | |
| Golf Course Fee and Food | 70,565 | 115,221 |
| Awards | 28,259 | 23,515 |
| Auction and Raffle Expenses | 6,497 | 5,560 |
| Printing and Supplies | <u>7,914</u> | <u>5,307</u> |
| Total Expenses | <u>111,235</u> | <u>149,603</u> |
| Excess of Revenue over Expenses | <u>\$ 216,455</u> | <u>\$ 188,936</u> |