

**THE TYLER ROBINSON FOUNDATION, INC.**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

The logo consists of a dark blue square with a white border. Inside the square, the letters "HRC" are written in a white, sans-serif font.

**HRC**

**THE TYLER ROBINSON FOUNDATION, INC.**

**DECEMBER 31, 2019**

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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, 2019, 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, 2019, 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.

*Hmedsmoth, Russo & Company, P.C.*

Las Vegas, Nevada  
May 7, 2020



**THE TYLER ROBINSON FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 849,568
Employee receivable	17,332
Unconditional promises to give	135,638
Inventory	13,424
Prepaid expenses	4,858
	<hr/>
	1,020,820

PROPERTY AND EQUIPMENT, NET

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3,537

\$ 1,024,357

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 17,698
Accrued expenses	15,830
	<hr/>
	33,528

NET ASSETS

Without donor restrictions	855,191
With donor restrictions	135,638
	<hr/>
Total net assets	990,829

Total liabilities and net assets \$ 1,024,357

See accompanying notes to financial statements.

**THE TYLER ROBINSON FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**NET ASSETS WITHOUT DONOR RESTRICTIONS**

Revenue, gains, and other support:		
Contributions	\$	377,779
In-kind donations		3,000
Retail sales		
Sales	\$	12,819
Cost of goods sold		<u>(5,227)</u>
Net revenues from retail sales		7,592
Special events		
Special events revenue		2,803,490
Cost of direct benefits to donors		<u>(1,423,913)</u>
Net revenues from special events		1,379,577
Interest income		7,105
Net assets released from restrictions		<u>105,616</u>
		1,880,669
Expenses and losses:		
Program services		1,846,769
Supporting services:		
Management and general		364,625
Fundraising		<u>72,940</u>
		2,284,334
Bad debt expense		<u>5,000</u>
		<u>2,289,334</u>
Decrease in net assets without donor restrictions		<u>(408,665)</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions		135,638
Net assets released from restrictions		<u>(105,616)</u>
		30,022
<b>DECREASE IN NET ASSETS</b>		(378,643)
<b>NET ASSETS AT BEGINNING OF YEAR</b>		<u>1,369,472</u>
<b>NET ASSETS AT END OF YEAR</b>		<u><u>\$ 990,829</u></u>

See accompanying notes to financial statements.

**THE TYLER ROBINSON FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services	Supporting Services		Special Event Direct Benefits	Total
		Management and General	Fundraising		
Salaries and wages	\$ 305,501	\$ 71,488	\$ 24,405	\$ -	\$ 401,394
Payroll taxes	33,616	7,866	2,685	-	44,167
Employee benefits	36,239	8,480	2,895	-	47,614
Advertising and promotion	54,113	146,751	-	-	200,864
Consulting	22,727	4,650	2,045	-	29,422
Depreciation	427	100	34	-	561
Donations to charitable organizations	67,925	-	-	-	67,925
Entertainment	-	-	-	1,011,424	1,011,424
Event supplies	-	-	-	13,194	13,194
Family grants	1,183,948	-	-	-	1,183,948
Information technology	-	12,329	-	-	12,329
Insurance	1,880	440	150	-	2,470
Interest	-	738	-	-	738
Licensing, registration, and processing fees	-	32,206	31,481	-	63,687
Office expenses	42,278	9,893	3,378	-	55,549
Professional fees	24,674	52,499	-	89,084	166,257
Rent	31,886	7,462	2,547	-	41,895
Travel	41,555	9,723	3,320	-	54,598
Venue	-	-	-	310,211	310,211
	<u>\$ 1,846,769</u>	<u>\$ 364,625</u>	<u>\$ 72,940</u>	<u>1,423,913</u>	<u>3,708,247</u>
Less: Direct benefits to donors				<u>(1,423,913)</u>	<u>(1,423,913)</u>
				<u>\$ -</u>	<u>\$ 2,284,334</u>

See accompanying notes to financial statements.

**THE TYLER ROBINSON FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Decrease in net assets	\$ (378,643)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	561
(Increase) decrease in operating assets:	
Accounts receivable	106,000
Employee receivable	(17,332)
Unconditional promises to give	(35,638)
Inventory	(1,159)
Prepaid expenses	(3,702)
Increase (decrease) in operating liabilities:	
Accounts payable	(604)
Accrued expenses	1,142
	<hr/>
Net cash used in operating activities	<u>(329,375)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of property and equipment	<u>(2,518)</u>
Net cash used in investing activities	<u>(2,518)</u>
 <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	 (331,893)
 <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	 <u>1,181,461</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <u>\$ 849,568</u>
 <b>SUPPLEMENTAL DISCLOSURES:</b>	
Interest paid	<u>\$ 738</u>

See accompanying notes to financial statements.

**THE TYLER ROBINSON FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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 partners with over fifty hospitals worldwide caring for pediatric cancer families and their hospital partners aid them in identifying families eligible to apply for their grants. 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).

*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.

*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.

**THE TYLER ROBINSON FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Employee Receivable*

Employee receivable consists primarily of amounts owed to the Organization from advances to employees. Management reviews receivable balances to determine if an allowance for doubtful accounts is necessary. No allowance for uncollectible receivables was present at December 31, 2019.

*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 net realizable 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, 2019. All unconditional promises to give are expected to be received within one year of December 31, 2019.

*Revenue Recognition*

Revenue is recognized from the sale of goods when the product is transferred to the customer. Special event revenue is recorded equal to the fair value of direct benefits to donors, and contribution revenue for the difference. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

*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, 2019**

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, 2019, 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*

The Organization uses advertising to promote its programs and fundraising events. The production costs of advertising are expensed as incurred.

*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, office expenses and rent, travel.

The following expenses were directly allocated by function based on the nature of the expense: advertising and promotion, consulting, donations to charitable organizations, entertainment, event supplies, family grants, information technology, interest, licensing, registration and processing fees, professional fees, and venue.

**THE TYLER ROBINSON FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Date of Management's Review*

Subsequent events have been evaluated through May 7, 2020, 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, 2019 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	\$ 849,568
Employee receivable	17,332
Unconditional promises to give	<u>135,638</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,002,538</u>

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture and equipment	\$ 10,030
Less: accumulated depreciation	<u>(6,493)</u>
Total	<u>\$ 3,537</u>

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2019:

Subject to passage of time:

Unconditional promises to give	<u>\$ 135,638</u>
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**THE TYLER ROBINSON FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions consisted of the following at December 31, 2019:

Unconditional promises to give	<u>\$ 135,638</u>
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Net assets were released from donor restrictions during 2019 by incurring expenses satisfying the restricted purpose and passage of time as follows:

Satisfaction of purpose restrictions:

Ambassador program	<u>\$ 5,616</u>
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Expiration of time restrictions:

Unconditional promises to give	<u>\$ 100,000</u>
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NOTE 5. CONCENTRATION OF RISK

The Organization maintains its balance of cash in multiple financial institutions in Nevada. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each institution. At December 31, 2019, \$598,903 was uninsured.

The Organization sponsors a special event annually for the purpose of fundraising. For the year ended December 31, 2019, net special event revenues represented 72% of total revenues.

The entire balance of unconditional promises to give was pledged by three donors at December 31, 2019.

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 53% of total contributions. In addition, monetary contributions in the aggregate amount of \$182,320 were also made to the Organization by certain members of the Board of Directors and \$3,024 were expended for legal services at a legal office associated with a member of the Board of Directors.

NOTE 7. OPERATING LEASES

The Organization leases storage space on a month-to-month basis at a rate of \$81 per month. In January 2019, the Organization entered into a non-cancelable operating lease for office space for the term of April 1, 2019 through May 31, 2020 requiring monthly payments of \$2,049.

Future minimum lease payments are as follows:

2020	<u>\$ 10,245</u>
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Rent expense totaled \$41,895 for the year ended December 31, 2019.

**THE TYLER ROBINSON FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2019**

NOTE 8. EMPLOYEE BENEFIT PLAN

The Organization offers a 401(k) plan for eligible employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization contributed \$806 to the plan during the year ended December 31, 2019.

NOTE 9. PRIOR PERIOD ADJUSTMENT

During the year ended December 31, 2019, an adjustment was made to net assets to recognize revenue that was earned during the year ending December 31, 2018.

December 31, 2018, net assets ending balance, originally stated	\$ 1,328,987
Plus: Additional contributions revenue recognized	<u>40,485</u>
December 31, 2018, net assets ending balance, restated	\$ <u>1,369,472</u>

In 2018, an unconditional pledge from a third-party fundraising event was received, but the funds were collected in 2019 and the revenue was originally posted in 2019 in error. This contribution revenue should have been reported as revenue in 2018. The effect of the prior period adjustment is to increase the contributions received during 2018 and the ending net assets balance.

NOTE 10. SUBSEQUENT EVENT

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

The Federal government has responded to this health and economic crisis by enacting legislation to give relief to businesses, including non-profits. One provision of this legislation is the CARES Act. Under the CARES Act, there is a provision referred to as the Paycheck Protection Program, which provides loans to be used to pay for payroll, benefits and various other operating costs. Additionally, this program allows that all or a portion of these loans may be forgiven, if certain criteria are met related to retaining employees. The Organization has applied for a loan under this program.