

**THE TOBY KEITH FOUNDATION, INC.**

**Audited Financial Statements**

For the Years Ended December 31, 2022 and 2021

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**MILLER, MAYER, SULLIVAN & STEVENS LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

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To the Board of Directors  
The Toby Keith Foundation, Inc.  
Norman, Oklahoma

**Opinion**

We have audited the accompanying financial statements of The Toby Keith Foundation, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Toby Keith Foundation, Inc., as of December 31, 2022 and 2021, 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.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Toby Keith Foundation, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Toby Keith Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Toby Keith Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Miller, Mayer, Sullivan, & Stevens, LLP*

Lexington, Kentucky

July 20, 2023

**THE TOBY KEITH FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash	\$ 2,784,570	\$ 2,387,048
Accounts receivable	24,000	12,000
Prepaid expenses	116,055	107,929
Capital assets, net	7,965,386	8,233,074
Operating lease-right-of-use asset	956,504	
Total assets	<b>\$ 11,846,515</b>	<b>\$ 10,740,051</b>
<b>Liabilities</b>		
Accounts payable	\$ 17,353	\$ 21,122
Accrued expenses		5,000
Deferred revenue	6,000	
Operating lease - right-of-use liability	956,504	
Loan payable	4,535,431	4,843,310
Total liabilities	5,515,288	4,869,432
<b>Net Assets</b>		
Without donor restrictions	6,331,227	5,870,619
Total liabilities and net assets	<b>\$ 11,846,515</b>	<b>\$ 10,740,051</b>

*The accompanying notes are an integral part of the financial statements.*

**THE TOBY KEITH FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended December 31, 2022 and 2021

	2022	2021
<b>Changes in Net Assets Without Donor Restrictions:</b>		
<b>Support and Revenue</b>		
Auction proceeds	\$ 680,596	\$ 846,625
Golf entry revenue	504,101	453,300
Donations	363,376	372,110
Golf event revenue	224,841	300,119
Sporting Clay Classic	191,612	37,534
In-kind	75,385	106,257
The Fish Bowl revenue	62,762	41,271
Grant revenue	13,000	26,650
Interest and dividend income	4,706	1,372
Other income	665	81,408
Genesis Invitational		41,632
Insurance proceeds		17,830
Total support and revenue	2,121,044	2,326,108
<b>Expenses</b>		
OK Kids Korral expenses	1,035,745	1,070,453
Golf tournament expenses	295,037	282,053
Fundraising expenses	201,949	175,786
Administrative expenses	127,705	87,503
Total expenses	1,660,436	1,615,795
Increase (decrease) in net assets without donor restrictions	460,608	710,313
Net assets, beginning of year	5,870,619	5,160,306
Net assets, end of year	\$ 6,331,227	\$ 5,870,619

*The accompanying notes are an integral part of the financial statements.*

**THE TOBY KEITH FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Administrative Expenses</b>		
Accounting fees	\$ 49,006	\$ 30,524
Salaries	31,888	27,500
Credit card fees	26,864	14,321
Insurance	4,749	4,527
Employee benefits	2,680	2,204
Payroll taxes	2,495	2,326
Marketing and promotion	2,342	378
Printing	1,989	
Dues and fees	1,941	2,559
Postage and shipping	1,309	1,191
Telephone	1,303	1,546
Office expense	1,032	239
Auto mileage reimbursement	107	
Meals and entertainment		188
	<u>\$ 127,705</u>	<u>\$ 87,503</u>
<b>Total administrative expenses</b>	<u>\$ 127,705</u>	<u>\$ 87,503</u>
 <b>OK Kids Korral Expenses</b>		
Depreciation expense	\$ 267,688	\$ 309,979
Salaries	174,335	165,000
Interest expense	159,642	169,767
Utilities	107,596	92,613
Contract work/maintenance	73,958	64,899
Insurance expense	56,979	55,551
Pilot payment in lieu of taxes	50,000	50,000
Repairs	36,966	52,154
Food and supplies	32,128	39,077
Land lease	30,000	30,000
Employee benefits	25,803	20,595
Payroll taxes	14,668	13,955
Contract labor	5,982	5,894
Special programs		969
	<u>\$ 1,035,745</u>	<u>\$ 1,070,453</u>
<b>Total OK Kids Korral expenses</b>	<u>\$ 1,035,745</u>	<u>\$ 1,070,453</u>

*The accompanying notes are an integral part of the financial statements.*

**THE TOBY KEITH FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES, continued**  
**For the Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Golf Tournament Expenses</b>		
Toby Keith golf event	\$ 164,752	\$ 168,715
Golf course rental	52,131	37,207
Schooner golf event	51,666	54,622
Salaries	14,828	13,750
Hotel	3,906	1,582
Printing	2,302	2,255
Video	1,500	
Employee benefits	1,340	1,102
Security expenses	1,260	1,260
Payroll taxes	1,248	1,163
Insurance expense	104	397
	<b>\$ 295,037</b>	<b>\$ 282,053</b>
<b>Fundraising Expenses</b>		
Expenses for auction items	\$ 68,671	\$ 84,875
Clay shooting invitational expenses	52,918	
Fish Bowl expenses	46,002	16,163
Salaries	14,828	13,750
Sales tax	8,552	6,690
Consultant	5,000	
Other fundraising	3,286	17,294
Employee benefits	1,340	1,102
Payroll taxes	1,248	1,163
Insurance expense	104	397
Printing		3,185
Fundraising expense Genesis Invitational		26,063
Fundraising software and training		5,104
	<b>\$ 201,949</b>	<b>\$ 175,786</b>

*The accompanying notes are an integral part of the financial statements.*

**THE TOBY KEITH FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 460,608	\$ 710,313
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	267,688	309,979
Debt forgiveness		(61,535)
Change in:		
Accounts receivable	(12,000)	
Prepaid expenses	(8,126)	(27,313)
Accounts payable	(3,769)	17,825
Accrued expenses	(5,000)	4,839
Prepaid revenue	6,000	(43,000)
Net cash provided by operating activities	705,401	911,108
<b>Cash Flows from Investing Activities</b>		
Purchase of capital assets		(5,806)
Net cash (used) by investing activities		(5,806)
<b>Cash Flows from Financing Activities</b>		
PPP and disaster loan proceeds		61,535
Loan repayments	(307,879)	(297,754)
Net cash provided (used) by financing activities	(307,879)	(236,219)
Net increase (decrease) in cash	397,522	669,083
Cash, beginning of year	2,387,048	1,717,965
Cash, end of year	\$ 2,784,570	\$ 2,387,048
<b>Supplemental Schedule of Operating Activities</b>		
Interest paid	\$ 159,642	\$ 169,767
<b>Supplemental Schedule of Investing Activities</b>		
Disposal of fully depreciated capital asset	\$	\$ 2,843

*The accompanying notes are an integral part of the financial statements.*

**THE TOBY KEITH FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2022 and 2021**

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**1. Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities.** The Toby Keith Foundation, Inc. (the Foundation) is a non-profit, non-stock corporation organized to support the OK Kids Korral, a home for children undergoing treatment for cancer, and to support charitable organizations that focus on the health and happiness of pediatric cancer patients. The Foundation is located in Oklahoma City, Oklahoma. Each year, the Foundation holds fund raising events to raise money for the OK Kids Korral. The Foundation operates the following programs:

- *OK Kids Korral* expenses include costs associated with operating the facility, financing the building, and personnel used to staff the home.
- *Golf Tournament* expenses include costs associated with renting the golf course, catering, marketing materials, and celebrity appearances.
- *Fundraising* expenses include costs associated with auction items, sales tax, and video production.

**Basis of Accounting.** The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when the liability is incurred or economic asset used.

**Cash.** Cash on the statements of cash flows includes cash on hand and in bank accounts.

**Accounts Receivable.** Accounts receivable are stated at their net realizable value. The allowances for doubtful accounts are determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor. Management believes there is no risk of loss associated with the receivables at December 31, 2022 and 2021. Accordingly, no provision for bad debts has been provided for in the accompanying financial statements.

**Capital Assets.** Office equipment and furnishings are recorded at cost if purchased or fair market value at the date of contribution if contributed. The building is recorded at cost. Equipment and furnishings with a cost less than \$1,000 are reported as an expense. Depreciation is provided based on the estimated life of the asset. Office equipment and furnishings are depreciated using the 200% declining balance method. The building is depreciated using the straight-line method.

Estimated service lives are as follows:

Building	39 years
Furnishings	7 years
Office equipment	5 years

**Net Assets.** The Foundation reports two classes of net asset categories according to externally (donor) imposed restrictions:

- a. Net assets without donor restrictions encompass the portion of net assets that are not restricted by donor-imposed stipulation.
- b. Net assets with donor restrictions are the net assets resulting from contributions and other revenue and support, whose use by the Foundation is limited by donor-imposed stipulations.

The Foundation has no net assets with donor restrictions.

**THE TOBY KEITH FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2022 and 2021**

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**Allocation of Expenses.** The financial statements report certain categories of expenses that are attributable to the Foundation's programming activities or supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related benefits and taxes which are allocated on the basis of estimates of time and effort.

**Recognition of Donor Restrictions.** The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as decreases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Each year, the Organization solicits and receives a number of goods and services for which it then auctions these items at fund raising events. The value of these goods and services received are not reflected in the accompanying financial statements, but the gross proceeds from the sale of these items are reflected in the accompanying statement of activities as auction proceeds.

**Revenue Recognition.** The Organization has adopted the provisions of FASB 2014-09 (Topic 606), "Revenue from Contracts with Customers" applicable to revenue recognition. The Foundation primarily derives its revenue from hosting charity events such as golf tournaments, fishing tournaments, clay shooting tournaments and auctions. Revenue received from auctions falls under the scope of Topic 606. Golf tournament and other fund raising tournament revenue does not fall under the scope of Topic 606 because no contract exists between the Foundation and the patrons. In the event the events were cancelled, all entry fees would be kept and considered a donation. Since there are no enforceable obligations on the Foundation and the patron has no enforceable right of return, no contract exists. Golf and other fund raising tournament revenue is recognized when the event is held. Donations do not fall under the scope of Topic 606. Donations are recognized when received.

Based on criteria outlined in Topic 606, auction contracts have performance obligations which are satisfied at a point in time. Revenue is recognized when the auction is held and the items are transferred to the high bidders. At December 31, 2022 and 2021, \$20,000 and \$12,000 were receivables related to revenue from contracts with customers. There were no contract assets or contract liabilities.

**Income Taxes.** The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Current accounting standards require the Foundation to disclose the amount of potential benefit or obligation to be realized as a result of an examination performed by a taxing authority. For the years ended December 31, 2022 and 2021, management has determined that the Foundation does not have any tax positions that result in any uncertainties regarding the possible impact on the Foundation's financial statements. The Foundation is no longer subject to examination by taxing authorities for years before 2018.

**Accounting Estimates.** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE TOBY KEITH FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2022 and 2021**

**Date of Management's Review.** Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. Subsequent events which provide evidence about conditions that existed after the statement of financial position date, require disclosure in the accompanying notes. Management evaluated the activity of the Foundation through July 20, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**2. Liquidity**

As of December 31, 2022, the Foundation has \$2,791,217 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$2,784,570, accounts receivable of \$24,000, less accounts payable of \$17,353. As of December 31, 2021, the Foundation has \$2,377,926 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$2,387,048, accounts receivable of \$12,000, less accounts payable of \$21,122. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The accounts receivable are subject to implied time restrictions, but are expected to be collected within one year. The Foundation has a goal to maintain financial assets on hand to meet normal operating expenses and structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**3. Capital Assets**

Capital assets as of December 31, 2022 and 2021 are summarized as follows:

	<b>2022</b>	<b>2021</b>
Building	\$ 10,332,237	\$ 10,332,237
Furnishings	961,986	961,986
Office equipment	1,730	1,730
	11,295,953	11,295,953
Accumulated depreciation	(3,330,567)	(3,062,879)
	<b>\$ 7,965,386</b>	<b>\$ 8,233,074</b>

**4. Loan Payable**

Payments of principal and interest in the amount of \$116,880 are due quarterly with a fixed interest rate of 3.33%. The mortgage will mature on December 27, 2026 with a balloon payment of approximately \$3,285,000. The outstanding loan balance was \$4,535,431 and \$4,843,310 as of December 31, 2022 and 2021, respectively. Interest expense during 2022 and 2021 was \$159,642 and \$169,767, respectively.

Future minimum payments on the loan are as follows:

2023	\$ 318,413
2024	328,900
2025	340,546
2026	3,547,572
	<b>\$ 4,535,431</b>

**THE TOBY KEITH FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2022 and 2021**

The loan is personally guaranteed by a related party. In the event of default on the loan, the Foundation has entered into an agreement with the related party for repayment, with terms of the loan to be determined.

**5. Lease - Right-of-Use-Asset and Liability**

The Foundation entered into a 52-year land lease agreement in October 2011 with 2012, L.L.C., (a wholly-owned subsidiary of Presbyterian Health Foundation) to lease the land that the OK Kids Corral has been built upon. The 52-year lease expires in December 2063 and may be renewed for two additional 10-year periods through December 2083. Upon termination of the lease agreement, all improvements and personal property placed on the Land will become property of 2012, L.L.C. The lease payment required under the lease agreement is \$30,000 (paid prior to January 1 of each year) for the first 10 years of the primary lease term (through December 2023). Thereafter (including the renewal period), the rental rates are to increase every 10 years by the change in the consumer price index for all urban consumers. In no event shall the minimum rent increase (a) less than 10% on any adjustment date or (b) more than 50% on any adjustment date. This lease has been accounted for in accordance with FASB ASU 2016-02, Leases (Topic 842) which requires the lessee to recognize an intangible right-of-use asset and a lease liability. An incremental borrowing rate of 4.25% was used to calculate the net present value (\$972,184) of the right-of-use asset and lease liability as of January 1, 2022. The lease is being amortized, using the straight line method, over the remaining 61-year lease term. The present value calculation has assumed that the lease payments will increase the minimum 10% per year after 2034. For the period 2024 - 2033, the increase was calculated at 27.35% based on the consumer price index as of December 31, 2022. The balance of the right-of-use asset and lease liability, net of amortization of \$15,680 is \$956,504 at December 31, 2022.

Future minimum operating lease payments is as follows:

2023	\$ 30,000
2024	38,200
2025	38,200
2026	38,200
2027	38,200
Thereafter	<u>773,704</u>
	<u>\$ 956,504</u>

**6. Transactions with Affiliates and Related Parties**

Amounts received from affiliates and related parties consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Affiliates - golf entry fees	\$ 35,000	\$ 35,000
Affiliates - donation	10,350	18,500
Affiliates - event tickets		500
Related party - purchase of an auction item	32,030	
Related party - golf event donation		<u>5,950</u>
	<u>\$ 77,380</u>	<u>\$ 59,950</u>

**THE TOBY KEITH FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Years Ended December 31, 2022 and 2021**

Amounts paid to affiliates and related parties consist of the following as of December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Affiliate - course rental, golf fees, and food	\$ 59,677	\$ 64,009
Affiliate - employee benefits	33,394	26,487
Affiliate - fundraising and golf expense reimbursement	4,819	400
Affiliate - website expense	320	
	<b>\$ 98,210</b>	<b>\$ 90,896</b>

**7. Donated Services and Facilities**

Donated services and facilities that are recognized in the financial statements as in-kind revenue are:

	<b><u>Program</u></b>	<b>2022</b>	<b>2021</b>
Donated goods	OK Kids Korral Expense	\$ 22,756	\$ 33,003
Golf event expenses	Golf Tournament Expenses	7,523	50,830
Accounting fees	Administrative Services	40,106	22,424
Lease payments	OK Kids Korral	5,000	
		<b>\$ 75,385</b>	<b>\$ 106,257</b>

**8. Concentration Risks**

A large amount of the Foundation's support and revenues are received from an annual golf event and auction. Goods received to be auctioned are donated by various companies and individuals. During 2022 and 2021, the Foundation generated \$1,289,812 and \$1,496,645, respectively, in revenue from the event, which totals 61% and 64% of the Foundation's revenue in 2022 and 2021, respectively.

Eighteen contributors to the Foundation provided 38% of the Foundation's total 2022 contributions, and twelve contributors provided 43% of the Foundation's total 2021 contributions.

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash held in a limited number of financial institutions. The Foundation places its cash with high credit quality financial institutions that are FDIC insured. At times, the Foundation has funds on deposit with banks in excess of the FDIC insurance. Cash exceeded FDIC limits of \$250,000 by \$2,377,745 at December 31, 2022.

**9. Change in Accounting Principle**

During 2022, the Foundation elected to adopt a change in accounting principle related to FASB ASC 2016-02, Leases (Topic 842), which requires the lessee to recognize an intangible right-of-use lease asset and a lease liability (See Note 5).