

THE TOBY KEITH FOUNDATION, INC.

Audited Financial Statements

For the Years Ended December 31, 2024 and 2023

CONTENTS

	Page
Independent Auditor's Report.....	1
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Toby Keith Foundation, Inc.
Oklahoma City, 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, 2024 and 2023, 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, 2024 and 2023, 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

November 17, 2025

THE TOBY KEITH FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 4,650,353	\$ 1,707,435
Investments	2,336,444	2,081,807
Accounts receivable	34,344	12,500
Restricted investments	704,541	
Prepaid expenses	130,846	122,364
Capital assets, net	7,454,768	7,711,123
Operating lease-right-of-use asset		<u>970,824</u>
Total assets	<u>\$ 15,311,296</u>	<u>\$ 12,606,053</u>
Liabilities		
Accounts payable	\$ 5,495	\$ 24,835
Operating lease - right-of-use liability		940,824
Loan payable	<u>3,887,912</u>	<u>4,216,899</u>
Total liabilities	<u>3,893,407</u>	<u>5,182,558</u>
Net Assets		
Without donor restrictions	10,713,348	7,423,495
With donor restrictions	<u>704,541</u>	
Total net assets	<u>11,417,889</u>	<u>7,423,495</u>
Total liabilities and net assets	<u>\$ 15,311,296</u>	<u>\$ 12,606,053</u>

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

THE TOBY KEITH FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Donations	\$ 2,573,828	\$	\$ 2,573,828
Auction proceeds	1,122,424		1,122,424
Endowment revenue		692,093	692,093
Golf entry revenue	469,000		469,000
Sporting Clay Classic	249,494		249,494
Golf event revenue	243,052		243,052
Interest and dividend income	137,351	7,687	145,038
In-kind	100,239		100,239
The Fish Bowl revenue	85,864		85,864
Grant revenue	51,568		51,568
Unrealized gain (loss) on investments	24,848	205	25,053
Realized gain (loss) on investments	1,932	4,556	6,488
Other income	790		790
Total support and revenue	<u>5,060,390</u>	<u>704,541</u>	<u>5,764,931</u>
Expenses			
OK Kids Korral expenses	1,052,943		1,052,943
Golf tournament expenses	291,432		291,432
Fundraising expenses	255,929		255,929
Administrative expenses	160,233		160,233
Charitable contributions	10,000		10,000
Total expenses	<u>1,770,537</u>		<u>1,770,537</u>
Change in net assets	3,289,853	704,541	3,994,394
Net assets, beginning of year	<u>7,423,495</u>		<u>7,423,495</u>
Net assets, end of year	<u><u>\$ 10,713,348</u></u>	<u><u>\$ 704,541</u></u>	<u><u>\$ 11,417,889</u></u>

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

THE TOBY KEITH FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Auction proceeds	\$ 1,111,234	\$	\$ 1,111,234
Golf entry revenue	473,368		473,368
Donations	383,408		383,408
Golf event revenue	290,570		290,570
Sporting Clay Classic	273,525		273,525
Interest and dividend income	84,481		84,481
The Fish Bowl revenue	75,783		75,783
Grant revenue	66,164		66,164
In-kind	54,241		54,241
Unrealized gain (loss) on investments	29,459		29,459
Other income	904		904
	<u>2,843,137</u>		<u>2,843,137</u>
Total support and revenue			
Expenses			
OK Kids Korral expenses	1,111,347		1,111,347
Fundraising expenses	277,256		277,256
Golf tournament expenses	252,179		252,179
Administrative expenses	108,337		108,337
Charitable contributions	1,750		1,750
	<u>1,750,869</u>		<u>1,750,869</u>
Total expenses			
Change in net assets	1,092,268		1,092,268
Net assets, beginning of year	6,331,227		6,331,227
Net assets, end of year	<u>\$ 7,423,495</u>	<u>\$</u>	<u>\$ 7,423,495</u>

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Administrative Expenses		
Accounting fees	\$ 64,539	\$ 37,121
Credit card fees	34,675	21,866
Salaries	30,250	30,250
Marketing and promotion	9,905	3,753
Insurance	4,962	4,501
Dues and fees	3,826	1,952
Payroll taxes	2,303	2,519
Telephone	2,219	1,547
Printing	2,067	
Employee benefits	1,540	2,853
Investment fees	1,360	
Postage and shipping	1,169	517
Office expense	813	1,138
Website expenses	605	320
Total administrative expenses	<u><u>\$ 160,233</u></u>	<u><u>\$ 108,337</u></u>
OK Kids Korral Expenses		
Depreciation expense	\$ 270,379	\$ 268,956
Salaries	222,500	195,670
Interest expense	138,534	148,990
Utilities	118,402	122,238
Contract work/maintenance	86,106	118,155
Insurance expense	74,821	67,728
Pilot payment in lieu of taxes	50,000	50,000
Land lease	30,001	30,000
Repairs	20,594	26,717
Payroll taxes	16,934	16,289
Employee benefits	15,403	25,554
Food and supplies	8,525	35,254
Contract labor	703	5,559
Special programs	41	237
Total OK Kids Korral expenses	<u><u>\$ 1,052,943</u></u>	<u><u>\$ 1,111,347</u></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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Golf Tournament Expenses		
Toby Keith golf event	\$ 180,856	\$ 175,838
Golf course rental	73,725	38,707
Salaries	15,125	15,125
Schooner golf event	12,163	6,302
Video	2,500	2,500
Printing	2,133	7,711
Hotel	1,524	1,851
Security expenses	1,260	1,260
Payroll taxes	1,150	1,258
Employee benefits	770	1,426
Insurance expense	<u>226</u>	<u>201</u>
Total golf tournament expenses	<u><u>\$ 291,432</u></u>	<u><u>\$ 252,179</u></u>
Fundraising Expenses		
Clay shooting invitational expenses	\$ 105,297	\$ 65,740
Expenses for auction items	42,765	129,160
Other fundraising	40,471	15,673
Fish Bowl expenses	37,737	37,913
Salaries	15,125	15,125
Sales tax	12,386	10,756
Payroll taxes	1,152	1,260
Employee benefits	770	1,426
Insurance expense	<u>226</u>	<u>203</u>
Total fundraising expenses	<u><u>\$ 255,929</u></u>	<u><u>\$ 277,256</u></u>
Charitable Contributions		
Charitable Contributions	<u><u>\$ 10,000</u></u>	<u><u>\$ 1,750</u></u>

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 3,994,394	\$ 1,092,268
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	270,379	268,956
Unrealized (gain) loss on investments	(25,053)	(29,459)
Change in:		
Accounts receivable	(21,844)	11,500
Prepaid expenses	(8,482)	(6,309)
Lease prepayment - operating lease - right-of-use asset		(30,000)
Accounts payable	(19,340)	7,482
Unearned revenue		(6,000)
Net cash provided by operating activities	<u>4,190,054</u>	<u>1,308,438</u>
Cash Flows from Investing Activities		
Purchase of investments	(904,126)	(2,052,347)
Purchase of capital assets	<u>(14,024)</u>	<u>(14,693)</u>
Net cash (used) by investing activities	<u>(918,150)</u>	<u>(2,067,040)</u>
Cash Flows from Financing Activities		
Loan repayments	<u>(328,986)</u>	<u>(318,533)</u>
Net cash provided (used) by financing activities	<u>(328,986)</u>	<u>(318,533)</u>
Net increase (decrease) in cash	2,942,918	(1,077,135)
Cash, beginning of year	<u>1,707,435</u>	<u>2,784,570</u>
Cash, end of year	<u><u>\$ 4,650,353</u></u>	<u><u>\$ 1,707,435</u></u>
Supplemental Schedule of Operating Activities		
Interest paid	<u>\$ 138,534</u>	<u>\$ 148,990</u>
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Amortization of right-of-use asset	<u>\$ 940,824</u>	<u>\$ 15,680</u>
Amortization of right-of-use liability	<u>\$ 940,824</u>	<u>\$ 15,680</u>

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, 2024 and 2023

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.
- **Charitable Contributions** reflect money donated to other pediatric cancer initiatives.

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.

Investments. Investments in marketable securities with readily determinable fair values are reported at their fair values on the statement of financial position (See Note 3). Unrealized gains and losses are included on the statement of activities. Investment income and gains restricted by a donor are reported as increases in net assets without restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. The Foundation has adopted the provisions of FASB ASC 820, "Fair Value Measurements" applicable to financial assets. The Foundation maintains a diversified investment portfolio and manages its investments in accordance with board-approved policies designed to preserve capital, generate income, and comply with donor and legal requirements.

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, 2024 and 2023. 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

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, 2024 and 2023

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, time and/or purpose restrictions. See Note 4 for more information on the composition of net assets with donor restrictions.

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, 2024 and 2023, \$22,000 and \$12,500, respectively, were receivables related to revenue from contracts with customers. There were no contract assets or contract liabilities.

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, 2024 and 2023

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, 2024 and 2023, 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 2020.

Contributed Nonfinancial Assets. Certain contributed goods and services are recorded as support and expenses or a related asset at fair value when determinable using observable market data and retail pricing benchmarks, otherwise at values indicated by the donor. Contributed goods primarily includes contributed nonfinancial assets in the form of supplies for use in fundraising or golf events. Contributed services primarily include accounting services performed for the year. The Foundation received and utilized contributed nonfinancial assets without donor restrictions during the years ended December 31, 2024 and 2023, as follows:

	<u>Program</u>	<u>2024</u>	<u>2023</u>
Golf event expenses	Golf Tournament Expenses	\$ 46,500	\$ 11,500
Accounting fees	Administrative Services	53,739	26,821
Donated goods	OK Kids Korral Expense	<u>15,920</u>	<u>15,920</u>
		<u><u>\$ 100,239</u></u>	<u><u>\$ 54,241</u></u>

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.

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 November 17, 2025 (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.

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, 2024 and 2023

2. Liquidity

As of December 31, 2024, the Foundation has \$7,720,187 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 \$4,650,353, unrestricted investments of \$2,336,444, endowment investments of \$704,541, accounts receivable of \$34,344, less accounts payable of \$5,495. Of this amount, \$704,541 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.

As of December 31, 2023, the Foundation has \$3,776,907 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 \$1,707,435, unrestricted investments of \$2,081,807, accounts receivable of \$12,500, less accounts payable of \$24,835. 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.

3. Investments

Investments as of December 31, 2024 consist of fixed income, treasury bills, and money market cash accounts. Investments are stated at market value. These investments are considered Level 1 assets under FASB ASC 820, and are valued using the market approach. Investment fees for the years ended December 31, 2024 and 2023 are \$1,262 and \$0 have been netted against interest and dividend income on investments. As of December 31, 2024, the Foundation held investments in fixed income government securities totaling \$945,270, which represent a significant concentration of market risk due to its size relative to the Foundation's total investment portfolio. The Foundation monitors the financial health of the financial institution to mitigate risk.

Investments as of December 31, 2024 consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income certificate of deposits	\$ 242,788	\$	\$
Fixed income US Treasury note	945,270		
Money market accounts	1,148,386		
	<u>\$ 2,336,444</u>	<u>\$</u>	<u>\$</u>

Investments as of December 31, 2023 consist of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fixed income certificate of deposits	\$ 485,527	\$	\$
Fixed income US Treasury note	923,240		
Money market accounts	673,040		
	<u>\$ 2,081,807</u>	<u>\$</u>	<u>\$</u>

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, 2024 and 2023

Investment activity for the year ended December 31, 2024 consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income on investments	\$ 62,661	\$ 7,687	\$ 70,348
Realized gain (loss) on investments	1,932	4,556	6,488
Unrealized gain (loss) on investments	24,847	205	25,052
	<u>\$ 89,440</u>	<u>\$ 12,448</u>	<u>\$ 101,888</u>

Investment activity for the year ended December 31, 2023 consists of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income on investments	\$ 52,522	\$	\$ 52,522
Unrealized gain (loss) on investments	29,459		29,459
	<u>\$ 81,981</u>	<u>\$</u>	<u>\$ 81,981</u>

4. Net Assets

With Donor Restrictions. Net assets with donor restrictions as of December 31, 2024 are related to the endowment established for the OK Kids Korral.

Endowment Funds. The Foundation's endowment fund was established in 2024 to support the OK Kids Korral. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Foundation indefinitely, and income from the fund is to be expended in support of the OK Kids Korral. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Foundation has interpreted SPMIFA as requiring the preservation of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Foundation would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instrument. The Foundation has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

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, 2024 and 2023

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the investment policies of the Foundation.

The composition of endowment net assets for this fund and the changes in endowment net assets as of December 31, 2024 and 2023, are as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance, January 1, 2024	\$	\$
Contributions	693,143	
Investment return, net	<u>11,398</u>	
Ending balance, December 31, 2024	<u>\$ 704,541</u>	<u>\$</u>

5. Capital Assets

Capital assets as of December 31, 2024 and 2023 are summarized as follows:

	<u>2024</u>	<u>2023</u>
Building	\$ 10,332,237	\$ 10,332,237
Furnishings	990,703	976,679
Office equipment	<u>1,730</u>	<u>1,730</u>
	11,324,670	11,310,646
Accumulated depreciation	<u>(3,869,902)</u>	<u>(3,599,523)</u>
	<u>\$ 7,454,768</u>	<u>\$ 7,711,123</u>

6. 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 loan is guaranteed by a related party. The outstanding loan balance was \$3,887,912 and \$4,216,899 as of December 31, 2024 and 2023, respectively. Interest expense during 2024 and 2023 was \$138,534 and \$148,990, respectively.

Future minimum payments on the loan are as follows:

2025	\$ 340,546
2026	<u>3,547,453</u>
	<u>\$ 3,887,912</u>

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, 2024 and 2023

7. 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 was 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 was \$0 and \$970,824 at December 31, 2024 and 2023, respectively.

The land lease agreement was amended in September 2024 such that beginning on October 26, 2024 through October 27, 2062, the tenant shall pay minimum rent in the amount of \$1 per year with the option of one 15-year renewal term. Future minimum operating lease payments for the next five years are \$1 per year. Due to this modification, the lease will no longer be accounted for in accordance with FASB ASU 2016-02, Leases (Topic 842) due to the immateriality of the yearly rent payment. The right-of-use lease asset and liability were written off at the amendment date.

8. Transactions with Affiliates and Related Parties

Amounts received from affiliates and related parties consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Affiliates - golf entry fees	\$ 30,000	\$ 42,500
Affiliates - donation	167,815	20,000
Related party - golf entry fee	15,000	
Related party - donation	141,375	
Related party - purchase of an auction item	<u>125,000</u>	<u>35,000</u>
	<u>\$ 479,190</u>	<u>\$ 97,500</u>

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, 2024 and 2023

Amounts paid to affiliates and related parties consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Affiliate - course rental, golf fees, and food	\$ 34,582	\$ 34,927
Affiliate - employee benefits	24,163	32,841
Affiliate - website expense	<u>440</u>	<u>440</u>
	<u>\$ 59,185</u>	<u>\$ 68,208</u>

9. 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 2024 and 2023, the Foundation generated \$1,768,476 and \$1,799,172, respectively, in revenue from the event, which totals 31% and 63% of the Foundation's revenue in 2024 and 2023, respectively.

Twenty nine contributors to the Foundation provided 34% of the Foundation's total 2024 contributions, and twenty six contributors provided 53% of the Foundation's total 2023 contributions.

Financial instruments which potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents 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 at one bank by \$4,477,498 and at another bank by \$727,287 at December 31, 2024.

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