

AMANDA W. LOCKEY FOUNDATION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2018

AMANDA W. LOCKEY FOUNDATION

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Amanda W. Lockey Foundation
Richland, Mississippi

We have reviewed the accompanying financial statements of Amanda W. Lockey Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

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Accountants' Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

April 30, 2019

Matthews, Carter & Lindsay, P.A.

AMANDA W. LOCKEY FOUNDATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 146,604
LAND	36,000
INVESTMENTS	<u>399,768</u>
	<u>\$ 582,372</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,580
Unconditional promise to pay, current	<u>100,000</u>
	101,580

NET ASSETS

Without donor restrictions	<u>480,792</u>
	<u>\$ 582,372</u>

See accompanying notes and independent accountants' review report.

AMANDA W. LOCKEY FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

ACTIVITIES WITHOUT DONOR RESTRICTIONS

Contributions	\$ 32,772
Investment return, net	<u>(20,426)</u>
	<u>12,346</u>

EXPENSES

Management and general	<u>13,222</u>
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CHANGE IN ACTIVITIES WITHOUT
DONOR RESTRICTIONS

(876)

NET ASSETS AT BEGINNING OF YEAR
PREVIOUSLY STATED

445,668

PRIOR PERIOD ADJUSTMENT

36,000

NET ASSETS AT BEGINNING OF YEAR
ADJUSTED

481,668

NET ASSETS AT END OF YEAR

\$ 480,792

See accompanying notes and independent accountants' review report.

AMANDA W. LOCKEY FOUNDATION
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (876)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Gain on investments	(104)
Increase in	
Accounts payable	<u>1,580</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>600</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Transfer from money market	30,240
Purchase of investments	(205,517)
Proceeds from sale of investments	<u>203,255</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>27,978</u>
NET INCREASE IN CASH	28,578
CASH AT BEGINNING OF YEAR	<u>118,026</u>
CASH AT END OF YEAR	<u>\$ 146,604</u>

See accompanying notes and independent accountants' review report.

AMANDA W. LOCKEY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Accounting fees	\$ -	\$ 7,800	\$ -	\$ 7,800
Business registration fee	-	52	-	52
Investment management fees	-	3,790	-	3,790
Taxes - real estate	-	1,580	-	1,580
	<u>\$ -</u>	<u>\$ 13,222</u>	<u>\$ -</u>	<u>\$ 13,222</u>

See accompanying notes and independent accountants' review report.

AMANDA W. LOCKEY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Amanda W. Lockey Foundation is a nonprofit organization located in Richland, MS. The Foundation was incorporated to bring awareness to all forms of cancer. The Foundation's mission is to advance scientific and medical research related to the diagnosis, treatment, cure, and prevention of Pancreatic cancer, Neuroendocrine cancer and all other forms of cancer through various fundraising efforts. The beneficiaries of the Foundation include institutions or organizations working to eradicate cancer.

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting.

Use of Estimates

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States, which require that management make estimates and assumptions that affect the reported amounts. Actual amounts could differ from those results. In the opinion of management, such differences would not be significant.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all certificates of deposits and short-term investments with an original maturity of three months or less to be cash equivalents.

Investments

Debt and equity securities for which the Foundation has no immediate plan to sell but that may be sold in the future are classified as available-for-sale and carried at fair value. Unrealized gains and losses are recorded in the statements of activities.

Interest and dividend income realized and unrealized gains and losses, and investment fees are reflected within investment return, net in the statement of activities.

AMANDA W. LOCKEY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets

Net assets are classified with or without donor restrictions based on the existence or absence of donor-imposed restrictions. A description of each net asset group is as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions

As required by the Not-for-Profit Entities topic of the FASB Accounting Standards Codification, the Foundation is required to report contributions received as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by donor.

Income Taxes

The Foundation is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and State income taxes pursuant to Section 501(a) of the Code. The Foundation is not classified as a private foundation for income tax purposes. Management of the Foundation believes it has no uncertain tax positions, and accordingly, it will not recognize any liability for unrecognized tax benefits.

AMANDA W. LOCKEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Allocation of Expenses

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

Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Project, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Project's year ending December 31, 2018 and thereafter and must be applied on a retrospective basis. The Project adopted the ASU effective January 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

2. INVESTMENTS

At December 31, 2018, the cost and fair value of the Foundation's investments are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Equities	\$ 268,890	\$ 263,196
Bonds	79,887	76,318
Mutual funds	64,591	59,522
Interest	-	732
	<u>\$ 413,368</u>	<u>\$ 399,768</u>

AMANDA W. LOCKEY FOUNDATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

3. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

The Foundation has adopted the provisions of ASC Topic 820, *Fair value Measurements*. ASC Topic 820, Fair Value Measurements, defines fair values as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specified a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equities.

Where the Foundation has the ability to redeem its securities for a set price from the investee, securities are classified within Level 3 of the valuation hierarchy. Level 3 securities include equities.

The following tables represent the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall dare as follows:

AMANDA W. LOCKEY FOUNDATION
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2018

3. DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES - CONTINUED

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
December 31, 2018	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investment securities	<u>\$ 399,768</u>	<u>\$ 323,450</u>	<u>\$ 76,318</u>	<u>\$ -</u>

4. CONCENTRATION OF CREDIT RISK

The Foundation occasionally maintains deposits in excess of federally insured limits. The Financial Accounting Standards Board Not-for-Profit Entities topic of the FASB Accounting Standards Codification identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. Deposits are fully insured as of December 31, 2018.

5. LIQUIDITY

The following reflects the Foundation's financial assets as of December 31, 2018 reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. Amounts not available include amounts set aside for UK Markey Cancer Foundation that could be drawn upon if the governing board approves that action.

Cash and cash equivalents	\$ 146,604
Investments	<u>399,768</u>
Financial assets available	546,372
Less those unavailable for general expenditures within one year to:	
Subject to expenditure for specified purpose	<u>100,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 446,372</u>

AMANDA W. LOCKEY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

5. LIQUIDITY - CONTINUED

The Foundation's working capital and cash flows have seasonal variations during the year attributable to the timing of cash receipts from donations.

6. DONATED SERVICES

No amounts have been reflected in the financial statements for donated services. The Foundation currently does not pay any salaries. The president, vice president, and treasurer all donate their time to the Foundation. On average, they donate 32 hours a week. No in-kind donation in revenue or expenses was recorded for the year ended 2018.

7. UNCONDITIONAL PROMISES TO PAY

During 2017, the Foundation approved a \$300,000 commitment to the University of Kentucky Markey Cancer Foundation. The pledge is to be paid within three years and can be paid early or in unequal installments. The first two payments of \$100,000 were made during 2017. The Foundation has not paid the last installment, but has plans to pay in the subsequent year.

Unconditional promises to pay as of December 31, 2018, related to the Foundation's obligation to the University of Kentucky Markey Cancer Foundation is as follows:

Payable in less than one year	<u>\$ 100,000</u>
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8. PRIOR PERIOD ADJUSTMENT

During our review, it was discovered that the foundation received a donation of land in 2016 that was not previously recorded. This resulted in an understatement of previously reported assets and income at December 31, 2016. Accordingly, the prior year assets and net assets were increased by \$36,000.

AMANDA W. LOCKEY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

9. SUBSEQUENT EVENTS

In accordance with FASB Accounting Standards Codification Topic 855, *Subsequent Events*, the Foundation has evaluated subsequent events through April 30, 2019 which is the date the financial statements were available to be issued. All subsequent events requiring recognition as of April 30, 2019 have been incorporated into these financial statements.