## Disparity in income as reported in the 2020 and 2021 Glendale Lyceum Annual Reports

The 2020 Annual Report reported net losses of \$89,313 in 2019 and \$38,496 in 2020. See highlight box A to the right.

This simplified view of results had been the standard format used in Annual Reports since at least 2012.

The 2021 Annual Report adopted a more detailed income statement, reporting a net gain of \$365,829 for 2019 and \$200,436 in 2020. See highlight box B. Obviously, these two sets of figures for the same two years are very different.

This main source of this discrepancy is the following: in 2020 and previous years, any sale of stock that was immediately reinvested was not included in the "income" reported for the club. These reinvestments occurred due to diversification or movement of assets between the various portfolios professionally managed on the Lyceum's behalf. Note that while such actions trigger capital gains liabilities, the Lyceum has a very large net operating loss carryover that completely offset the tax liability for these diversification efforts.

Highlight box C highlights the total sale of stock as reported in the 2021 Annual report and is a mix of sales for income purposes and reinvestment.

- Of the \$451,496 sold in 2019, all proceeds were immediately reinvested in the Lyceum portfolios.
- Of the \$273,073 sold in 2020, \$24,815 was used for capital improvements and shown in the 2020 annual report as noted by highlight D. The remaining \$248,258 was associated with stock diversification of 2,000 PG shares and reinvested in the Lyceum portfolios.

In 2021, the \$24,802 sale of stock was used to offset capital improvements, the proceeds were not reinvested.

Analysis by Jay Wheeler, based on email exchanges with Mark Reder

From 2020 Annual Report			From 2021 Annual Report				
	2019	2020		Jan -	Dec 2019	Jan - Dec 2020	Jan - Dec 2021
Operating Income			Income				
Club Activity (plus Misc. Income)	\$267,078	\$249,333	Club Activity Income		261,876.36	249,920.37	262,547.71
Rental Income	\$155,955	\$97,609	Misc Income		1,737.67	-794.54	2,737.45
			Rentals		138,765.00	92,288.85	187,407.06
Total Operating Income	\$423,033	\$346,942	Unapplied Cash Payment Income		-2,210.62		
			Total Income	\$	400,168.41	\$ 341,414.68	\$ 452,692.22
Operating Expense	\$569,538	\$506,254	Gross Profit	\$	400,168.41	\$ 341,414.68	\$ 452,692.22
	\$303,330	\$300,234	Expenses				
Operating Gain/Loss	(\$146,505)	(\$159,313)	Bank Service Charges		344.46	411.44	461.41
			Club Activity Expense		207,963.60	157,492.83	192,278.46
			House & Grounds Expense		90,854.97	85,104.21	120,052.10
Non-Operating Income			Operating / Overhead		48,676.85	51,204.19	39,899.94
Endowment Fund Dividend & Interest	\$104,294	\$114,158	QuickBooks Payments Fees			119.56	371.15
Legacy Fund Dividend &	\$4,480	\$3,800	Rental Expenses		126,225.99	118,643.26	98,534.67
Interest	\$4,400	ψ0,000	Taxes, Interest & Depreciation		142,601.06	111,678.44	141,425.78
Sale of Stock-Legacy Fund	n/a	\$24,815	Total Expenses	\$	616,666.93	\$ 524,653.93	\$ 593,023.51
	_		Net Operating Income	-\$	216,498.52	-\$ 183,239.25	-\$140,331.29
Initiation Fees	\$5,242	\$3,433	Other Income				
Total Non-Operating	\$114,016	\$146,206	Dividends		95,345.23	109,360.95	118,413.71
Income	\$114,010	\$140,200	Dividends Earned-Legacy Fund		5,182.18	4,689.28	6,484.57
			Gain(Loss) Stock Sale		-2,161.56		
Non-Operating Expense	\$56,824	\$25,390	Gain(Loss) Stock Sale-Legacy		4,782.10		
Non-Operating Gain/Loss	\$57,192	\$120,817	Initiation Fee		4,116.66	3,433.32	4,800.00
			Interest Income		83.87	2.76	330.56
	(A)		Other Income				54,688.62
Net Gain / Loss	(\$89,313)	(\$38,496)	Sale of Stock		451,496.62	273,073.73	24,802.02
			Total Other Income	\$	558,845.10	\$ 390,560.04	\$ 209,519.48
			Other Expenses				
			Ask My Accountant		-25,208.41		
			Other Expenses		10,725.27	6,884.68	35,925.31
			Total Other Expenses	-\$	14,483.14	\$ 6,884.68	\$ 35,925.31
			Net Other Income	\$	573,328.24	\$ 383,675.36	\$ 173,594.17
			Net Income	\$	356,829.72	\$ 200,436.11	\$ 33,262.88
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