THE TAYLOR FAMILY FOUNDATION

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2017

THE TAYLOR FAMILY FOUNDATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Taylor Family Foundation

We audited the accompanying financial statements of The Taylor Family Foundation, a nonprofit organization (the "Foundation"), which comprise the statement of financial position as of December 31, 2017, and related statements of activities 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 the 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 the 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 audits. We conducted our audits in accordance with the 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 of 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 auditors' 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 Foundation as of December 31, 2017, 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.

Buckley Patchen

Walnut Creek, California
December 14, 2018

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THE TAYLOR FAMILY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

ASSETS

Current Assets:	
Cash and cash equivalents	$ 1,312,489
Restricted cash, endowment (Note 11)	167,308
Prepaid expenses	19,079
Contribution receivable	25,000
Inventory	7,650
Total Current Assets	1,531,526
Non-Current Assets:	
Property and equipment, net (Note 4)	180,038
Endowment, fair value (Note 11)	2,869,861
Investments, fair value (Note 6)	11,994,047
Total Non-Current Assets	15,043,946
Total Assets	$ 16,575,472

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	$ 39,800
Accrued liabilities	62,408
Total Current Liabilities	102,208
Total Liabilities	102,208
Net Assets:	
Unrestricted	13,349,442
Temporarily restricted (Note 7)	86,653
Permanently Restricted	3,037,169
Total Net Assets	16,473,264
Total Liabilities and Net Assets	$ 16,575,472

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

THE TAYLOR FAMILY FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Net gain on investments	$ 612,802	$ -	$ 373,486	$ 986,288
Interest	339,318	-	61,283	400,601
Total Revenue	952,120	-	434,769	1,386,889
Support:				
Contributions	397,251	430	-	397,681
Special events	1,471,326	-	-	1,471,326
In-kind contributions	1,055,349	-	-	1,055,349
Total Support	2,923,926	430	-	2,924,356
Net assets released from restrictions	158,329	(20,242)	(138,087)	-
Total Revenue and Support	4,034,375	(19,812)	296,682	4,311,245
Expenses:				
Program services	1,643,852	-	-	1,643,852
Management and general	169,695	-	19,982	189,677
Fundraising and development	1,172,809	-	-	1,172,809
Total Expenses	2,986,356	-	19,982	3,006,338
Change in net assets	1,048,019	(19,812)	276,700	1,304,907
Net Assets - Beginning of the Year	12,301,423	106,465	2,760,469	15,168,357
Net Assets - End of the Year	$ 13,349,442	$ 86,653	$ 3,037,169	$ 16,473,264

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See Independent Auditor's Report.

THE TAYLOR FAMILY FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising and Development	Total
Salaries	$ 221,416	$ 93,767	$ 102,674	$ 417,857
Employee Benefits	39,383	19,407	21,058	79,848
Campership Expenses	751,151	-	-	751,151
License, Fees and Education	372	3,430	1,467	5,269
Grants	193,112	-	-	193,112
Postage and Shipping and Printing	2,478	1,681	9,992	14,151
Telephone	5,001	3,984	3,986	12,971
Insurance	21,603	5,470	5,470	32,543
Professional Services	5,504	24,134	16,147	45,785
Office and Computer Supplies	13,482	9,611	5,458	28,551
Printing	1,242	-	-	1,242
Bank, Merchant and Other Fees	1,165	1,165	24,693	27,023
Investment Fees	92,692	-	-	92,692
Meetings and Community Outreach	18,661	3,632	2,108	24,401
Advertising and Promotion	1,698	848	4,758	7,304
Depreciation	16,316	7,696	6,772	30,784
Total Expenses, excluding in-kind and event expenses	1,385,276	174,825	204,583	1,764,684
In Kind Services and Materials	258,576	14,852	774,271	1,047,699
Event Expenses	-	-	193,955	193,955
Total Expenses	$ 1,643,852	$ 189,677	$ 1,172,809	$ 3,006,338

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

THE TAYLOR FAMILY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows from Operating Activities:	
Change in net assets	$ 1,304,907
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	30,784
Net Investment (gain)/loss	(986,288)
(Increase) Decrease in operating assets:	
Prepaid expenses	7,019
Inventory	(1,178)
Inventory	9,411
Increase (Decrease) in operating liabilities:	
Accounts payable	12,354
Accrued liabilities	(10,012)
Net cash provided by operating activities	366,997
Cash Flows From Investing Activities:	
Acquisition of fixed assets	(73,008)
Purchase of investments	(3,543,913)
Sale of investments	3,036,945
Net cash used in operating activities	(579,976)
Net Decrease in Cash and Cash Equivalents	(212,979)
Beginning Cash and Cash Equivalents	1,692,776
Ending Cash and Cash Equivalents	$ 1,479,797
Supplemental Cash Flow Information:	
Cash paid for interest	$ -
Cash paid for taxes	$ -

The accompanying notes are an integral part of these financial statements.
See Independent Auditor's Report.

Note 1. Organization:

Founded in 1990, The Taylor Family Foundation (the "Foundation") (TTFF) is committed to preserving the wellness and enhancing the quality of life for children in Northern California with life-threatening and experiences and support. Now at the end of its second decade, TTFF has helped more than 40,000 children living with heart disease, skin disease, brain tumors, celiac, HIV/AIDS, bipolar disorder, autism, and other life-threatening illnesses, by giving them the opportunity to attend summer camp or a weekend camp. The Foundation's Camp Arroyo in Livermore fosters independence, confidence, and trust in an environment where these kids can be exactly who they are, and feel truly included! We strive to give these children the opportunity to have a blast in a fun, untroubled, safe environment, where they feel comfortable, happy, and secure. They're exposed to new activities, games, and experiences, and usually end up amazing themselves by doing things they had no idea *-or dared to imagine* -they could do. The Foundation's Camp Arroyo hosts approximately 2,700 children for 12 weeks during the summer and 11 weekends throughout the year. The Foundation also provides for the construction and maintenance of the Camp Arroyo Facilities.

In addition to the Foundation's Camp Arroyo summer/weekend experiences, it provides funding to families through an urgent need fund and grants to other foundations serving the same population of children.

The Foundation's offices are located at Camp Arroyo in Livermore, California and its activities are supported substantially through the annual "Day in the Park" fundraising event.

Note 2. Summary of Significant Accounting Policies:

Financial statement presentation
Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met, by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets—Net assets subject to donor or board-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned, if any, on any related investments for unrestricted purposes.

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash equivalents
For purposes of the statement of cash flows, the Foundation considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Note 2. Summary of Significant Accounting Policies (continued):

Tax-exempt status
The Foundation is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. The Foundation is subject to routine audits by taxing jurisdictions; however, currently, there are no audits in progress. The Foundation is no longer subject to income tax examination for years prior to 2011. The Foundation has no uncertain tax positions as of December 31, 2017.

Property and equipment
The Foundation capitalizes property and equipment with a cost of over $2,500 and an estimated life of three years or more. Property and equipment are stated at cost and are being depreciated using the straight-line method over their estimated useful lives, which range from 5 to 40 years. Minor renewals or replacements and maintenance and repairs are expensed. Major replacements and improvements are capitalized.

Contributions
Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

In-Kind contributions
The Foundation records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Accounts receivable
Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Foundation provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Foundation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. For the year ended December 31, 2017, allowance for doubtful accounts was zero.

Note 2. Summary of Significant Accounting Policies (continued):

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis. Based on management estimates, costs have been allocated among the programs and supporting services benefited. Administrative expenses have been allocated to the various programs. The Organization received $1,055,349 in in-kind contributions that included advertising services, goods, IT support services and other professional services for the year ended December 31, 2017. In-kind contributions benefited program, general and administrative and fundraising efforts. In-kind expenses allocated to program, general and administrative and fundraising expenses were $258,576, $14,852 and $774,271, respectively. In-kind contributions recorded as inventory was $7,650.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets 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.

Note 3. Risk and Uncertainties:

The Foundation maintains cash and investment balances at various financial institutions. Cash accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. Throughout the year, the cash balances exceeded the FDIC insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash for the year ended December 31, 2017.

Note 4. Property and Equipment:

Property and equipment consisted of the following as of December 31, 2017:

Computers, furniture and fixtures	$	284,864
Vehicles		223,337
Improvements		102,467
Total fixed assets		610,668
Accumulated depreciation		(430,630)
Fixed assets, net	$	180,038

Depreciation expense for the year ended December 31, 2017 was $30,784.

Note 5. Investments:

Investments at December 31, 2017 totaled:

	Cost	Fair Value
Equity Securities	$ 4,458,857	$ 5,003,528
Mutual Funds	1,804,794	1,984,718
Corporate Bonds	2,171,233	2,212,662
Municipal Bonds	1,369,712	1,362,921
Government Bonds	1,446,517	1,430,218
Total	$ 11,251,113	$ 11,994,047

Endowment related investments totaled:

	Cost	Fair Value
Equity Securities	$ 1,580,772	$ 1,919,685
Mutual Funds	149,674	183,662
Corporate Bonds	776,025	766,514
Municipal Bonds	-	-
Government Bonds	-	-
Total	$ 2,506,471	$ 2,869,861

Note 6. Fair Value Measurements:

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that provides the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Note 6. Fair Value Measurements (continued):

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology include:

- Valuation methodology is unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2017:

	Level 1	Level 2	Level 3
Equity Securities	$ 5,003,528	$ -	$ -
Mutual Funds	1,984,718	-	-
Corporate Bonds	2,212,662	-	-
Municipal Bonds	1,362,921	-	-
Government Bonds	1,430,218	-	-
Total	$ 11,994,047	$ -	$ -

The following table sets forth by level, within the fair value hierarchy, the Foundation's Endowment assets at fair value as of December 31, 2017:

	Level 1	Level 2	Level 3
Equity Securities	$ 1,919,685	$ -	$ -
Mutual Funds	183,662	-	-
Corporate Bonds	766,514	-	-
Municipal Bonds	-	-	-
Government Bonds	-	-	-
Total	$ 2,869,861	$ -	$ -

Note 6. Fair Value Measurements (continued):

Methodology Used to Determine Fair Value of Investments

Level 1 Investments – Quoted market price.

Although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 7. Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of net assets restricted for the Team KC program. At December 31, 2017, temporarily restricted net assets totaled $86,653.

Note 8. Collaborative Benefits:

In 2002, the Foundation entered into a collaborative agreement with the East Bay Regional Park District ("EBRPD") for the purpose of providing camp opportunities for children of the Northern California region at Camp Arroyo in Livermore, California. Camp Arroyo is a 138-acre park owned and maintained by the East Bay Regional Park District since 1995. The site retains a sense of isolation as it is situated at the end of a winding road in the countryside. ERP owns the land and facilities of Camp Arroyo and is responsible for its operation and management; which it provides through a subcontract with YMCA of the East Bay. The term of the agreement is through December 31, 2022.

Note 9. Related Party Transactions:

A Board member was also the investment manager for the Foundation's investment portfolio. During 2017, investment management fees paid to UBS totaled $92,692.

Note 10. In-Kind Contributions:

The Foundation received a tremendous amount of support from the community and their donor base. For the year ended December 31, 2017, total in-kind contributions were as follows:

Description	Amount
Items donated and sold at auction	$ 120,500
Donated inventory	7,650
Items used in operations and day in the park	1,047,699
Total In-Kind contributions	$ 1,175,849

The $120,500 has been included in the special events revenue on the accompanying statement of financial position.

Note 11. Endowment:

Our endowment (the "Endowment") was established by a generous donation in 2001 to provide annual funding for specific activities and general operations. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Our Board of Directors has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2017, The Endowment is classified as permanently restricted in the accompanying financial statements. As a result of this interpretation, we classify as permanently restricted net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. We consider the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the foundation
- The investment policies of the foundation

As of December 31, 2017, we had the following endowment net assets by composition:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor Restricted Endowment	$ -	$ -	$ 3,037,169

Investment and Spending Policies
We have adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of- return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

We use an endowment spending-rate formula to determine the maximum amount to spend from the Endowment each year. The rate, as established by the donor at 5%, is applied to the fair value of the Endowment investments at December 31 of each year to determine the spending amount for the upcoming year.

Note 11. Endowment (continued):

Changes in Endowment net assets are as follows:

Endowment Net Assets, Beginning of Year	$ 2,760,469
Investment Income	61,283
Net Realized and Unrealized	373,486
Contributions	-
Distributions	(138,087)
Investment Fees	(19,982)
Endowment Net Assets, End of Year	$ 3,037,169

Note 12. Subsequent Events:

Management has evaluated the impact of subsequent events through December 14, 2018, the date the financial statements were available to be issued. Management has not identified any subsequent events that would require and adjustment to the financial statements or disclosure as required under generally accepted accounting principles.