THE TAYLOR FAMILY FOUNDATION

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

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, 2018, and related statements of activities, functional expenses 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 audit. We conducted our audit 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, 2018, 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

October 17, 2019
Walnut Creek, California

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THE TAYLOR FAMILY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018

ASSETS

Current Assets:	
Cash and cash equivalents	$ 1,396,080
Restricted cash, endowment	73,631
Prepaid expenses	20,092
Contributions receivable	28,693
Inventory	22,240
Total Current Assets	1,540,736
Non-Current Assets:	
Property and equipment, net (Note 4)	146,237
Endowment, fair value (Note 5)	2,577,405
Investments, fair value (Note 5)	11,020,688
Total Non-Current Assets	13,744,330
Total Assets	$ 15,285,066

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	$ 10,997
Accrued liabilities	89,675
Total Current Liabilities	100,672
Total Liabilities	100,672
Net Assets:	
Without Donor Restrictions	12,426,884
With Donor Restrictions:	
Perpetual in nature (Note 12)	2,651,044
Time/purpose restrictions (Note 7)	106,466
	2,757,510
Total Net Assets	15,184,394
Total Liabilities and Net Assets	$ 15,285,066

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, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Net gain (loss) on investments, net	$ (1,141,816)	$ (318,197)	$ (1,460,013)
Interest	364,745	83,930	448,675
Total Revenue	(777,071)	(234,267)	(1,011,338)
Support:			
Contributions	1,208,461	1,414	1,209,875
Special events	318,373	66,725	385,098
In-kind contributions	865,617	-	865,617
Total Support	2,392,451	68,139	2,460,590
Net assets released from restrictions pursuant to endowment spending policy	151,858	(151,858)	-
Net assets released from restrictions - Other	48,326	(48,326)	-
Total Revenue and Support	1,815,564	(366,312)	1,449,252
Expenses:			
Program services	1,867,832	-	1,867,832
Management and general	161,604	-	161,604
Fundraising and development	708,686	-	708,686
Total Expenses	2,738,122	-	2,738,122
Change in net assets	(922,558)	(366,312)	(1,288,870)
Net Assets - Beginning of the Year	13,349,442	3,123,822	16,473,264
Net Assets - End of the Year	$ 12,426,884	$ 2,757,510	$ 15,184,394

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

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

	Program Services	Management and General	Fundraising and Development	Total
Salaries	$ 233,836	$ 69,054	$ 123,971	$ 426,861
Employee Benefits	42,627	18,281	23,997	84,905
Campership Expenses	731,422	-	-	731,422
License, Fees and Education	23,289	7,295	15,616	46,200
Grants	202,087	-	-	202,087
Postage and Shipping and Printing	644	569	6,023	7,236
Telephone	3,523	3,523	3,523	10,569
Insurance	22,069	5,462	5,565	33,096
Professional Services	11,193	27,505	19,363	58,061
Office and Computer Supplies	1,454	2,870	2,406	6,730
Printing	4,693	-	-	4,693
Bank, Merchant and Other Fees	1,646	1,140	19,792	22,578
Meetings and Community Outreach	16,398	10,744	3,740	30,882
Advertising and Promotion	820	70	1,479	2,369
Depreciation	28,234	8,213	14,887	51,334
Total Expenses, excluding in-kind and event expenses	1,323,935	154,726	240,362	1,719,023
In Kind Services and Materials	543,897	6,878	292,602	843,377
Event Expenses	-	-	175,722	175,722
Total Expenses	$ 1,867,832	$ 161,604	$ 708,686	$ 2,738,122

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, 2018

Cash Flows from Operating Activities:	
Change in net assets	$ (1,288,870)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	51,334
Net investment (gain) loss	1,365,600
(Increase) Decrease in operating assets:	
Prepaid expenses	(1,013)
Contribution receivable	(3,693)
Inventory	(14,590)
Increase (Decrease) in operating liabilities:	
Accounts payable	(28,803)
Accrued liabilities	27,267
Net cash provided by operating activities	107,232
Cash Flows From Investing Activities:	
Acquisition of fixed assets	(17,533)
Purchase of investments	(5,984,910)
Proceeds from sale of investments	5,885,125
Net cash used in operating activities	(117,318)
Net Decrease in Cash and Cash Equivalents	(10,086)
Beginning Cash and Cash Equivalents	1,479,797
Ending Cash and Cash Equivalents	$ 1,469,711
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 experiences and providing 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:

Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or to other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

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

Basis of Accounting

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash and other highly liquid investments with original initial maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

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 2012. The Foundation has no uncertain tax positions as of December 31, 2018.

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 that do not improved or extend the useful lives of the respective assets are expensed currently. Major replacements and improvements are capitalized. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities.

We review the carrying values of the property and equipment for impairment whenever events or circumstances indicate that the carrying value of an assets may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of assets impairment during the year ended December 31, 2018.

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.

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

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 recorded at fair value at the date of the donation. 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 and inventory.

Contributions 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 historical experience, an assessment of economic conditions, and a review of subsequent collections. 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, 2018, allowance for doubtful accounts was zero.

Advertising Costs

Advertising costs are expensed as incurred, and approximated $2,369, during 2018.

Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Administrative expenses have been directly allocated to various programs as it relates to the specific program. Depreciation is allocated based on salary percentage. The Foundation received $865,617 in in-kind contributions that included advertising services, goods, IT support services and other professional services for the year ended December 31, 2018. In-kind contributions benefited program, general and administrative and fundraising efforts. In-kind expenses allocated to program, general and administrative and fundraising expenses were $543,897, $6,878 and $292,602, respectively. In-kind contributions recorded as inventory was $22,240.

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.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for Profit- Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expense and investment return. We have implemented ASU 2016-14 and have adjusted presentation in these consolidated financial statements accordingly.

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, 2018.

Note 4. Property and Equipment:

Property and equipment consisted of the following as of December 31, 2018:

Furniture and fixtures	$ 27,983
Computers	200,662
Vehicles	109,118
Improvements	290,439
Total fixed assets	628,202
Accumulated depreciation	(481,965)
Fixed assets, net	$ 146,237

Depreciation expense for the year ended December 31, 2018 was $51,334.

Note 5. Investments:

Investments at December 31, 2018 totaled:

	Cost	Fair Value
Equity Securities	$ 4,849,324	$ 4,653,331
Mutual Funds	1,406,703	1,317,654
Corporate Bonds	1,957,006	1,945,855
Municipal Bonds	1,162,489	1,148,248
Government Bonds	1,964,380	1,955,600
Total	$ 11,339,902	$ 11,020,688

Endowment related investments totaled:

	Cost	Fair Value
Equity Securities	$ 1,774,643	$ 1,870,783
Mutual Funds	775,411	706,622
Total	$ 2,550,054	$ 2,577,405

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.

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 Investments at fair value as of December 31, 2018:

	Level 1	Level 2	Level 3
Equity Securities	$ 4,653,331	$ -	$ -
Mutual Funds	1,317,654	-	-
Corporate Bonds	1,945,855	-	-
Municipal Bonds	1,148,248	-	-
Government Bonds	1,955,600	-	-
Total	$ 11,020,688	$ -	$ -

Note 6. Fair Value Measurements (continued):

The following table sets forth by level, within the fair value hierarchy, the Foundation's Endowment at fair value as of December 31, 2018:

	Level 1	Level 2	Level 3
Equity Securities	$ 1,870,783	$ -	$ -
Mutual Funds	706,622	-	-
Corporate Bonds	-	-	-
Municipal Bonds	-	-	-
Government Bonds	-	-	-
Total	$ 2,577,405	$ -	$ -

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.

For the year ended December 31, 2018, there have been no significant transfers between Level 1 and Level 2 and no transfers in and out of Level 3.

Note 7. Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to expenditure for specified purpose:	
Team KC Programs	$ 106,466
Endowments:	
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:	
Operation of Camp Programs	2,651,044
Total Net Assets with Donor Restrictions	$ 2,757,510

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2018:

Note 7. Net Assets With Donor Restrictions (continued):

Subject to expenditure for specified purpose:	
Team KC Programs	$ 48,326
Subject to expenditure for specified purpose:	
Pursuant to endowment spending policy	$ 151,858

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. EBRPD 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. In-Kind Contributions:

The Foundation received a tremendous amount of support from the community and their donor base. For the year ended December 31, 2018, total in-kind contributions were as follows:

Description	Amount
Items donated and sold at auction	$ 83,446
Donated inventory	22,240
Items used in operations and day in the park	843,377
Total In-Kind contributions	$ 949,063

The $83,446 has been included in the special events revenue on the accompanying statement of financial position.

Note 10. Related Party Transactions:

A Board member was also the investment manager for the Foundation's investment portfolio. During 2018, investment management fees paid to UBS totaled $94,413.

Note 11. Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	$	1,289,614
Contributions receivable		28,693
Endowment spending-rate distributions and appropriations		132,552
	$	1,450,859

The Foundation's endowment funds consist of donor-restricted funds. Income from the Endowment is restricted for specific purposes but the donor has allowed the Foundation to use a spending rate of 5% to determine the maximum amount that is unrestricted to spend for the year.

Note 12. 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, 2018, the Endowment was classified with donor restrictions in the accompanying financial statements. As a result of this interpretation, we classify with donor restrictions 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, 2018, we had the following Endowment net assets by composition:

Note 12. Endowment (continued):

	Without Donor Restrictions	With Donor Restrictions
Endowment	$ -	$ 2,651,044

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.

Changes in Endowment net assets are as follows:

Endowment Net Assets, Beginning of Year	$ 3,037,169
Investment Income	83,930
Net Realized and Unrealized, net of fees	(318,197)
Contributions	-
Distributions	(151,858)
Endowment Net Assets, End of Year	$ 2,651,044

Note 13. Subsequent Events:

Management has evaluated the impact of subsequent events through October 17, 2019, 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.