

THE TAYLOR FAMILY FOUNDATION  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2019

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, 2019, 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, 2019, 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.



August 11, 2020  
Walnut Creek, California

THE TAYLOR FAMILY FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2019

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 1,638,307
Restricted cash, endowment	108,613
Prepaid expenses	20,884
Inventory	11,378
Total Current Assets	<u>1,779,182</u>
Non-Current Assets:	
Property and equipment, net (Note 4)	114,993
Endowment, fair value (Note 5)	2,879,644
Investments, fair value (Note 5)	12,623,835
Total Non-Current Assets	<u>15,618,472</u>
Total Assets	<u>\$ 17,397,654</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	\$ 4,895
Accrued liabilities	82,437
Total Current Liabilities	<u>87,332</u>
Total Liabilities	<u>87,332</u>
Net Assets:	
Without Donor Restrictions	14,188,760
With Donor Restrictions:	
Perpetual in nature (Note 12)	2,988,257
Time/purpose restrictions (Note 7)	133,305
	<u>3,121,562</u>
Total Net Assets	<u>17,310,322</u>
Total Liabilities and Net Assets	<u>\$ 17,397,654</u>

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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Gain (Loss) unrealized on investments	\$ 1,368,630	\$ 397,003	\$ 1,765,633
Gain (Loss) realized on investments	92,838	13,984	106,822
Investments fees	<u>(61,595)</u>	<u>(19,665)</u>	<u>(81,260)</u>
Gain (Loss) on investments, net	1,399,873	391,322	1,791,195
Interest	333,718	78,443	412,161
Gain (Loss) on donation of assets	<u>(9,674)</u>	<u>-</u>	<u>(9,674)</u>
Total Revenue	1,723,917	469,765	2,193,682
Support:			
Contributions	1,580,069	65,485	1,645,554
Special events	296,240	-	296,240
In-kind contributions	<u>548,167</u>	<u>-</u>	<u>548,167</u>
Total Support	2,424,476	65,485	2,489,961
Net assets released from restrictions			
pursuant to endowment spending policy	132,552	(132,552)	-
Net assets released from restrictions - Other	<u>38,646</u>	<u>(38,646)</u>	<u>-</u>
Total Revenue and Support	<u>4,319,591</u>	<u>364,052</u>	<u>4,683,643</u>
Expenses:			
Program services	1,882,997	-	1,882,997
Management and general	105,119	-	105,119
Fundraising and development	<u>569,599</u>	<u>-</u>	<u>569,599</u>
Total Expenses	<u>2,557,715</u>	<u>-</u>	<u>2,557,715</u>
Change in net assets	1,761,876	364,052	2,125,928
Net Assets - Beginning of the Year	<u>12,426,884</u>	<u>2,757,510</u>	<u>15,184,394</u>
Net Assets - End of the Year	<u>\$ 14,188,760</u>	<u>\$ 3,121,562</u>	<u>\$ 17,310,322</u>

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, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 319,957	\$ 52,721	\$ 132,956	\$ 505,634
Employee Benefits	54,665	16,335	24,400	95,400
Campership Expenses	765,298	-	-	765,298
License, Fees and Education	18,957	4,712	5,858	29,527
Grants	256,221	-	-	256,221
Postage and Shipping and Printing	2,907	468	6,579	9,954
Telephone	3,387	3,635	3,883	10,905
Insurance	23,645	6,078	6,731	36,454
Professional Services	13,163	6,498	18,110	37,771
Office and Computer Supplies	1,305	4,548	4,586	10,439
Printing	756	-	-	756
Bank, Merchant and Other Fees	4,085	368	16,818	21,271
Meetings and Community Outreach	14,578	5,201	5,464	25,243
Advertising and Promotion	7,890	-	21,563	29,453
Depreciation	21,570	-	-	21,570
Total Expenses, excluding in-kind and event expenses	1,508,384	100,564	246,948	1,855,896
In Kind Services and Materials	374,613	4,555	160,549	539,717
Event Expenses	-	-	162,102	162,102
Total Expenses	\$ 1,882,997	\$ 105,119	\$ 569,599	\$ 2,557,715

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, 2019

Cash Flows from Operating Activities:	
Change in net assets	\$ 2,125,928
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	21,570
Net investment (gain) loss	(1,872,455)
(Gain) Loss on donation of assets	9,674
(Increase) Decrease in operating assets:	
Prepaid expenses	(792)
Contribution receivable	28,693
Inventory	10,862
Increase (Decrease) in operating liabilities:	
Accounts payable	(6,102)
Accrued liabilities	<u>(7,238)</u>
Net cash provided by operating activities	310,140
Cash Flows From Investing Activities:	
Purchase of investments	(5,368,344)
Proceeds from sale of investments	<u>5,335,413</u>
Net cash used in operating activities	(32,931)
Net Increase in Cash and Cash Equivalents	277,209
Beginning Cash and Cash Equivalents	<u>1,469,711</u>
Ending Cash and Cash Equivalents	<u>\$ 1,746,920</u>
Supplemental Cash Flow Information:	
Cash paid for interest	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>

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

THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 chronic illnesses, developmental disabilities and youth at-risk through unique therapeutic experiences and support. Now at the start of its fourth decade, TTFF has helped more than 67,000 children by funding wellness programs for them to experience at no cost.

The wellness program TTFF is best known for are our campership grants. Each year, TTFF provides funding for medically fragile children to enjoy the magic of camp at Camp Arroyo, many of them for the first time. These children are living with HIV/AIDS, skin disease, brain tumors, Crohn's & colitis, juvenile arthritis, celiac, autism, and more. In 2019, TTFF enhanced the quality of food for campers by sourcing fresh, locally farmed (when possible) organic produce for use in the camp kitchen.

Through our Urgent Need and Team KC wellness programs, we provide financial support for families who are experiencing a medical crisis. These funds assist families with immediate basic needs such as wheelchairs, prescriptions, gas, groceries, utilities, hotel stays if needed, car payments, and more.

Our Equine Therapy and Sophie's Place Mobile Music Therapy wellness programs are key to increasing physical and mental development and wellbeing along with emotional and social functioning. The connection experienced when riding a horse or playing, singing, and writing music have a deep impact on the children and families we serve.

Designed by the Sibling Support Project, Sibshops are wellness programs designed specifically to celebrate the many lifelong contributions made by the brothers and sisters of people with special health and developmental needs. Through games, fun, laughter, siblings come together to share challenges and learn from each other.

Named for our co-founder, the Barry Taylor Scholarship Fund honors Barry's legacy by providing foster youth and young people at-risk who exhibit desire, character, and a strong work ethic with assistance for post high school education expenses.

Together, the Foundation's eight wellness programs foster independence, confidence, health, and well-being and helps fill the gap for needs not covered by insurance. The Foundation's offices are in Livermore, California, and its activities are supported by corporate and personal contributions and through limited fundraising events.

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.



THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

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. Contributions whose restrictions have been met in the same fiscal period are reported as unrestricted support.

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 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 2013. The Foundation has no uncertain tax positions as of December 31, 2019.

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 improve 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.

THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

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, 2019.

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 possessing 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, 2019, allowance for doubtful accounts was \$0.

Advertising Costs

Advertising costs are expensed as incurred, totaling \$29,453 during 2019.

THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

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 \$539,717 in in-kind contributions that included advertising services, goods, IT support services and other professional services for the year ended December 31, 2019. In-kind contributions benefited program, general and administrative and fundraising efforts. In-kind expenses allocated to program, general and administrative and fundraising expenses were \$374,613, \$4,555 and \$160,549, respectively. In-kind contributions recorded as inventory was \$8,450.

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, 2019.

On March 11, 2020, the World Health Organization characterized coronavirus (COVID-19) as a pandemic, and on March 13, the President of the United States declared a national emergency relating to the disease. In addition to the President's declaration, state and local authorities have recommended social distancing and have imposed quarantine and isolation measures on large portions of the population, including mandatory business closures. These measures are designed to protect the overall public health, however are expected to have material adverse impacts on domestic and foreign economies and may result in the United States entering a period of recession.

As a result of COVID-19, there has been heightened market risk and volatility associated with the pandemic, and this could materially affect investment account balances and the amounts reported in the statements of net assets and the statements of activities and changes in net assets, as mentioned above. Because of the uncertainty of the markets during this time, the Foundations management is unable to estimate the total impact the pandemic will have.

THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 4. Property and Equipment:

Property and equipment consisted of the following as of December 31, 2019:

Furniture and fixtures	\$	27,983
Computers		200,662
Vehicles		58,855
Improvements		<u>290,439</u>
Total fixed assets		<u>577,939</u>
 Accumulated depreciation		 <u>(462,946)</u>
Fixed assets, net	\$	<u>114,993</u>

Depreciation expense for the year ended December 31, 2019 was \$21,570.

Note 5. Investments:

Investments at December 31, 2019 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Equity Securities	\$ 4,828,691	\$ 5,563,681
Mutual Funds	1,548,172	1,705,737
Corporate Bonds	2,022,069	2,127,876
Municipal Bonds	951,235	980,735
Government Bonds	<u>2,192,555</u>	<u>2,245,806</u>
Total	<u>\$ 11,542,722</u>	<u>\$ 12,623,835</u>

Investment fees for the year ended December 31, 2019 totaled \$19,665.

Endowment related investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Equity Securities	\$ 1,600,777	\$ 2,005,819
Mutual Funds	<u>854,442</u>	<u>873,825</u>
Total	<u>\$ 2,455,219</u>	<u>\$ 2,879,644</u>

Investment fees for the Endowment for the year ended December 31, 2019 totaled \$61,595.

THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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: <ul style="list-style-type: none"> <li>• Quoted prices for similar assets or liabilities in active markets;</li> <li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li> <li>• Inputs other than quoted prices that are observable for the asset or liability;</li> <li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li> </ul>

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: <ul style="list-style-type: none"> <li>• Valuation methodology is unobservable and significant to the fair value measurement.</li> </ul>
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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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity Securities	\$ 5,563,681	\$ -	\$ -
Mutual Funds	1,705,737	-	-
Corporate Bonds	2,127,876	-	-
Municipal Bonds	980,735	-	-
Government Bonds	<u>2,245,806</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,623,835</u>	<u>\$ -</u>	<u>\$ -</u>

THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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, 2019:

	Level 1	Level 2	Level 3
Equity Securities	\$ 2,005,819	\$ -	\$ -
Mutual Funds	873,825	-	-
Corporate Bonds	-	-	-
Municipal Bonds	-	-	-
Government Bonds	-	-	-
Total	\$ 2,879,644	\$ -	\$ -

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, 2019, 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	\$ 126,214
Wish List	7,091

Endowments:

Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation: Operation of Camp Programs	2,988,257
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Total Net Assets with Donor Restrictions	\$ 3,121,562
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THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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

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 year ended December 31, 2019:

Subject to expenditure for specified purpose:	
Team KC Programs	<u>\$ 38,646</u>
Subject to expenditure for specified purpose:	
Pursuant to endowment spending policy	<u>\$ 132,552</u>

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, 2019, total in-kind contributions were as follows:

Description	Amount
Items donated and sold at auction	\$ 88,598
Donated inventory	8,450
Items used in operations and Day in The Park	539,717
Total In-Kind contributions	\$ 636,765

The \$88,598 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 2019, investment management fees paid to UBS Financial Services, Inc. totaled \$81,260.

THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

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 of the following:

Cash and cash equivalents	\$ 1,638,307
Endowment spending-rate distributions and appropriations	<u>149,413</u>
	<u>\$ 1,787,720</u>

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.

As part of the Foundation's liquidity plan, its investment portfolio could be liquidated and made available if necessary, to fund operations.

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



THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
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Note 12. Endowment (continued):

As of December 31, 2019, we had the following Endowment net assets by composition:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment	\$ <u>                    </u> -	\$ <u>  2,988,257</u>

*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	\$ 2,651,044
Investment Income	78,443
Net Realized and Unrealized, net of fees	391,322
Contributions	-
Distributions	<u>(132,552)</u>
Endowment Net Assets, End of Year	<u>\$ 2,988,257</u>

THE TAYLOR FAMILY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

Note 13. Subsequent Events:

As a result of the spread of COVID-19, economic uncertainties have arisen which have resulted in significant volatility in the investment markets, resulting in a substantial decline in the value of the investments. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Management has evaluated the impact of subsequent events through August 11, 2020, the date the financial statements were available to be issued. Management has not identified any subsequent events that would require an adjustment to the financial statements or disclosure as required under generally accepted accounting principles.