

FOREVER YOUNG FOUNDATION, INC.

**Financial Statements
and
Report of Independent Certified Public Accountants**

December 31, 2016 and 2015

HBME

**Hansen, Bradshaw, Malmrose & Erickson
CERTIFIED PUBLIC ACCOUNTANTS**

FOREVER YOUNG FOUNDATION, INC.

Table of Contents

	Page
Report of Independent Certified Public Accountants	3
Financial Statements:	
Statements of Financial Position.....	4
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7

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A Professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Forever Young Foundation, Inc.

We have audited the accompanying statements of financial position of Forever Young Foundation, Inc. as of December 31, 2016 and 2015, and the related statements of activities, and cash flows for the years 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 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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 from 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 Forever Young Foundation, Inc. as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hansen, Bradshaw, Mahoney & Erickson, P.C.

November 7, 2017

FOREVER YOUNG FOUNDATION, INC.
Statements of Financial Position
December 31, 2016 and 2015

	2016	2015
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,065,214	\$ 1,622,287
Marketable securities (notes 1,5)	887,898	372,998
Receivables	75,480	40,172
	2,028,592	2,035,457
Total current assets		
Furniture and equipment, net of accumulated depreciation of \$14,582 and \$14,582 , respectively	-	-
Note receivable (note 4)	1,400,000	1,400,000
Other assets	150,000	150,000
	\$ 3,578,592	\$ 3,585,457
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 33,271	\$ 137,262
Accrued expenses	10,709	10,559
	43,980	147,821
Total current liabilities		
Net assets:		
Accumulated other comprehensive loss (notes 1,5)	(56,011)	(49,048)
Unrestricted	3,590,623	3,486,684
	3,534,612	3,437,636
Total net assets		
	\$ 3,578,592	\$ 3,585,457
Total liabilities and net assets		

The accompanying notes are an integral part of these financial statements.

FOREVER YOUNG FOUNDATION, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2016 and 2015

	2016	2015
Revenues, contributions and other support:		
Event revenue, net of related expenses of \$227,317 and \$221,101 , respectively (note 2)	\$ 812,910	\$ 854,886
Interest income	89,243	88,376
Contributions:		
Cash	1,505,901	3,005,786
In-Kind (notes 1)	601,030	6,353
Total revenues, contributions and other support	3,007,822	3,955,579
Expenses:		
Program service expenses:		
Grants (note 3)	2,383,463	3,394,889
Salaries and benefits	241,976	271,365
General operating expenses	86,614	95,542
Total program service expenses	2,712,053	3,761,796
Fund-raising expenses:		
Salaries and benefits	27,226	32,018
Marketing	4,059	7,695
General operating expenses	11,098	12,484
Total fund-raising expenses	42,383	52,197
Supporting services:		
Salaries and benefits	86,967	63,708
Marketing	4,638	3,046
General operating expenses	57,842	48,825
Total supporting service expenses	149,447	115,579
Total expenses	2,903,883	3,929,572
Net increase in net assets	103,939	26,007
Other comprehensive income:		
Unrealized holding gains (losses) arising during the period (notes 1,5)	(6,963)	(33,388)
Total comprehensive increase/decrease in net assets	96,976	(7,381)
Net assets, beginning of year	3,437,636	3,445,017
Net assets, end of year	\$ 3,534,612	\$ 3,437,636

The accompanying notes are an integral part of these financial statements.

FOREVER YOUNG FOUNDATION, INC.
Statements of Cash Flows
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ 103,939	\$ 26,007
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) on sale of marketable securities	(1,262)	(178)
In-kind contributions received	(601,030)	(6,353)
In-kind contributions made	1,030	-
Decrease (increase) in operating assets and liabilities:		
Receivables	(35,308)	97,582
Accrued expenses	150	(3,987)
Accounts payable	(103,991)	(60,617)
	(636,472)	52,454
 Cash flows from investing activities:		
Purchase of marketable securities	(14,939)	(213,916)
Proceeds from sale of marketable securities	94,338	6,531
	79,399	(207,385)
 Cash flows from financing activities	-	-
 Net increase (decrease) in cash and cash equivalents	(557,073)	(154,931)
 Cash and cash equivalents, beginning of year	1,622,287	1,777,218
 Cash and cash equivalents, end of year	\$ 1,065,214	\$ 1,622,287

The accompanying notes are an integral part of these financial statements.

FOREVER YOUNG FOUNDATION, INC.
Notes to the Financial Statements
December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Founded in 1993 by NFL legend Steve Young, Forever Young Foundation® is a non-profit 501(c)(3) organization. The Foundation serves children who face significant physical, emotional and financial challenges by providing academic, athletic, and therapeutic opportunities unavailable to them. Forever Young Foundation has determined the best way to accomplish our mission is through the development and support of charitable organizations with a proven track record in delivering these services.

The following is a summary of the significant accounting and reporting policies of the Foundation:

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The underlying accounting of the Foundation is maintained in accordance with the principles of fund accounting. These principles require that the resources of the Foundation be classified into groups or funds in accordance with activities or objectives specified for the resources.

The net assets of the funds of the Foundation have been classified into three categories: Unrestricted, Temporarily Restricted, and Permanently Restricted. These categories are determined based on restrictions placed upon resources provided to the Foundation by donors or others. Unrestricted net assets are available to be used by the Foundation because either contributions or other revenues were received without restriction or donor restriction has expired. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. As of December 31, 2016 and 2015, the Foundation has not received any resources which have been restricted by the donor.

Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

The Foundation classifies its marketable debt and equity securities as available for sale. Securities classified as available for sale are carried in the financial statements at fair value. Realized gains and losses, determined using the first-in, first-out (FIFO) method, are included in earnings; unrealized holding gains and losses are reported in other comprehensive income.

Furniture and Equipment

Furniture and equipment are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to five years.

FOREVER YOUNG FOUNDATION, INC.
Notes to the Financial Statements (Continued)
December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

In-kind contributions are recorded at their fair value at the date they are received.

Income Taxes

The financial statements do not reflect a provision for income taxes because the Foundation has received an exemption from federal income taxes as a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and other support and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services

No amounts have been recorded for donated services where no objective basis is available to measure the value of such services and such services do not require specialized skill; however, a substantial number of volunteers have donated significant amounts of time to the Foundation.

2. EVENTS

The Foundation sponsors four events each year. The revenue and expenses related to these events are as follows:

	2016			2015 Net Revenue
	Event Revenue	Event Expense	Net Revenue	
Bay Area Classic	\$ 346,556	\$ 91,050	\$ 255,506	\$ 278,869
Desert Classic	206,925	39,834	167,091	129,137
Mountain Classic	232,000	48,006	183,994	228,516
Ski Classic	254,746	5,685	249,061	221,568
	<u>\$ 1,040,227</u>	<u>\$ 184,575</u>	855,652	858,090
General event expenses			<u>42,742</u>	<u>3,204</u>
Net revenue from events			<u>\$ 812,910</u>	<u>\$ 854,886</u>

FOREVER YOUNG FOUNDATION, INC.
Notes to the Financial Statements (Continued)
December 31, 2016 and 2015

3. GRANTS

The Foundation contributes funds to various organizations throughout the year. The cash contributions are recorded as program service expenses when given. Additionally, the Foundation periodically contributes in-kind property to these organizations. These donations are recorded at fair value when made. The Foundation made in-kind contributions during the years ended December 31, 2016 in the amount of \$1,030 (\$-0- in 2015).

4. CONTRIBUTIONS RECEIVED

The Foundation received a promissory note with a face value of \$1,400,000 during the year ended December 31, 2011. The note was recorded as an in-kind donation during 2011. The Foundation receives interest payments on the note at 5%. The note matures in 2032 and is secured by real estate of equal or greater value. The Foundation is the only secured lien holder on the real estate.

The Foundation received an in-kind donation during 2016 in the form of publicly traded securities. The securities were recorded at fair market value at the time of the donation in the amount of \$600,000.

5. MARKETABLE SECURITIES

Cost and fair value of marketable securities at December 31, 2016 and 2015 are as follows:

	2016	2015
Cost	\$ 943,909	\$ 422,046
Gross unrealized losses	(56,011)	(49,048)
Total assets	\$ 887,898	\$ 372,998

The change in net unrealized holding gains (losses) on securities available for sale in the amount of (\$6,963) and (\$33,388), has been charged to other comprehensive income for the years ended December 31, 2016 and 2015, respectively.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 7, 2017, the date the financial statements were available to be issued.

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