

**FOREVER YOUNG FOUNDATION, INC.**

**Financial Statements  
and  
Independent Auditors' Report**

**Year Ended December 31, 2018  
With Summarized Comparative Information for the  
Year Ended December 31, 2017**

**HBME**

**CERTIFIED PUBLIC ACCOUNTANTS**



**FOREVER YOUNG FOUNDATION, INC.**

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COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC  
ACCOUNTANTS**

E. LYNN HANSEN, CPA  
CLARKE R. BRADSHAW, CPA  
GARY E. MALMROSE, CPA  
EDWIN L. ERICKSON, CPA  
MICHAEL L. SMITH, CPA  
JASON L. TANNER, CPA  
ROBERT D. WOOD, CPA  
AARON R. HIXSON, CPA  
TED C. GARDINER, CPA  
JEFFREY B. MILES, CPA  
DONALD M. JACK, CPA

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Forever Young Foundation, Inc.

We have audited the accompanying financial statements of Forever Young Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the statement of financial expenses for the year ended December 13, 2018, 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 audits 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 Foundations' 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, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended December 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

The prior year summarized comparative information has been derived from Forever Young Foundation's December 31, 2017 financial statements and, in our report dated November 6, 2018, we expressed an unmodified opinion on those financial statements.

*ABMC, LLC*

December 16, 2019

**FOREVER YOUNG FOUNDATION, INC.**  
**Statements of Financial Position**  
**December 31, 2018 and 2017**

	2018	2017
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,894,056	\$ 1,648,028
Marketable securities (notes 1,5)	448,635	464,694
Related party note receivable, current portion (note 4)	12,553	-
Pledges receivable	-	191,708
Total current assets	2,355,244	2,304,430
Non-current assets:		
Furniture and equipment, net of accumulated depreciation of \$14,582	-	-
Related party notes receivable (note 4)	1,682,909	1,400,000
Other assets	150,000	150,000
Total assets	\$ 4,188,153	\$ 3,854,430
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 12,306	\$ 8,857
Accrued expenses	11,955	10,718
Total current liabilities	24,261	19,575
Non-current liabilities	-	-
Net assets:		
Without donor restrictions	4,163,892	3,834,855
Unrestricted	4,163,892	3,834,855
Total liabilities and net assets	\$ 4,188,153	\$ 3,854,430

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

**FOREVER YOUNG FOUNDATION, INC.**  
**Statements of Activities**  
**For the Years Ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
	Without Donor Restrictions	Without Donor Restrictions
<u>PUBLIC SUPPORT AND OTHER REVENUES</u>		
Public support:		
Event revenue, net of direct donor benefits of \$141,500 and \$225,762 (note 2)	\$ 1,230,737	\$ 919,389
Contributions:		
Cash	2,113,097	1,355,533
In-kind (note 1)	-	464,705
Total public support	<u>3,343,834</u>	<u>2,739,627</u>
Other revenues:		
Net investment return (notes 1,5)	62,128	153,221
Total public support and other revenue	<u>3,405,962</u>	<u>2,892,848</u>
<u>EXPENSES</u>		
Program services:	2,808,582	2,405,228
Total program services	<u>2,808,582</u>	<u>2,405,228</u>
Supporting services:		
General and administrative	148,655	146,246
Marketing and development	119,688	41,131
Total supporting services	<u>268,343</u>	<u>187,377</u>
Total expenses	<u>3,076,925</u>	<u>2,592,605</u>
Change in net assets	329,037	300,243
Net assets, beginning of year	3,834,855	3,534,612
Net assets, end of year	<u>\$ 4,163,892</u>	<u>\$ 3,834,855</u>

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



**FOREVER YOUNG FOUNDATION, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2018**

	2018			2017		
	Supporting Services					
	Program Services	General and Administrative	Marketing and Development	Total	Total Expenses	(Summarized Info)
<b>PERSONNEL EXPENSES</b>						
Salaries and wages	\$ 237,312	\$ 91,977	\$ 27,508	\$ 119,485	\$ 356,797	\$ 358,721
<b>TOTAL PERSONNEL EXPENSES</b>	<b>237,312</b>	<b>91,977</b>	<b>27,508</b>	<b>119,485</b>	<b>356,797</b>	<b>358,721</b>
<b>OTHER EXPENSES</b>						
Grant awards to others	2,484,566	-	-	-	2,484,566	2,081,785
Fundraising events	-	-	219,892	219,892	219,892	225,762
Professional fees	7,513	-	377	377	7,890	12,895
Supplies	2,555	3,360	-	3,360	5,915	8,992
Legal and accounting	-	10,324	-	10,324	10,324	9,511
Office supplies	9,199	3,522	1,720	5,242	14,441	7,828
Telephone services	2,244	1,727	1,083	2,810	5,054	3,919
Insurance	4,168	2,486	1,123	3,609	7,777	7,575
Travel	7,452	9,901	2,239	12,140	19,592	20,955
Conference and marketing	19,688	5,442	4,074	9,516	29,204	22,755
Bank charges	-	6,235	-	6,235	6,235	4,835
Contract services	10,885	-	-	-	10,885	9,000
Sports memorabilia	5,243	-	-	-	5,243	10,080
Taxes	17,757	8,149	2,159	10,308	28,065	25,287
Meetings and entertainment	-	5,532	1,013	6,545	6,545	8,467
<b>TOTAL OTHER EXPENSES</b>	<b>2,571,270</b>	<b>56,678</b>	<b>233,680</b>	<b>290,358</b>	<b>2,861,628</b>	<b>2,459,646</b>
<b>TOTAL EXPENSES</b>	<b>2,808,582</b>	<b>148,655</b>	<b>261,188</b>	<b>409,843</b>	<b>3,218,425</b>	<b>2,818,367</b>
Less expenses included with revenues on the statement of activities:						
Cost of direct benefits to donors	-	-	(141,500)	-	(141,500)	(225,762)
	<u>\$ 2,808,582</u>	<u>\$ 148,655</u>	<u>\$ 119,688</u>	<u>\$ 409,843</u>	<u>\$ 3,076,925</u>	<u>\$ 2,592,605</u>

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, 2018 and 2017**

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 329,037	\$ 300,243
Adjustments to reconcile net income to net cash provided by operating activities:		
Realized and unrealized (gains) losses on investments	16,059	(63,385)
In-kind contributions received	-	(464,705)
In-kind contributions made	-	464,705
Decrease (increase) in operating assets and liabilities:		
Receivables	191,708	(116,228)
Accrued expenses	1,237	9
Accounts payable	3,449	(24,414)
	<u>541,490</u>	<u>96,225</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Issuance of related party note receivable	(300,500)	-
Repayment on note receivable	5,038	-
Purchase of marketable securities	-	(40,318)
Proceeds from sale of marketable securities	-	526,907
	<u>(295,462)</u>	<u>486,589</u>
Net cash provided by investing activities		
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	246,028	582,814
Cash and cash equivalents, beginning of year	<u>1,648,028</u>	<u>1,065,214</u>
Cash and cash equivalents, end of year	<u>\$ 1,894,056</u>	<u>\$ 1,648,028</u>

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

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Founded in 1993 by NFL legend Steve Young, Forever Young Foundation® (the 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.

Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2017, from which the summarized comparative information was derived.

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, which are neither held nor restricted by donors for long-term purposes, to be cash equivalents.

Operating 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 as other income.

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended December 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledge contributions received from donors are recorded as unconditional promises to give, that are to be collected within one year are recorded at net realizable value. Amounts expected to be collected in future years are initially recorded at fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, pledge receivable are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition.

An allowance for uncollectible pledges receivable is provided when it is believed that receivable balances may not be collected in full. It is Foundation's policy to write off receivables against the allowance when management determines the receivable will not be collected. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and individual analysis of receivable balances each period.

Furniture and Equipment

Furniture and equipment over \$5,000 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, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the Statement of Activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets 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 (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When applicable, gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended December 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

The Foundation reports 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. As of December 31, 2018, no net assets with donor restrictions were recorded.

Revenue Recognition

Events are conducted throughout the year to raise support for program services of the Foundation. Contributions and pledges received or receivable are recognized as income in the current year as either net assets without donor restrictions or net assets with donor restrictions. Pledges are recorded in the balance sheet as pledges receivable and allowances are provided for amounts estimated to be uncollectible.

Donated Services and In-Kind Contributions

Donated materials, use of facilities, and services are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are only recognized when services received (a) create or enhance nonfinancial 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. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Income Taxes

The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the year ended December 31, 2018.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Foundation is no longer subject to tax examinations by taxing authorities for years prior to 2015.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended December 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

The Foundation uses advertising to promote its programs among the audiences it serves and to encourage contributions. The costs of advertising are expensed as incurred.

Use of Estimates

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.

Financial Instruments and Concentration of Credit Risk

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Foundation's mission.

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 expenses and investment return. Management has implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Fair Value Measurements

The Foundation reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended December 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market- corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, the Foundation develops inputs using the best information available in the circumstances.

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.

Valuation methods used for assets measured at fair value are as follows:

- Mutual funds are valued at the reported net asset value of shares held.
- Equity securities and exchange-traded funds are valued at the closing price reported on the active market on which the individual funds are traded.

These valuation methods may produce a fair value that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date. Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position and Statement of Activities.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended December 31, 2018**

2. EVENTS

The Foundation sponsors four events each year. Many individuals and community organizations contribute prizes, awards, and facility use for these events, which are not reflected in these financial statements. During the year ended December 31, 2018, the following revenue and expenses for each event occurred:

	Event Revenue	Event Expense	Net Revenue
Bay Area Classic	\$ 508,750	\$ 38,900	\$ 469,850
Desert Classic	221,680	16,413	205,267
Mountain Classic	287,602	10,394	277,208
Ski Classic	354,205	5,301	348,904
	<u>\$ 1,372,237</u>	<u>\$ 71,008</u>	1,301,229
General event expenses and direct donor benefits			<u>148,884</u>
Net revenue from events			<u>\$ 1,152,345</u>

3. GRANTS EXPENSE

The Foundation contributes funds to various organizations throughout the year, as part of its core programs. These cash contributions are recorded as program service expenses when given.

4. NOTES RECEIVABLE

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 a promissory note with a face value of \$300,500 during August 2018, with a related party. The calls for the Foundation to receive monthly payments of \$2,500, including interest (fixed at 6.00%), until maturity in December 2033. The note is secured by real estate of equal or greater value, for which the Foundation is the only secured lien holder on the real estate.

5. MARKETABLE SECURITIES

Cost and fair value of marketable securities at December 31, 2018 are as follows:

	2018	2017
Cost	\$ 445,323	\$ 461,382
Gross unrealized gains	3,312	3,312
Total assets	<u>\$ 448,635</u>	<u>\$ 464,694</u>

The change in net unrealized holding loss on securities available for sale in the amount of \$50,996 has been recorded as other income for the year ended December 31, 2018.



**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended December 31, 2018**

6. FAIR VALUE MEASUREMENTS AND DISCLOSURES

The following table presents assets measured at fair value on a recurring basis at December 31, 2018:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Operating investments				
Equities:				
Mutual funds - ETFs	\$ 233,740	\$ 233,740	\$ -	\$ -
Fixed income:				
Mutual funds - ETFs	<u>214,895</u>	<u>214,895</u>	<u>-</u>	<u>-</u>
Total operating investments	<u>448,635</u>	<u>448,635</u>	<u>-</u>	<u>-</u>
Held as cash equivalents:				
Money market mutual funds	<u>35,670</u>	<u>35,670</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 484,305</u>	<u>\$ 484,305</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis at December 31, 2017:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Operating investments				
Equities:				
Mutual funds - ETFs	\$ 241,237	\$ 241,237	\$ -	\$ -
Fixed income:				
Mutual funds - ETFs	<u>223,457</u>	<u>223,457</u>	<u>-</u>	<u>-</u>
Total operating investments	<u>464,694</u>	<u>464,694</u>	<u>-</u>	<u>-</u>
Held as cash equivalents:				
Money market mutual funds	<u>333,169</u>	<u>333,169</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 797,863</u>	<u>\$ 797,863</u>	<u>\$ -</u>	<u>\$ -</u>

*Fair value of financial instruments* – The carrying value of Foundation’s significant financial instruments, including cash and cash equivalents, pledges receivable, other short-term assets, investments and liabilities approximates fair value as of December 31, 2018.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Year Ended December 31, 2018**

7. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 1,894,056
Marketable securities	<u>448,635</u>
	<u><u>\$ 2,342,691</u></u>

8. INVESTMENTS

The Foundation's short-term investments are comprised of equity securities, all of which are classified as marketable securities and are carried at their fair value based on the quoted market prices of the securities at December 31, 2018 and 2017. Net realized and unrealized gains and losses on trading securities are included in net investment return. For purpose of determining realized gains and losses, the cost of securities sold is based on specific identification.

Net investment return for the years ended December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 113,124	\$ 89,836
Net unrealized gain (loss)	(50,996)	59,323
Net realized gain	<u>-</u>	<u>4,062</u>
Net investment return	<u><u>\$ 62,128</u></u>	<u><u>\$ 153,221</u></u>

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that market fluctuations in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

9. CONCENTRATIONS

The Foundation maintains cash and cash equivalents balances in financial institution accounts, which at times may exceed the federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation. The Foundation has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 16, 2019, the date the financial statements were available to be issued.