NCGA Foundation dba Youth on Course

Financial Statements

December 31, 2018
(*with summarized financial information for December 31, 2017*)

BPM

NCGA FOUNDATION dba YOUTH ON COURSE

TABLE OF CONTENTS

BPM

10 Almaden Boulevard, Suite 1000, San Jose, CA 95113
Phone (408) 961-6300 **Fax** (408) 961-6324 **Email** bpm@bpmcpa.com **Web** bpmcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NCGA Foundation dba Youth on Course
Pebble Beach, California

We have audited the accompanying financial statements of the NCGA Foundation dba Youth on Course (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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 audit. We conducted our audit 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 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 auditors consider 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 NCGA Foundation dba Youth on Course as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-profit Entities* as of and for the year ended December 31, 2018. The requirements of the ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the NCGA Foundation dba Youth on Course 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 4, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

BPM LLP

San Jose, California
May 8, 2019

NCGA FOUNDATION dba YOUTH ON COURSE

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2018

(with summarized financial information for December 31, 2017)

		2018		2017
ASSETS				
Current assets:				
Cash and cash equivalents	$	674,693	$	523,425
Restricted cash for scholarships		387,199		370,394
Promises to give receivable		93,119		345,337
Promises to give receivable, related party		2,442		15,613
Investments		5,381,256		5,670,156
Prepaid expenses		-		23,001
Total current assets		6,538,709		6,947,926
Non-current assets:				
Promises to give receivable		79,000		164,924
Restricted cash for scholarships		196,680		219,500
Donated assets		86,000		86,000
Total non-current assets		361,680		470,424
Total assets	$	6,900,389	$	7,418,350
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	$	51,857	$	60,566
Accounts payable, related party		124,623		31,903
Scholarships payable		387,199		370,394
Total current liabilities		563,679		462,863
Non-current liabilities:				
Long-term scholarships payable		196,680		219,500
Total liabilities		760,359		682,363
Net assets:				
Without donor restrictions:				
Undesignated		608,134		595,351
Board-designated endowment		5,337,576		5,626,476
Total net assets without donor restrictions		5,945,710		6,221,827
With donor restrictions		194,320		514,160
Total net assets		6,140,030		6,735,987
Total liabilities and net assets	$	6,900,389	$	7,418,350

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

NCGA Foundation dba Youth on Course

Statement of Activities

For the year ended December 31, 2018

(with summarized financial information for December 31, 2017)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2018	Total 2017
Revenue and other support:				
In-kind from related party	$ 700,120	$ -	$ 700,120	$ 674,814
Corporate contributions	50,305	-	50,305	143,248
Individuals/clubs income	1,005,919	160	1,006,079	1,070,823
Events	675,099	-	675,099	423,850
Grants	207,935	-	207,935	219,750
Investment (loss) income	(447,955)	-	(447,955)	536,440
Dividends and interest income	158,916	-	158,916	140,131
Total revenue and other support	2,350,339	160	2,350,499	3,209,056
Restrictions satisfied by payments	320,000	(320,000)	-	-
Total revenue and other support with restrictions satisfied by payments	2,670,339	(319,840)	2,350,499	3,209,056
Program services:				
Subsidized rounds	1,091,982	-	1,091,982	658,262
Scholarships	298,885	-	298,885	340,599
Internships/Caddie Academy	199,265	-	199,265	102,948
Other program services	237,819	-	237,819	490,009
Total program services	1,827,951	-	1,827,951	1,591,818
Supporting services:				
Administrative	442,753	-	442,753	756,962
Fundraising	675,752	-	675,752	345,612
Total supporting services	1,118,505	-	1,118,505	1,102,574
Total expenses	2,946,456	-	2,946,456	2,694,392
Total change in net assets	(276,117)	(319,840)	(595,957)	514,664
Net Assets - beginning of year	6,221,827	514,160	6,735,987	6,221,323
Net Assets - end of year	$ 5,945,710	$ 194,320	$ 6,140,030	$ 6,735,987

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

NCGA FOUNDATION dba YOUTH ON COURSE

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2018
(with summarized financial information for December 31, 2017)

	Subsidized Rounds	Scholarships	Internship/ Caddie Academy	Other Program Services	Total Program Services	Administrative	Fundraising	Total Supporting Services	Total 2018	Total 2017
Charitable contribution	$ -	$ -	$ -	$ 159,494	$ 159,494	$ -	$ -	$ -	$ 159,494	$ 78,429
Event	-	14,252	-	-	14,252	-	236,044	236,044	250,296	297,300
Internship/Caddie	-	-	101,980	-	101,980	-	-	-	101,980	102,948
Operating expenses	53,064	302	16,559	-	69,925	79,252	6,879	86,131	156,056	142,041
Operating expenses - in-kind	-	-	-	-	-	29,698	-	29,698	29,698	-
Other	-	-	-	67,956	67,956	-	-	-	67,956	65,848
Professional services	1,633	8,550	13,994	-	24,177	-	40,384	40,384	64,561	-
Professional services - in-kind	-	-	-	-	-	142,667	-	142,667	142,667	-
Rounds	528,507	-	-	-	528,507	-	-	-	528,507	658,262
Salaries and related benefits	365,904	29,319	58,232	-	453,455	-	-	-	453,455	202,093
Salaries and related benefits - in-kind	-	-	-	-	-	186,653	336,620	523,273	523,273	674,814
Scholarships	-	245,000	-	-	245,000	-	-	-	245,000	315,000
Travel	142,874	1,462	8,500	10,369	163,205	-	55,825	55,825	219,030	157,657
Travel - in-kind	-	-	-	-	-	4,483	-	4,483	4,483	-
	$ 1,091,982	$ 298,885	$ 199,265	$ 237,819	$ 1,827,951	$ 442,753	$ 675,752	$ 1,118,505	$ 2,946,456	$ 2,694,392

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

NCGA FOUNDATION dba YOUTH ON COURSE

STATEMENTS OF CASH FLOWS

For the year ended December 31, 2018
(with summarized financial information for December 31, 2017)

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ (595,957)	$ 514,664
Adjustments to reconcile change in net assets to net cash provided by operations:		
Realized and unrealized loss (gain) on investments	447,955	(536,440)
Decrease (increase) in operating assets:		
Promises to give receivable	338,142	176,857
Promises to give receivable, related party	13,171	19,170
Prepaid expenses	23,001	(9,752)
Increase (decrease) in operating liabilities:		
Accounts payable	(8,709)	(32,057)
Accounts payable, related parties	92,720	17,955
Scholarships payable	(6,015)	100,214
Total adjustments	900,265	(264,053)
Net cash provided by operating activities	304,308	250,611
Cash flows from investing activities:		
Reinvested dividends and interest net of investment fees	(158,180)	(139,629)
Net purchase and transfer of marketable securities	(875)	260
Net cash used in investing activities	(159,055)	(139,369)
Net increase in cash and cash equivalents	145,253	111,242
Cash, cash equivalents, and restricted cash, beginning of year	1,113,319	1,002,077
Cash, cash equivalents, and restricted cash, end of year	$ 1,258,572	$ 1,113,319
<u>Schedule of Cash - End of Year</u>		
Cash and cash equivalents	$ 674,693	$ 523,425
Restricted cash for scholarships - current	387,199	370,394
Restricted cash for scholarships - non-current	196,680	219,500
	$ 1,258,572	$ 1,113,319

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

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

The NCGA Foundation dba Youth on Course (the "YOC" or "Foundation") is a nonprofit organization created in 1989. From 1990 to 2006, the Foundation operated as a grant making foundation awarding funds to junior golf organizations and universities for turf grass research. Since 2006, the Foundation's focus is on directly subsidizing rounds of golf for qualified youth and offering a Caddie Academy, paid high school internships, and college scholarships. A substantial portion of the administrative expenses of the Foundation are paid by the Northern California Golf Association (the "Association"). These are reported on the Statement of Activities as in-kind from related party revenue and expense. Additionally, the Association maintains control over the Foundation through common Board membership; therefore, the Foundation is combined with the Association's financial statements. The Foundation is located in Pebble Beach, California. As of December 31, 2018, the Foundation has licensed or partnered YOC in the following regions or states: Arizona, Colorado, Chicago, Georgia, Idaho, Iowa, Kansas City, Kentucky, Maryland, Michigan, Minnesota, Nevada, New Mexico, New York, North Carolina, Ohio, Oregon, Philadelphia, South Carolina, Utah, Washington, and Wisconsin. Subsequent to year end, YOC expanded to Alberta, Canada.

The financial statements are prepared using the accrual basis of accounting. Accordingly, the classification of the Foundation's net assets and its revenues and expenditures are based on the existence or absence of donor-imposed restrictions. The provisions of these standards require amounts for each of two classes of net assets – without donor restrictions and with donor restrictions - be displayed in the Statement of Financial Position and the change in each of those classes of net assets be presented in the Statement of Activities.

Net assets without donor restrictions represent those assets over which the Board of Directors has discretionary control in carrying out the operations of the Foundation, including funds designated by the Board of Directors for purposes such as scholarships and an endowment. Net assets with donor restrictions include those assets which are subject to a donor restriction and for which the applicable restriction was not met as of the end of the current reporting period. When restrictions are satisfied in the same account periods as the receipt of the contributions the Foundation reports both the revenue and related expenses in the without donor restrictions net asset class.

The Foundation records unconditional promises to give as support of the Foundation.

The financial statements include certain prior year summarized comparative information but not by function classification or net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. 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 information was derived.

Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to a concentration of credit risk consist of cash equivalents, investments and promises to give receivable, unrestricted. Substantially all of the Foundation's cash equivalents and investments are primarily composed of investments in equity, fixed income, and money market funds. Such fixed income and money market funds may exceed the FDIC amount of $250,000 throughout the year.

Continued

1. Nature of Business and Summary of Significant Accounting Policies, continued

Concentration of Credit Risk, continued

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash deposits at a brokerage firm. The accounts at the brokerage firm contain cash and securities. Balances are insured up to $500,000, with a limit of $100,000 for cash, by the Securities Investor Protection Corporation (SIPC).

Supplemental Disclosure of Cash Flow Information

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be "cash equivalents."

Board Restricted Cash for Scholarships

The Foundation's Board restricted $583,879 and $589,894 as of December 31, 2018 and 2017, respectively, for youth scholarships based on merit and need. The Board has identified over 300 deserving youth to receive scholarships ranging from $500 to $5,000 per year for four years. The cash has been restricted by the Board and a corresponding current and long-term asset and liability of $387,199 and $196,680, respectively, have been recorded and reported in the statement of financial position as of December 31, 2018. A current and long-term asset and liability of $370,394 and $219,500, respectively, have been recorded and reported in the statement of financial position as of December 31, 2017. As of December 31, 2018, management has committed to provide scholarships over the next three years of approximately:

Year Ending December 31,		
2019	$	387,199
2020		138,380
2021		58,300
	$	583,879

Investments

The Foundation's investments are reported at their fair value. Unrealized gains and losses are included in the change in net assets. The Foundation's investments are in money market funds, equity and fixed income securities which have a readily determinable fair value.

Promises to Give

Unconditional promises to give are recognized as revenue when the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met or when the conditions have been explicitly waived by the donor. Promises to give, related party as of December 31, 2018 and 2017 include $2,442 and $15,613, respectively, from Board members of the Foundation.

Continued

1. Nature of Business and Summary of Significant Accounting Policies, continued

Promises to Give, continued

The Foundation uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined that no allowance for uncollectible, unconditional promises to give is deemed necessary as of December 31, 2018 and 2017.

Donated Assets

The Foundation has received $86,000, at fair market value, of donated assets which consists of a framed painting and a rare photograph. No impairment was recorded as of December 31, 2018 or 2017.

Contributions

Contribution revenue is recognized when contributions are received. All contributions are considered available for general operations unless specifically restricted by the donor.

The Foundation reports contributions as net assets with donor restrictions support if such contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

Contributed Services

Contributed services, which require a specialized skill and which the Foundation would have paid for if not donated, are recorded at the estimated fair market value at the time the services are rendered. There were no contributed services for the years ended December 31, 2018 and 2017. The Foundation also receives donated services which are essential to the Foundation's operations and do not require specialized skills. These contributed services are not reflected in the financial statements.

Endowments

The Board of Directors of the Foundation established an unrestricted Board designated endowment fund of $5,337,576 and $5,626,476, as of December 31, 2018 and 2017, respectively. The Board plans to continue to grow the Board designated endowment through contributions, interest, dividends, and investment earnings.

The State of California enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective January 1, 2009, the provisions of which apply to endowment funds existing on or established after that date. Net asset classifications of donor-restricted endowment funds subject to an enacted version of UPMIFA have been accounted for appropriately in these financial statements. Additional disclosures about the Foundation's donor-restricted endowment funds whether or not the Foundation is subject to UPMIFA have been included for the year ending December 31, 2018 and 2017.

Continued

1. Nature of Business and Summary of Significant Accounting Policies, continued

Endowments, continued

Interpretation of Relevant Law

The Board of the Foundation has interpreted the State of California's enacted version of UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as restricted net assets (1) the original value of gifts donated to the endowment, (2) the original value of subsequent gifts donated to the endowment, and (3) additions to the endowment in accordance with donor directions. The remaining portion of the donor-restricted endowment fund that is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the enacted version of UPMIFA.

In accordance with the State of California's enacted version of UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Foundation and the endowment funds
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Foundation
7) The investment policies of the Foundation

Spending Policy

The Foundation has a general policy of allowing 5% of the endowment assets fiscal year-end balance for distribution, for expenses as needed. However, in no case causing the balance to decrease from the Board designated value unless agreed to by a vote of more than 2/3 of the members of the Foundation's Board of Directors. Distributions of earnings shall be set from time-to-time by the Foundation's Board of Directors to:

1) provide funding for operations; or
2) other purposes as determined by the Board of Directors.

Investment Policy, Strategies, and Objectives

The Foundation has adopted investment and spending policies for endowment assets that attempt to maximize total return consistent with an acceptable level of risk, and to provide a predictable stream of funding to programs supported by its endowment. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that are consistent with the price and yield results of the relevant indices while assuming a moderate level of investment risk. To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Foundation targets a diversified asset allocation to achieve its long-term objectives within prudent risk constraints.

Continued

1. **Nature of Business and Summary of Significant Accounting Policies**, continued

Endowments, continued

Investment Policy, Strategies, and Objectives, continued

Aggregate Foundation asset allocation guidelines (at market value) are:

Asset Class	Strategic Allocation
Equities	50-80%
Fixed income funds	10-50%
Alternative investments	5-20%

Income Taxes

No provision has been made for income taxes as the Foundation is exempt under Internal Revenue Code Section 501(c)(3) and comparable laws of the State of California. The Foundation is not classified as a private foundation. However, income from activities not related to the Foundation tax-exempt purpose may be subject to taxation as unrelated business income.

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, 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.

Functional Allocation of Expenses

The costs of program and supporting services activities administrative have been presented on a functional basis in the statement of functional expenses. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses are allocated based on time and effort of employees.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported change in net assets.

Continued

1. Nature of Business and Summary of Significant Accounting Policies, continued

Change in Accounting Principles

During the year ended December 31, 2018, the Foundation adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) required for annual reporting periods beginning after December 15, 2017. This 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 between not-for-profit entities. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets are now reported as net assets with donor restrictions. The Foundation did not have any permanently restricted net assets which are also now reported as net assets with donor restrictions. A footnote on liquidity has also been added. Lastly, a statement of functional expenses has been added to present the natural classification detail of expenses by function for 2018. The Foundation applied the new guidance retrospectively, with the exception of the liquidity and availability and functional expense schedules which are only required to be included for the first year of adoption.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, *Revenue Recognition*. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. In August 2015, FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which effectively delayed the adoption date by one year, to an effective date for private entities for annual periods beginning after December 15, 2019. In March, April and May 2016, the FASB issued additional updates to the new revenue standard relating to reporting revenue on a gross versus net basis, identifying performance obligations and licensing arrangements, and narrow-scope improvements and practical expedients, respectively. The effective date of these additional updates is the same as that of ASU 2014-09. The Foundation is currently evaluating the impact of the adoption of this ASU on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The accounting for contributions has been modified to clarify distinguishing whether grants or contracts should be accounted for as non-reciprocal contributions, or as exchange transactions that follow revenue recognition accounting. For exchange transactions, the standard clarifies when each party directly receives commensurate value in the transaction, and how to deal with third party payers to a transaction. Additionally, the criteria for determining whether a contribution is conditional has been changed from a probability-based approach to one focused on barriers in an arrangement. For nonpublic entities, the ASU is effective for annual reporting periods beginning after December 15, 2018 for contributions received, and after December 15, 2019 for contributions made with early adoption permitted. The Foundation is currently evaluating the impact of the adoption of this ASU on its financial statements.

Continued

1. Nature of Business and Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements, continued

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for those leases previously classified as operating leases. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. This ASU is effective for financial statements issued for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020, with early adoption permitted. In July 2018, the FASB issued the Update 2018-11—*Leases (Topic 842): Targeted Improvements*. The amendments in this Update related to separating components of a contract affect the amendments in Update 2016-02, which are not yet effective but can be early adopted. For entities that have not adopted Topic 842 before the issuance of this Update, the effective date and transition requirements for the amendments in this Update related to separating components of a contract are the same as the effective date and transition requirements in Update 2016-02. The Foundation is in the process of evaluating the impact of the new guidance on the Foundation's financial statements

Liquidity and Availability

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures. Promises to give receivable are not included in the analysis as principal and interest on these amounts are not available to meet current operating needs.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Foundation's cash and shows positive cash generated by operations for fiscal years 2018 and 2017.

As of December 31, 2018, the following tables show the total financial assets held by the Foundation that could readily be made available within one year of the financial position date to meet general expenditures:

Financial assets at year-end		
Cash and cash equivalents	$	674,693
Investments		5,381,256
	$	6,055,949

Continued

2. Investments

Investments consist of the following as of December 31:

	2018	2017
Stock and mutual funds	$ 3,658,315	$ 4,041,544
Fixed income funds	1,722,655	1,628,537
Money market funds	286	75
Total investments	$ 5,381,256	$ 5,670,156
Total dividends and interest income, net	$ 158,180	$ 139,369
Unrealized/realized (loss) gain in fair value of investments	$ (447,955)	$ 536,440

3. Promises to Give Receivable and Promises to Give Receivable, related party

Promises to give and promises to give, related party at the following as of December 31:

	2018	2017
Less than one year, includes related party	$ 95,561	$ 360,950
One to five years	79,000	164,924
Total promises to give	$ 174,561	$ 525,874

4. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of December 31:

With Donor Restrictions	2018	2017
Youth on Course - time restriction	$ 150,000	$ 470,000
Scholarships	44,320	44,160
Total restrictions	$ 194,320	$ 514,160

Net assets were released from donor restrictions for the years ended December 31, 2018 and 2017 by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2018	2017
Youth on Course - time restriction	$ 320,000	$ 245,000

Continued

5. Endowment Fund

Changes in the Board designated endowment funds for the years ended December 31, 2018 and 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment
December 31, 2018			
Board designated endowment funds	$ 5,337,576	$ -	$ 5,337,576
December 31, 2017			
Board designated endowment funds	$ 5,626,476	$ -	$ 5,626,476

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment
Endowment net assets, January 1, 2017	$ 4,950,667	$ -	$ 4,950,667
Investment income	139,359	-	139,359
Net unrealized loss	536,450	-	536,450
Endowment net assets, December 31, 2017	5,626,476	-	5,626,476
Investment income	158,268	-	158,268
Net unrealized gain	(447,168)	-	(447,168)
Endowment net assets, December 31, 2018	$ 5,337,576	$ -	$ 5,337,576

6. Fair Value Measurement

The Foundation defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings when they occur. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Foundation considers the principal or most advantageous market in which the Foundation would transact and the market-based risk measurement or assumptions that market participants would use in pricing the assets or liability, such as inherent risk, transfer restrictions and credit risk.

The Foundation applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

- Level 1: quote prices in active markets for identical investments. The types of investments in Level 1 include listed equities held in the name of the Foundation, and exclude listed equities and other securities held indirectly through commingled funds.
- Level 2: pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Continued

6. Fair Value Measurement, continued

- Level 3: pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investments.

As of December 31, 2018, the Foundation's fair value hierarchy for its financial assets was as follows:

	Fair Value as of December 31, 2018			
	Balance	Level 1	Level 2	Level 3
Investments:				
Mid and large-cap blended fund	$ 1,576,753	$ 1,576,753	$ -	$ -
Fixed income securities fund	1,722,655	1,722,655	-	-
International index advantage fund	1,026,070	1,026,070	-	-
Real estate investment trust fund	1,054,481	1,054,481	-	-
Common stock	1,011	1,011	-	-
Money market	286	286	-	-
	$ 5,381,256	$ 5,381,256	$ -	$ -

As of December 31, 2017, the Foundation's fair value hierarchy for its financial assets was as follows:

	Fair Value as of December 31, 2017			
	Balance	Level 1	Level 2	Level 3
Investments:				
Mid and large-cap blended fund	$ 1,773,096	$ 1,773,096	$ -	$ -
Fixed income securities fund	1,628,537	1,628,537	-	-
International index advantage fund	1,166,682	1,166,682	-	-
Real estate investment trust fund	1,101,766	1,101,766	-	-
Money market	75	75	-	-
	$ 5,670,156	$ 5,670,156	$ -	$ -

The Foundation's valuation method used to measure the fair values of mutual and money market funds were derived from quoted market prices as all of these instruments have active markets.

7. Subsequent Events

Subsequent to year end, the Foundation received a contribution to establish an endowment scholarship fund. No disbursements will be made from the endowment scholarship fund until the corpus reaches $200,000.

The Foundation evaluated subsequent events for recognition and disclosure through May 8, 2019, the date which these financial statements were issued. Management concluded that no material events, other than disclosed above, have occurred since December 31, 2018 that require recognition or disclosure in these financial statements.