



**AMERICAN YOUTH FOUNDATION**

**FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**



Vredeveld Haefner LLC  
CPAs and Consultants

# AMERICAN YOUTH FOUNDATION

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## Vredeveld Haefner LLC

CPAs and Consultants  
10302 20<sup>th</sup> Avenue  
Grand Rapids, MI 49534  
Fax (616) 828-0307

Douglas J. Vredeveld, CPA  
(616) 446-7474  
Peter S. Haefner, CPA  
(616) 460-9388

### **INDEPENDENT AUDITORS' REPORT**

May 21, 2020

Board of Directors  
American Youth Foundation  
Shelby, Michigan

We have audited the accompanying financial statements of the American Youth Foundation (a not-for-profit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses 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 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 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 auditor's 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 American Youth Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program service revenue and net assets released for scholarships on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Urodeuxeld Haefner LLC*

**AMERICAN YOUTH FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 and 2018**

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current assets		
Cash and cash equivalents	\$ 2,432,278	\$ 2,248,121
Accounts receivable, net	18,710	4,341
Inventory	57,805	38,096
Unconditional promises to give		
Due within one year	6,232	102,061
Prepaid expenses	<u>57,567</u>	<u>94,388</u>
 Total current assets	 <u>2,572,592</u>	 <u>2,487,007</u>
 Long-term assets		
Investments - donor purpose restriction and unrestricted	22,590,421	19,450,762
Investments - Board designated	9,649,729	8,429,557
Investments - perpetual restriction	860,330	860,330
Property and equipment, net	<u>9,313,799</u>	<u>9,639,965</u>
 Total long-term assets	 <u>42,414,279</u>	 <u>38,380,614</u>
 <b>Total assets</b>	 <b><u>\$ 44,986,871</u></b>	 <b><u>\$ 40,867,621</u></b>
 <b>Liabilities</b>		
Accounts payable	\$ 281,598	\$ 193,803
Accrued liabilities	72,760	68,609
Deferred revenue	<u>516,441</u>	<u>421,078</u>
 <b>Total liabilities (all current)</b>	 <b><u>870,799</u></b>	 <b><u>683,490</u></b>
 <b>Net assets</b>		
Without donor restriction		
Investment in property and equipment	9,313,799	9,639,965
Board designated	9,843,279	8,623,107
Undesignated	<u>1,187,195</u>	<u>1,140,581</u>
Total without donor restriction	<u>20,344,273</u>	<u>19,403,653</u>
With donor restriction		
Purpose restriction	22,906,869	19,818,087
Time restriction	4,600	102,061
Perpetual restriction	<u>860,330</u>	<u>860,330</u>
Total with donor restriction	<u>23,771,799</u>	<u>20,780,478</u>
 Total net assets	 <u>44,116,072</u>	 <u>40,184,131</u>
 <b>Total liabilities and net assets</b>	 <b><u>\$ 44,986,871</u></b>	 <b><u>\$ 40,867,621</u></b>

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

# AMERICAN YOUTH FOUNDATION

## STATEMENT OF ACTIVITIES

**FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

	2019		Total
	Without Donor Restriction	With Donor Restriction	
<b>Revenue and support</b>			
Program fees:			
Camps	\$ 3,903,205	\$ -	\$ 3,903,205
Conferences	204,255	-	204,255
Community and school programs	925,596	-	925,596
Financial aid and discounts	(905,452)	-	(905,452)
Other program service	116,892	-	116,892
Net program service	4,244,496	-	4,244,496
Grants and contributions	573,271	278,032	851,303
Total Grants and Contributions	573,271	278,032	851,303
Investment income:			
Interest and dividends	249,951	574,531	824,482
Realized gain (loss) on investments	284,657	687,537	972,194
Unrealized gain (loss) on investments	1,157,396	2,787,375	3,944,771
Total investment income	1,692,004	4,049,443	5,741,447
Miscellaneous income	500	-	500
<b>Total revenue and support</b>	6,510,271	4,327,475	10,837,746
Net assets released from restriction scholarships	557,833	(557,833)	-
Net assets released from time restriction	53,388	(53,388)	-
Net assets released from restriction other	724,933	(724,933)	-
<b>Total revenue, support and release</b>	7,846,425	2,991,321	10,837,746
<b>Expenses</b>			
Program services:			
Camps	2,833,931	-	2,833,931
Conferences	151,869	-	151,869
Community and school programs	1,101,765	-	1,101,765
Facilities and operations	1,933,952	-	1,933,952
Total program services	6,021,517	-	6,021,517
General and administrative	432,076	-	432,076
Fundraising	452,212	-	452,212
Total expenses	6,905,805	-	6,905,805
<b>Change in net assets</b>	940,620	2,991,321	3,931,941
Net assets, beginning of year	19,403,653	20,780,478	40,184,131
<b>Net assets, end of year</b>	\$ 20,344,273	\$ 23,771,799	\$ 44,116,072

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

2018		
<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
\$ 3,954,045	\$ -	\$ 3,954,045
191,960	-	191,960
927,256	-	927,256
(846,588)	-	(846,588)
<u>129,894</u>	<u>-</u>	<u>129,894</u>
<u>4,356,567</u>	<u>-</u>	<u>4,356,567</u>
<u>673,079</u>	<u>453,356</u>	<u>1,126,435</u>
<u>673,079</u>	<u>453,356</u>	<u>1,126,435</u>
185,169	434,166	619,335
594,342	1,389,441	1,983,783
<u>(1,354,837)</u>	<u>(3,283,964)</u>	<u>(4,638,801)</u>
<u>(575,326)</u>	<u>(1,460,357)</u>	<u>(2,035,683)</u>
<u>-</u>	<u>-</u>	<u>-</u>
4,454,320	(1,007,001)	3,447,319
489,798	(489,798)	-
361,758	(361,758)	-
<u>796,007</u>	<u>(796,007)</u>	<u>-</u>
<u>6,101,883</u>	<u>(2,654,564)</u>	<u>3,447,319</u>
2,695,949	-	2,695,949
159,291	-	159,291
1,121,114	-	1,121,114
<u>2,066,072</u>	<u>-</u>	<u>2,066,072</u>
6,042,426	-	6,042,426
366,797	-	366,797
<u>434,105</u>	<u>-</u>	<u>434,105</u>
<u>6,843,328</u>	<u>-</u>	<u>6,843,328</u>
(741,445)	(2,654,564)	(3,396,009)
<u>20,145,098</u>	<u>23,435,042</u>	<u>43,580,140</u>
<u>\$ 19,403,653</u>	<u>\$ 20,780,478</u>	<u>\$ 40,184,131</u>

**AMERICAN YOUTH FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Camp Programs			Conference Programs	Community and School Programs			Other Program Services - Facilities and Operations					General and Administrative	General Fundraising	Total
	Miniwanca	Merrowvista	Total	National Leadership Conference	Miniwanca	Merrowvista	Total	Nonoperating	Michigan	New Hampshire	Total				
				Conference											
Cost of Sales	\$ 18,567	\$ -	\$ 18,567	\$ 11,531	\$ -	\$ -	\$ -	\$ -	\$ 29,354	\$ -	\$ 29,354	\$ -	\$ 91,935	\$ 151,387	
Personnel															
Salaries and wages	648,401	587,641	1,236,042	26,576	171,524	236,245	407,769	92,163	335,649	326,245	754,057	252,954	141,569	2,818,967	
Employee benefits	131,566	112,543	244,109	7,178	44,236	75,452	119,688	23,439	85,050	77,690	186,179	40,991	44,041	642,186	
Travel and staff development	54,480	54,968	109,448	30,396	10,607	14,181	24,788	-	14,244	5,784	20,028	30,136	15,337	230,133	
Food Services	116,551	117,586	234,137	24,775	112,245	78,746	190,991	-	319	657	976	-	-	450,879	
Supplies															
Direct program	166,348	142,566	308,914	14,701	18,816	23,786	42,602	-	66	2,167	2,233	173	831	369,454	
Medical, training, and office	9,602	10,928	20,530	1,272	9,602	6,926	16,528	-	2,586	2,205	4,791	66	33,419	76,606	
Janitorial and other	7,360	5,723	13,083	8,274	7,360	2,068	9,428	8,768	439	398	9,605	-	243	40,633	
Equipment															
Rental	38,093	32,063	70,156	-	5,667	-	5,667	-	-	-	-	-	-	75,823	
Facilities															
Utilities	45,616	42,953	88,569	6,553	45,617	26,197	71,814	-	17,547	8,453	26,000	-	4,026	196,962	
Rental	2,573	2,925	5,498	246	1,700	1,862	3,562	-	395	532	927	-	1,414	11,647	
Maintenance and repair	133,232	72,915	206,147	8,954	56,693	31,226	87,919	-	125,749	10,895	136,644	2,976	3,364	446,004	
Professional and consulting	4,974	12,261	17,235	790	4,999	6,405	11,404	-	12,462	2,899	15,361	80,640	38,692	164,122	
Other expenses															
Bank charges	49,986	35,728	85,714	2,080	16	-	16	-	140	73	213	6,650	5,193	99,866	
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	43,133	43,133	
Property/casualty insurance	36,352	37,355	73,707	1,921	20,629	19,114	39,743	70,436	3,201	3,517	77,154	-	3,581	196,106	
Communications	38,473	46,285	84,758	5,307	37,007	29,125	66,132	-	9,620	8,462	18,082	2,893	18,025	195,197	
Postage and delivery	132	738	870	19	132	470	602	-	43	1,658	1,701	2,626	5,377	11,195	
Advertising and promotion	9,970	5,177	15,147	1,296	809	1,953	2,762	-	137	124	261	-	2,032	21,498	
Taxes and licenses	-	-	-	-	-	350	350	-	7,829	4,700	12,529	75	-	12,954	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	11,896	-	11,896	
Depreciation	-	1,300	1,300	-	-	-	-	79,914	431,692	126,251	637,857	-	-	639,157	
<b>Total expenses</b>	<b>\$ 1,512,276</b>	<b>\$ 1,321,655</b>	<b>\$ 2,833,931</b>	<b>\$ 151,869</b>	<b>\$ 547,659</b>	<b>\$ 554,106</b>	<b>\$ 1,101,765</b>	<b>\$ 274,720</b>	<b>\$ 1,076,522</b>	<b>\$ 582,710</b>	<b>\$ 1,933,952</b>	<b>\$ 432,076</b>	<b>\$ 452,212</b>	<b>\$ 6,905,805</b>	

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



**AMERICAN YOUTH FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Camp Programs			Conference Programs	Community and School Programs			Other Program Services - Facilities and Operations					General and Administrative	General Fundraising	Total
	Miniwanca	Merrowvista	Total	National Leadership Conference	Miniwanca	Merrowvista	Total	Nonoperating	Michigan	New Hampshire	Total				
Cost of Sales	\$ 16,629	\$ 67	\$ 16,696	\$ 13,019	\$ -	\$ 42	\$ 42	\$ -	\$ -	\$ 15,499	\$ 15,499	\$ -	\$ -	\$ 145,303	
Personnel															
Salaries and wages	619,206	573,733	1,192,939	30,267	147,449	278,584	426,033	105,384	301,071	277,923	684,378	252,520	194,169	2,780,306	
Employee benefits	133,418	100,042	233,460	7,251	42,685	77,339	120,024	28,822	76,133	78,896	183,851	54,901	38,682	638,169	
Travel and staff development	55,995	71,722	127,717	31,420	3,423	33,294	36,717	-	24,459	23,361	47,820	18,435	4,883	266,992	
Food Services	118,756	101,162	219,918	22,919	103,868	71,858	175,726	-	140	516	656	-	-	419,219	
Supplies															
Direct program	198,115	110,706	308,821	18,074	25,235	27,035	52,270	-	543	753	1,296	-	27	380,488	
Medical, training, and office	8,102	8,394	16,496	2,827	4,687	4,079	8,766	-	(1,925)	(2,018)	(3,943)	820	7,398	32,364	
Janitorial and other	7,274	6,070	13,344	1,575	7,244	2,778	10,022	-	626	1,195	1,821	-	550	27,312	
Equipment															
Minor purchases	14,577	5,832	20,409	-	-	-	-	-	-	-	-	-	-	20,409	
Rental	34,875	28,967	63,842	-	7,145	-	7,145	-	-	-	-	-	-	70,987	
Facilities															
Utilities	56,438	49,139	105,577	8,503	56,055	31,272	87,327	-	16,302	8,934	25,236	-	4,188	230,831	
Rental	2,473	3,123	5,596	257	1,732	1,987	3,719	-	545	568	1,113	-	1,602	12,287	
Maintenance and repair	96,414	39,073	135,487	9,486	64,217	24,169	88,386	-	233,790	66,920	300,710	-	5,884	539,953	
Professional and consulting	8,202	9,000	17,202	537	3,193	6,375	9,568	3,838	38,125	1,060	43,023	16,983	36,076	123,389	
Other expenses															
Bank charges	47,603	33,929	81,532	3,587	-	-	-	-	22	854	876	7,941	6,401	100,337	
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Property/casualty insurance	26,326	29,478	55,804	3,111	22,044	17,930	39,974	68,502	5,186	5,119	78,807	-	7,163	184,859	
Communications	29,514	28,638	58,152	4,948	28,680	20,049	48,729	-	4,884	5,522	10,406	3,613	10,449	136,297	
Postage and delivery	156	354	510	22	157	257	414	-	88	(457)	(369)	2,722	11,209	14,508	
Advertising and promotion	8,393	8,926	17,319	1,488	1,825	2,782	4,607	-	134	129	263	-	5,377	29,054	
Taxes and licenses	-	2,485	2,485	-	-	1,645	1,645	-	7,828	420	8,248	75	-	12,453	
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	8,787	-	8,787	
Depreciation	-	2,643	2,643	-	-	-	-	105,462	435,059	125,860	666,381	-	-	669,024	
<b>Total expenses</b>	<b>\$ 1,482,466</b>	<b>\$ 1,213,483</b>	<b>\$ 2,695,949</b>	<b>\$ 159,291</b>	<b>\$ 519,639</b>	<b>\$ 601,475</b>	<b>\$ 1,121,114</b>	<b>\$ 312,008</b>	<b>\$ 1,143,010</b>	<b>\$ 611,054</b>	<b>\$ 2,066,072</b>	<b>\$ 366,797</b>	<b>\$ 434,105</b>	<b>\$ 6,843,328</b>	

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

# AMERICAN YOUTH FOUNDATION

## STATEMENTS OF CASH FLOWS

**FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 3,931,941	\$ (3,396,009)
Adjustments to reconcile change in net assets to net cash provided (used in) operating activities:		
Depreciation	639,157	669,024
Donated investments	(45,409)	(344,760)
Realized (gain) loss on investments	(972,194)	(1,983,783)
Unrealized (gain) loss on investments	(3,944,771)	4,638,801
Changes in operating assets and liabilities which provided (used) cash:		
Receivables	81,460	351,149
Inventory	(19,709)	13,267
Prepaid expenses	36,821	(60,865)
Accounts payable	87,795	25,508
Accrued liabilities	4,151	10,050
Deferred revenue	95,363	933
Net cash provided by (used in) operating activities	(105,395)	(76,685)
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	1,415,762	975,649
Cash used to purchase investments	(705,722)	(523,470)
Investment fees	(107,497)	(109,437)
Purchases of property and equipment	(312,991)	(209,814)
Net cash provided by (used in) investing activities	289,552	132,928
<b>Cash flows from financing activities</b>		
Contributions received for long-term purposes	-	43,037
Net increase (decrease) in cash and cash equivalents	184,157	99,280
Cash and cash equivalents, beginning of year	2,248,121	2,148,841
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,432,278</b>	<b>\$ 2,248,121</b>

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

# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

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### 1. NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The American Youth Foundation (the “Foundation”) is a national, not-for-profit youth development organization with centers in Michigan and New Hampshire. The Foundation also maintains a developmental office in St. Louis, Missouri. The American Youth Foundation inspires people to discover and develop their personal best, to seek balance in mental, physical, social and spiritual living and to make a positive difference in their communities and in the wider world. The Foundation is an equal opportunity employer committed to ensuring that staff and participants come from diverse backgrounds. Below are the major service categories and the related programs:

#### *Camps*

Summer Camps – As a leader in youth development, the Foundation inspires people to be their best selves. They achieve this by creating a fun and safe environment where campers learn new skills and make new friends. Campers ages 8-17 will find a progression of age appropriate adventures and opportunities waiting for them. The philosophy of “Best Self”, “Balanced Living” and “Healthy Friendships” is intentionally interwoven throughout the camp experiences.

#### *Conferences*

American Youth Foundation National Leadership Conferences – Since 1925, young people ages 15-18 from high schools around the world have come together at the National Leadership Conference to discover their personal best and develop their leadership skills needed to make a difference in their homes, schools, communities and in the wider world.

Participants will find themselves living in a dynamic, diverse community where they are encouraged to open their mind to new ways of seeing themselves and others. They will take on real challenges and meaningful responsibility as they live and learn with other young leaders. Using time-tested curriculum relevant to today’s young people, they will participate in large group and small group activities. These activities are specifically designed to provide opportunity to both learn and practice leadership skills essential for any of life’s vocations.

National Leadership Award – The American Youth Foundation’s National Leadership Award is a unique opportunity to honor extraordinary young people for their character and leadership. The award recognizes youth ages 15-18 years old who strive to be their personal best and make a positive difference in their schools, youth groups, 4-H clubs and communities.

#### *Community and School Programs*

Community and School Programs – The Foundation’s Community and School Programs serve thousands of youth, educators and youth advocates through programs designed to promote the discovery and development of the Foundation’s core concepts: Best Self, Balanced Living and Positive Relationships. As a leader in the field of Positive Youth Development, we seek to provide youth with opportunities to identify and accentuate their personal assets and translate those assets into productive components of their lives.

#### *Other Program Services*

The Foundation conducts various activities that support its primary program services. Included are charter transportation used to transport participants to various Foundation program sites and other facility costs.

# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

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### *General and Administrative*

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Foundation's program strategy, secure proper administrative functions of the Board of Directors, maintain component legal services for the program administration of the Foundation and manage the financial and budgetary responsibilities of the Foundation.

### *Fundraising*

Provides the structure necessary to encourage and secure private financial support from individuals, organizations and corporations.

### ***Basis of Accounting/Presentation***

The Foundation financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United State of America (GAAP). GAAP requires the Foundation to report information regarding its financial position and activities according to two classes of net assets depending on the existence or absence of donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions.

### ***Use of Estimates***

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of demand deposits in banks and cash on hand. The Foundation maintains demand deposits in banks that are insured by the Federal Deposit Insurance Corporation up to the legal limit. Management believes the Foundation is not exposed to any significant interest rate or other risk on these deposits.

### ***Investments***

Investments are carried at fair value as determined by quoted market prices. Realized and unrealized gains and losses, if any, are included as changes in net assets in the accompanying statement of activities.

### ***Fair Value Measurements***

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, such as the reporting entity's own data.

For assets and liabilities recorded at fair value, it is the Foundation's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements

# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

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for those financial instruments for which there is an active market. In cases where the market for a financial asset or liability is not active, the Foundation includes appropriate risk adjustments that market participants would make for nonperformance and liquidity risks when developing fair value measurements. Fair value measurements for assets and liabilities for which limited or no observable market data exists are accordingly based primarily upon estimates and are often calculated based on the economic and competitive environment, the characteristics of the asset or liability and other factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, could significantly affect the results of current or future values. For a further discussion of fair value measurements, refer to Note 3.

### ***Accounts Receivable and Unconditional Promises to Give***

Unconditional promises to give consist of pledged donations from various corporations, foundations and individuals. Many of these donations have been restricted by time and use for facility needs. Unconditional promises to give are recognized as revenues in the period the promises are received. Accounts receivable and unconditional promises to give are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of its credit history with customers and donors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. Receivables deemed to be uncollectable by management are expensed when they are determined to be uncollectable.

### ***Inventory***

Inventory consists of books held for sale in conjunction with the National Leadership Program. Inventory is stated at cost using the first in, first-out method of inventory accounting.

### ***Prepaid Expenses***

Payments to vendors for services that will benefit periods beyond the Foundation's year-end are recorded as prepaid expenses.

### ***Property and Equipment and Depreciation***

Facilities and equipment acquired are recorded at cost, if purchased, or at fair value, if donated. Management's policy is to capitalize individual assets or groups of assets which will be used together as a system with a cost of \$2,500 or greater and estimated lives of three years or more. Expenditures for repairs or maintenance that do not extend the useful lives of capital assets are expensed. The costs of improvements are capitalized and depreciated over the remaining useful lives of the related capital asset. Depreciation is recorded using the straight-line method over periods ranging from 3 to 40 years. Management annually reviews these assets to determine whether the carrying values have been impaired and useful lives are reasonable.

### ***Deferred Revenue***

Deferred revenue results primarily from deposits received in advance for camp and program enrollment.

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***Contributions***

Contributions received are recorded as contributions without donor restrictions and with donor restrictions depending on the existence or nature of any donor restrictions. When a donor restriction expires, net asset with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities as net assets released from restriction.

***Revenue Recognition***

Program service fees, excluding contributions, are billed to individuals and organizations. Revenues are generally recognized on a monthly basis as the services are provided.

***Functional Allocation of Expenses***

Expenses are charged to program services and supporting activities by specific identification where possible. Common costs have been allocated among the programs and supporting services based on the benefits receive by each activity. Methods for allocating common cost include allocation based on direct wages, program participants and other factors.

***Donated Services, Facilities and Supplies***

Certain professional services are donated to the Foundation by various organizations and individuals. Since these donated services meet the criteria for recognition, they are recorded at fair value at the date of donation. In addition, a substantial number of volunteers have donated a significant amount of their time to the Foundation's programs. However such donated services have not been recorded because they do not meet criteria for recognition.

Various facilities and supplies are donated to the Foundation. These items are recorded as contributions at their respective estimated fair values at the date of the donation.

***Income Taxes***

The Foundation qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes in the accompanying financial statements. As of December 31, 2019, the years 2016 through 2018 remain subject to examination by major taxing jurisdictions. The Foundation has concluded that there are no significant uncertain tax positions requiring recognition in the financial statements.

***Subsequent Events***

In preparing these financial statements, management has evaluated significant events and transactions for potential recognition or disclosure subsequent to December 31, 2019 and through the auditors' report date, the date the financial statements were available to be issued. Subsequent to year end, the Foundation was required to stop all nonessential operations due to the COVID-19 outbreak and all camp and program activities were canceled for the spring and summer of 2020. Also, subsequent to year end, stock and security values declined substantially. The effect on operations is unknown at the report date.

# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

### 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation had the following financial assets available within one year of the balance sheet dates to provide for general operations:

<u>Account</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,432,278	\$ 2,248,121
Accounts receivable, net	18,710	4,341
Unconditional promises to give	6,232	102,061
Investments	33,100,480	28,740,649
Less net assets with donor restrictions included above:		
Purpose restriction	(22,906,869)	(19,818,087)
Time restriction	(4,600)	(102,061)
Perpetual restriction	(860,330)	(860,330)
Less net assets without donor restriction included above:		
Board designated – available for Board appropriation	(9,843,279)	(8,623,107)
 Total	 <u>\$ 1,942,622</u>	 <u>\$ 1,691,587</u>

As part of its liquidity management, the Foundation collects donations and seasonal camp, conference and community and school fees that support general operations. In addition, net assets without donor restrictions (Board designated) and net assets with donor restrictions including purpose and time restrictions are typically available for appropriation and expenditure based on Foundation policy and donor restrictions.

### 3. INVESTMENTS AND FAIR VALUE MEASUREMENT

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value at December 31:

<u>2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds and cash	\$ 110,323	\$ 110,323	\$ -	\$ -
Equity mutual funds	23,910,432	23,910,432	-	-
Fixed income mutual funds	9,079,725	9,079,725	-	-
	<u>\$33,100,480</u>	<u>\$33,100,480</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>2018</u>				
Money market funds and cash	\$ 162,156	\$ 162,156	\$ -	\$ -
Equity mutual funds	20,016,299	20,016,299	-	-
Fixed income mutual funds	8,562,194	8,562,194	-	-
Equities	-	-	-	-
	<u>\$28,740,649</u>	<u>\$28,740,649</u>	<u>\$ -</u>	<u>\$ -</u>

# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

Fair value is defined by generally accepted accounting principles as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

In addition to defining fair value, accounting standards establish a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities, and the lowest priority to unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - inputs are unadjusted quoted market prices in active markets for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - inputs to the valuation methodology include:

- a) quoted prices for similar assets and liabilities in active markets
- b) quoted prices for identical or similar assets and liabilities in markets that are not active
- c) other inputs that are observable or can be corroborated by observable market data
- d) inputs that are derived from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs are generally unobservable and significant to the fair value measurement. Such inputs typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability, including certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

#### 4. CAMPAIGN PLEDGES RECEIVABLE

Unconditional promises to give received from the fund drive consist of the following:

	<u>2019</u>	<u>2018</u>
Receivable due in less than one year	\$6,232	\$102,061
Receivable due in two to four years	-	-
<b>Unconditional promises to give</b>	<b>6,232</b>	<b>102,061</b>
Less: discount to net present value	-	-
<b>Unconditional promises to give, net</b>	<b><u>\$6,232</u></b>	<b><u>\$102,061</u></b>



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**5. PROPERTY AND EQUIPMENT**

Property and equipment is summarized as follows at December 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,242,668	\$ 1,242,668
Construction in progress	223,824	805,400
Land and leasehold improvements	1,835,703	1,748,899
Buildings and improvements	17,615,999	16,850,575
Vehicles	474,013	431,674
Equipment	848,300	848,299
	<hr/>	<hr/>
<b>Total property and equipment</b>	22,240,507	21,927,515
Less: accumulated depreciation and amortization	12,926,708	12,287,550
	<hr/>	<hr/>
<b>Property and equipment, net</b>	<b><u>\$9,313,799</u></b>	<b><u>\$9,639,965</u></b>

**6. ENDOWMENT FUNDS AND NET ASSETS**

The Foundation's endowment funds consist of a combination of select net assets with donor restrictions and board designated net assets without donor restrictions.

***Interpretation of Relevant Law***

The Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date for donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (perpetually restricted) (a) the original value of gifts required to be held in perpetuity, (b) the original value of subsequent gifts required to be held in perpetuity (c) the accumulations to net assets with donor restrictions perpetually restricted required to be maintained in perpetuity as required by the donor's gift instrument. The remaining portion of the net assets with donor restrictions included in the endowment fund are donor restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate 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; and
- The investment policies of the Foundation.

# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

Following is the composition of Foundation's net assets as of December 31:

	Endowment Funds				
	Net Assets Without Donor Restrictions			Net Assets Without Donor Restrictions	
	Board Designated	Purpose Restriction	Perpetual Restriction	Board Designated	Purpose/Time Restricted
<b>2019</b>					
Capital projects and infrastructure	\$9,565,324	\$13,216,144	\$ 28,197	\$254,115	\$122,686
Scholarships	-	560,479	710,222	-	460,584
Environmental awareness	-	139,075	-	-	-
Leadership	-	18,657	20,000	-	34,539
General operations	84,405	71,914	-	(60,565)	(2,226)
Campaign	-	457,675	-	-	(246,496)
Strategic activity	-	8,125,082	101,911	-	(57,476)
Campaign pledges receivable	-	-	-	-	6,232
<b>Total</b>	<b>\$9,649,729</b>	<b>\$22,589,026</b>	<b>\$860,330</b>	<b>\$193,550</b>	<b>\$317,843</b>

	Endowment Funds				
	Net Assets Without Donor Restrictions			Net Assets Without Donor Restrictions	
	Board Designated	Purpose Restriction	Perpetual Restriction	Board Designated	Purpose/Time Restricted
<b>2018</b>					
Capital projects and infrastructure	\$8,358,029	\$11,458,220	\$ 28,197	\$254,115	\$ (4,285)
Scholarships	-	374,906	710,222	-	467,953
Environmental awareness	-	117,478	-	-	-
Leadership	-	12,654	20,000	-	(34)
General operations	71,528	44,921	-	(60,565)	3,193
Campaign	-	427,836	-	-	-
Strategic activity	-	6,982,320	101,911	-	(67,074)
Campaign pledges receivable	-	-	-	-	102,061
<b>Total</b>	<b>\$8,429,557</b>	<b>\$19,418,335</b>	<b>\$860,330</b>	<b>\$193,550</b>	<b>\$501,814</b>

**AMERICAN YOUTH FOUNDATION**  
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Following are the changes in endowment net assets for the years ended December 31:

	<b>Endowment Funds</b>		
	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	
	<b><u>Board Designated</u></b>	<b><u>Purpose Restriction</u></b>	<b><u>Perpetual Restriction</u></b>
Net assets, January 1, 2018	<b>\$8,429,557</b>	<b>\$19,418,335</b>	<b>\$860,330</b>
Investment return			
Investment income, net of expense	176,976	434,166	-
Realized and unrealized gain (loss)	(760,495)	(1,460,357)	-
Contributions	-	-	-
Reclassification	-	(317,641)	-
Release of assets for expenditure	-	(625,000)	-
<b>Net assets, December 31, 2018</b>	<b><u>\$8,429,557</u></b>	<b><u>\$19,418,335</u></b>	<b><u>\$860,330</u></b>
Investment return			
Investment income, net of expense	238,460	574,531	-
Realized and unrealized gain (loss)	1,442,267	3,474,911	-
Contributions	-	-	-
Reclassification	-	(125,401)	-
Release of assets for expenditure	(460,555)	(753,350)	-
<b>Net assets, December 31, 2018</b>	<b><u>\$9,649,729</u></b>	<b><u>\$22,589,026</u></b>	<b><u>\$860,330</u></b>

Earnings on net assets with donor perpetual restrictions are reported as income of net assets with donor purpose restrictions. Realized and unrealized gain/(loss) is not separately tracked for net assets of endowment and non-endowment funds. Realized and unrealized gain/(loss) are allocated for purposes of the above disclosure between classes of net assets based on year-end investment income balances.

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA require the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019.

***Return Objectives and Risk Parameters***

The principal objectives of the Foundation's investment program applies to all investments, both restricted and unrestricted, and are stated as follows: 1) preservation of capital on an absolute basis, 2) generation of income to fulfill the charitable purpose of the Foundation and 3) provide market equivalent return on investment.

# AMERICAN YOUTH FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

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### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation policy relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that is designed to achieve its long-term return objectives within prudent risk constraints.

### ***Spending Policy and How the Investment Objectives Relate to Spending Policy***

The Foundation has a policy of appropriating for distribution each year no more than 5 percent of its investment's average fair value over the prior 5 years average market value. In establishing this policy, the Foundation considered the long-term expected return on its investments. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

## **7. RETIREMENT PLAN**

The Foundation offers a Simple IRA plan to all full-time employees. The plan allows the participants to make contributions to the plan through salary deferrals. The plan also provides for employer matching contributions to a maximum of 3% of eligible compensation. For 2019 and 2018, the Foundation's contributions to the plan were \$44,668 and \$31,374 respectively.

## **8. RELATED PARTY TRANSACTIONS**

Approximately 67% of pledges receivable at December 31, 2019 were from individuals and organizations related to current Board members. Approximately 21% and 14% of total grants and contribution revenues received during 2019 and 2018, respectively, were from individuals and organizations related to Board members.

## **9. RISK MANAGEMENT**

The Foundation is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. Management estimates approximately 40% of its buildings and improvements are self-insured for property damage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

## **SUPPLEMENTARY INFORMATION**

**AMERICAN YOUTH FOUNDATION**

**SCHEDULE OF PROGRAM SERVICE REVENUE AND NET ASSETS RELEASED FOR SCHOLARSHIPS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Camp Programs			Conference Programs	Community and School Programs			Administration	Grand Total
	<u>Miniwanca</u>	<u>Merrowvista</u>	<u>Total</u>	<u>National Leadership Conference</u>	<u>Miniwanca</u>	<u>Merrowvista</u>	<u>Total</u>		
Program fees									
Regular	\$ 2,230,038	\$ 1,673,167	\$ 3,903,205	\$ 204,255	\$ 358,788	\$ 566,808	\$ 925,596	\$ -	\$ 5,033,056
Less									
Financial aid and discounts	<u>354,814</u>	<u>274,873</u>	<u>629,687</u>	<u>96,240</u>	<u>59,553</u>	<u>119,972</u>	<u>179,525</u>	<u>-</u>	<u>905,452</u>
Net tuition	1,875,224	1,398,294	3,273,518	108,015	299,235	446,836	746,071	-	4,127,604
Other program service fees	52,745	4,985	57,730	58,482	380	300	680	-	116,892
Net assets released from restriction for scholarships	<u>313,163</u>	<u>70,299</u>	<u>383,462</u>	<u>51,617</u>	<u>54,627</u>	<u>68,127</u>	<u>122,754</u>	<u>-</u>	<u>557,833</u>
<b>Total</b>	<b><u>\$ 2,241,132</u></b>	<b><u>\$ 1,473,578</u></b>	<b><u>\$ 3,714,710</u></b>	<b><u>\$ 218,114</u></b>	<b><u>\$ 354,242</u></b>	<b><u>\$ 515,263</u></b>	<b><u>\$ 869,505</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,802,329</u></b>