

Young America's Foundation

Financial Statements

Years Ended December 31, 2017 and 2016

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Independent Auditors' Report

Board of Directors
Young America's Foundation
Reston, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Young America's Foundation (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 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 Young America's Foundation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 23 - 24 are presented for purposes of additional analysis and are 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.

Dixon Hughes Goodman LLP

**Tysons, Virginia
June 4, 2018**

Young America's Foundation
Statements of Financial Position
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,070,691	\$ 2,326,458
Investments and deferred compensation	24,153,545	30,850,754
Accounts receivable, net	618,742	963,730
Bequests receivable, current portion	1,720,500	935,010
Promises to give, current portion	1,665,283	3,410,453
Prepaid expenses	315,826	155,624
	<u>40,544,587</u>	<u>38,642,029</u>
Total current assets		
Cash held for long term purposes	100,001	100,001
Restricted cash	55,786	-
Certificate of deposit, restricted	-	56,002
Bequests receivable, less current portion, net of discount	4,613,228	4,738,708
Promises to give, less current portion, net of discount	1,257,894	2,286,662
Property, building and equipment, net	26,770,904	23,080,138
Collections	840,122	830,755
Other assets	1,483,988	1,340,243
	<u>35,121,923</u>	<u>32,432,509</u>
Total noncurrent assets		
Total assets	<u>\$ 75,666,510</u>	<u>\$ 71,074,538</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,307,355	\$ 1,017,833
Annuities payable, current portion	112,809	113,854
Note payable, current portion	2,000,000	-
Deferred revenue	600	600
	<u>3,420,764</u>	<u>1,132,287</u>
Total current liabilities		
Annuities payable, less current portion	751,948	745,386
Deferred rent	1,020,938	1,232,803
Deferred compensation plans	985,931	503,663
	<u>6,179,581</u>	<u>3,614,139</u>
Total liabilities		
Net assets:		
Unrestricted	37,632,216	36,523,216
Temporarily restricted	12,009,489	13,022,917
Permanently restricted	19,845,224	17,914,266
	<u>69,486,929</u>	<u>67,460,399</u>
Total net assets		
Total liabilities and net assets	<u>\$ 75,666,510</u>	<u>\$ 71,074,538</u>

See accompanying notes.

Young America's Foundation
Statements of Activities
Years Ended December 31, 2017 and 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, support and other changes:								
Contributions	\$ 12,672,424	\$ 1,510,853	1,833,000	\$ 16,016,277	\$ 12,034,889	\$ 5,519,171	\$ 507,485	\$ 18,061,545
Bequests	1,231,605	4,299,629	-	5,531,234	3,378,395	-	-	3,378,395
Conference income	213,967	-	-	213,967	187,889	-	-	187,889
Speaker income	252,587	-	-	252,587	241,760	-	-	241,760
List rental income	89,384	-	-	89,384	105,283	-	-	105,283
Publication sales	14,565	-	-	14,565	24,283	-	-	24,283
Change in value of split interest agreement	-	80,346	97,958	178,304	-	3,651	78,396	82,047
Rental income	74,188	-	-	74,188	22,982	-	-	22,982
Investment income	1,650,056	1,878,008	-	3,528,064	844,175	1,504,484	-	2,348,659
Other income	4,443	-	-	4,443	80,070	-	-	80,070
Loss on disposal of fixed assets	-	-	-	-	(31,164)	-	-	(31,164)
Loss on accounts receivable	(16,286)	(127,486)	-	(143,772)	-	(3,939)	-	(3,939)
Net assets released from restrictions	8,654,778	(8,654,778)	-	-	3,100,422	(3,100,422)	-	-
Total support and revenue	<u>24,841,711</u>	<u>(1,013,428)</u>	<u>1,930,958</u>	<u>25,759,241</u>	<u>19,988,984</u>	<u>3,922,945</u>	<u>585,881</u>	<u>24,497,810</u>
Expenses:								
Program services:								
Public information	5,124,009	-	-	5,124,009	5,988,570	-	-	5,988,570
Special projects	14,392,344	-	-	14,392,344	12,502,256	-	-	12,502,256
Total program services	<u>19,516,353</u>			<u>19,516,353</u>	<u>18,490,826</u>			<u>18,490,826</u>
Supporting services:								
Fundraising	1,807,296	-	-	1,807,296	1,652,573	-	-	1,652,573
Management and general	2,409,062	-	-	2,409,062	2,360,186	-	-	2,360,186
Total supporting services	<u>4,216,358</u>			<u>4,216,358</u>	<u>4,012,759</u>			<u>4,012,759</u>
Total expenses	<u>23,732,711</u>			<u>23,732,711</u>	<u>22,503,585</u>			<u>22,503,585</u>
Change in net assets	1,109,000	(1,013,428)	1,930,958	2,026,530	(2,514,601)	3,922,945	585,881	1,994,225
Net assets, beginning of year	<u>36,523,216</u>	<u>13,022,917</u>	<u>17,914,266</u>	<u>67,460,399</u>	<u>39,037,817</u>	<u>9,099,972</u>	<u>17,328,385</u>	<u>65,466,174</u>
Net assets, end of year	<u>\$ 37,632,216</u>	<u>\$ 12,009,489</u>	<u>\$ 19,845,224</u>	<u>\$ 69,486,929</u>	<u>\$ 36,523,216</u>	<u>\$ 13,022,917</u>	<u>\$ 17,914,266</u>	<u>\$ 67,460,399</u>

See accompanying notes.

Young America's Foundation
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,026,530	\$ 1,994,225
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,489,826	1,395,895
Loss on accounts receivable	143,772	3,939
Loss on disposal of property, buildings and equipment	-	115,000
Change in value of split interest agreement	(143,579)	(88,737)
Realized and unrealized (gain) on investment related to annuities	(145,688)	(54,717)
Realized and unrealized (gain) on investment	(873,235)	(1,489,377)
Change in present value discount on promises to give and bequests	20,248	161,063
Receipt of permanently restricted contributions, endowment	(1,800,000)	(474,485)
Change in:		
Accounts receivable, net	328,702	(643,598)
Bequests receivable, net	(862,976)	1,335,578
Promises to give, net	2,829,170	(4,785,992)
Prepaid expense	(160,203)	(81,574)
Other assets	(166)	(36,799)
Accounts payable and accrued expenses	289,522	153,897
Deferred rent	(211,865)	(190,527)
Deferred compensation plans	482,268	287,011
Net cash provided by (used in) operating activities	<u>3,412,326</u>	<u>(2,399,198)</u>
Cash flows from investing activities:		
Sales of investments	18,605,361	4,911,205
Purchases of investments	(10,801,968)	(11,952,654)
Redemption of certificates of deposit, restricted	56,002	-
Proceeds from the sale of property, buildings and equipment	-	83,836
Purchases of property, buildings and equipment	(3,180,592)	(351,628)
Purchases of collections	(9,367)	(327,610)
Net cash provided by (used in) investing activities	<u>4,669,436</u>	<u>(7,636,851)</u>
Cash flows from financing activities:		
Proceeds from annuities issued	36,800	8,872
Payments of annuities	(118,543)	(192,315)
Receipt of permanently restricted contributions, endowment	1,800,000	474,485
Net cash provided by financing activities	<u>1,718,257</u>	<u>291,042</u>
Net change in cash and cash equivalents	9,800,019	(9,745,007)
Cash and cash equivalents, beginning of year	<u>2,326,458</u>	<u>12,071,465</u>
Cash and cash equivalents, end of year	<u>\$ 12,126,477</u>	<u>\$ 2,326,458</u>
Supplemental disclosure of cash flow information:		
Property purchased with promissory note	<u>\$ 2,000,000</u>	<u>\$ -</u>

See accompanying notes.

Notes to Financial Statements

1. Organization and Nature of Activities

Young America's Foundation (the "Foundation") is a not-for-profit organization chartered on November 18, 1969 and headquartered in Reston, Virginia. The Foundation was organized to promote, encourage, and support the development of youth leadership through a series of programs designed to assist young people in acquiring the techniques of leadership, experience in the national life, and generally to encourage leadership roles in the life of the community and nation.

The Foundation's two main programs are special projects and public information. The special projects include lectures, conferences, internships, Young Americans for Freedom student chapters, the National Journalism Center, and the Reagan Ranch program. The public information category provides educational and informational materials through the Foundation's media and communications activities including its web site, newsletters and mailings to the Foundation's target audience in support of its programs.

The Foundation's program activities include:

Premier youth-oriented conferences introducing students to the ideas that make our country great: individual freedom, limited government, a strong national defense, free enterprise, and traditional values. These conferences are held in various locations around the country and are geared to college and high school students.

Campus initiatives include lectures, training materials, and a network of Young Americans for Freedom student chapters. The Foundation provides conservative students with the necessary information, tools and resources to effectively advance conservative ideas on their college or high school campus.

The National Journalism Center is devoted to accuracy, balance, and comprehension of the issues, training students in the skills of press work, and assigning internships at cooperating media locations.

The Reagan Ranch, Western White House, program is devoted to preserving and protecting President Ronald Reagan's Rancho del Cielo located in California and educating young people on the President's ideas of individual freedom, limited government, patriotism and traditional values.

2. Summary of Significant Accounting Policies

Basis of presentation

The accompanying policies of the organization are in accordance with accounting principles generally accepted in the United States of America applied on a basis consistent with that of the preceding years. The Foundation reports information regarding its financial position and activities under standards for not-for-profit organizations issued by the Financial Accounting Standards Board (FASB).

Basis of accounting

These financial statements are prepared under the accrual basis of accounting. Under this accounting method, income is recorded as earned and expenses are recorded as incurred.

Estimates

The preparation of the 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. These estimates also affect the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Accordingly, actual results could differ from those estimates and assumptions.

Classification of net assets

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Under the standards for not-for-profit organizations issued by FASB, the Foundation is required to report information regarding its financial position and activities in three classes of net assets as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time. When a donor restriction expires, that is, when the time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statements of Activities as net assets released from restrictions. If the contribution is received, and the restriction is met in the same year, the contribution is recorded as unrestricted.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that may be maintained permanently by the Foundation.

Cash and cash equivalents

For financial statement purposes, the Foundation considers highly liquid debt instruments purchased with original maturities of ninety days or less to be cash equivalents. At times, the Foundation's cash may exceed federally insured limits. The Foundation does not believe that this results in any significant credit risk. Cash held for long-term purposes includes cash received with donor-imposed restrictions that limit their use to long-term purposes within temporarily or permanently restricted net assets.

Certificate of deposit

The certificate of deposit totaled \$0 and \$56,002 as of December 31, 2017 and 2016, respectively.

Investments

Investments are reported at fair value and contributions of marketable securities are recorded at their fair value at the date of donation. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the Statements of Activities. Dividends and interest are recognized as earned.

Accounts receivable

Accounts receivable are amounts due from colleges and universities for speaker reimbursements and amounts received postmarked by, but not deposited until after December 31. The Foundation uses the allowance method to account for amounts, if any, of its accounts receivable which are considered uncollectible. The Foundation bases its assessment for the allowance for doubtful accounts on historical losses and current economic conditions. Accounts receivable are determined to be past due on a contractual term of 30 days. There was no allowance for doubtful accounts as of December 31, 2017 and 2016.

Bequests receivable

The Foundation records bequests to be received as income when it has received notification from the estate of an unconditional bequest that is measurable. Bequests receivable are reviewed for collectability and a provision for uncollectible promises to give is recorded based on management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors. As of December 31, 2017 and 2016, the allowance for uncollectible bequests was \$0.

Promises to give

Unconditional promises to give are recorded as contributions when received. Amounts expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on promises to give made prior to January 1, 2009 are computed using risk-free interest rates applicable to the years in which the amounts are pledged. The discounts on promises to give made after January 1, 2009 are computed using a discount rate equal to the prevailing local borrowing rate. Amortization of the discount is included in contribution revenue. Management does not believe that an allowance for uncollectible promises to give is necessary.

Property and equipment

Property, buildings and equipment are stated at cost and are depreciated using the straight-line method over an estimated useful life of three to five years for equipment and thirty to forty years for property. Property, building and equipment additions and improvements acquired at a cost greater than \$1,000 are capitalized. Contributed property and equipment is recorded at fair value at the date of the donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Leasehold improvements

Leasehold improvements are amortized using the straight-line method over the shorter of the remaining lease term or the estimated useful life of the asset.

Collections

The Foundation's collections are made up of historical treasures that are held for educational and curatorial purposes. Collections have been recorded as assets at cost, if purchased, or at estimated fair value as of the date of contribution, if contributed. Depreciation is not recorded on collections.

Beneficial interest in remainder trusts

The Foundation is named as the beneficiary in remainder trusts held by third parties. The trusts, which are invested in cash equivalents, equity and fixed income funds and other assets, are measured at the present value of the future distribution expected to be received over the term of the agreement. The discount rates used in the present value calculation are between 7% and 7.5%. The trusts are included in other assets on the Statements of Financial Position.

Beneficial interest in perpetual trust

The Foundation is named as the beneficiary in a perpetual trust held by a third party. Perpetual trusts are initially recorded as permanently restricted public support (bequest or contribution revenue, depending on the initial source of the gift) at fair value, based on the Foundation's interest in the fair value of the underlying trust assets at the time of the gift. Subsequent changes to the trust's fair value are reported as permanently restricted net unrealized gains or losses on perpetual trusts and are included in change in value of split interest agreement on the Statements of Activities. Income received from the trust is reported as temporarily restricted or unrestricted investment income, depending on the existence or absence of donor-imposed restrictions. The trust is included in other assets on the Statements of Financial Position.

Under the term of the trust, the Foundation has an irrevocable right to receive a portion of the income earned on the trust assets in perpetuity. Distributions from the trust are based on the terms of the underlying trust agreement and generally require that investment income be distributed on at least an annual basis. The trust is invested in cash equivalents, municipal bonds, preferred securities, common stocks, mutual funds, real estate trusts and funds and real property.

Annuities payable

The liability for annuities is based on actuarially determined present values considering the income, beneficiaries and applicable discount rates based on federal tables. Actuarial adjustments are recognized in the Statements of Activities for the changes in the value and are included in change in value of split interest agreements (see Note 9).

Deferred rent

The Foundation recognizes the minimum non-contingent rents required under operating leases as rent expense on a straight-line basis over the life of the lease. Differences between amounts recognized as expense and the amounts actually paid are recorded as deferred rent on the Statements of Financial Position.

Revenue recognition

Contributions - Contributions, which include unconditional promises to give, are reported at net realizable value at the date the contribution is received. The Foundation reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Temporarily restricted contributions received in the current year whose restrictions are met during the current year are classified as unrestricted support.

Bequests - Income from bequests is recognized when notification is received from the estate of an unconditional bequest that is measurable.

Conference income - Conference income is recognized on the date that the conference takes place.

Speaker income - Speaker income is recognized on the date the speech takes place.

List rental income - List rental income is recognized when a contract with a mailing house is fulfilled.

Publication sales - Publication sales income is recognized at the point of the sale of the materials.

In-kind contribution - In-kind contributions are recorded at their fair value at the earlier of when promised or received, provided there is an objective basis for such valuation.

Donated securities

The Foundation classifies cash receipts from the sale of donated securities that upon receipt were converted nearly immediately into cash and contained no donor-imposed restrictions as cash flows from operations on the Statements of Cash Flows, while cash receipts from the sale of donated securities with donor-imposed long-term restrictions are classified as financing activities. Otherwise, receipts from the sale of donated securities are classified as cash flows from investing activities.

Functional allocation of expenses

The Foundation's expenses have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the areas benefited.

Costs of joint activities

The Foundation accounts for costs of joint activities which are part fundraising and have elements of one or more other functions, such as program or management and general, according to certain criteria of purpose, audience and content in order to allocate any portion of the costs of joint activities to a functional area other than fundraising.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2017 and 2016, advertising costs totaled \$314,732 and \$309,479, respectively.

Income tax status

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent of any unrelated business income. Therefore, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Foundation has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2017 and 2016. The Foundation is classified as a public charity.

Subsequent events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 4, 2018, the date the financial statements were available to be issued. See Note 24 for subsequent event.

Reclassifications

Certain reclassifications have been made to the 2016 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

3. Investments

The Foundation considers investment return on restricted funds to be unrestricted support if restrictions are met during the fiscal year. The Foundation received donations with respect to charitable gift annuities from various donors (see Note 9). The funds are restricted until the obligations under the annuities have been met.

Young America's Foundation
Notes to Financial Statements

Investments consisted of the following as of December 31:

	<u>2017</u>	<u>2016</u>
Money market mutual funds	\$ 80,254	\$ 79,196
Domestic equity mutual funds	11,414,529	16,786,668
Equities	4,256,541	6,265,028
Fixed income mutual funds	7,935,967	7,229,575
Government securities	454,959	486,088
Exchange traded funds	<u>11,295</u>	<u>4,199</u>
Total investments	<u>\$ 24,153,545</u>	<u>\$ 30,850,754</u>

Investment income (loss) consisted of the following for the year ended December 31:

	<u>2017</u>	<u>2016</u>
Investment income:		
Interest and dividends	\$ 746,020	\$ 732,190
Realized and unrealized gains	<u>2,614,439</u>	<u>1,543,890</u>
Gross investment income	<u>3,360,459</u>	2,276,080
Plus: investment income included in change in value of annuities	<u>167,605</u>	<u>72,579</u>
Total investment income	<u>\$ 3,528,064</u>	<u>\$ 2,348,659</u>

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring and reporting financial assets and liabilities at fair value. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The codification establishes a three-level hierarchy which prioritizes the inputs used in measuring fair values. These tiers include:

- Level 1:** quoted prices in active markets for identical assets or liabilities as of the reporting date;
- Level 2:** 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; and inputs other than quoted prices (such as interest rate and yield curves).
- Level 3:** uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for asset measurements at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Young America's Foundation
Notes to Financial Statements

Mutual funds: Valued at the quoted market value of the net asset value (NAV) of shares held by the Foundation at year end. The mutual funds held by the Foundation are deemed to be actively traded.

Equity securities: Valued at the closing price reported in the active market in which individual securities are traded.

Government securities: Valued at the quoted market price or dealer quotes for similar instruments that are used to estimate the fair value.

Exchange traded funds: Valued at the quoted market price of the net asset value (NAV) of shares held by the Foundation at year-end.

The tables below summarize investments, by level, for items measured at fair value on a recurring basis at December 31, 2017 and 2016:

	Fair Value as of December 31, 2017			Total
	Level 1	Level 2	Level 3	
Beneficial interest in remainder trusts	\$ -	\$ -	\$ 335,279	\$ 335,279
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 994,216	\$ 994,216
Charitable gift annuity liability	\$ -	\$ -	\$ (864,757)	\$ (864,757)
Investments:				
Money market mutual funds	\$ 80,254	\$ -	\$ -	\$ 80,254
Domestic equity mutual funds	11,414,529	-	-	11,414,529
Equities	4,256,541	-	-	4,256,541
Fixed income mutual funds	7,935,967	-	-	7,935,967
Government securities	-	454,959	-	454,959
Exchange traded funds	11,295	-	-	11,295
Total investments	\$ 23,698,586	\$ 454,959	\$ -	\$ 24,153,545

	Fair Value as of December 31, 2016			Total
	Level 1	Level 2	Level 3	
Beneficial interest in remainder trusts	\$ -	\$ -	\$ 289,658	\$ 289,658
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 896,258	\$ 896,258
Charitable gift annuity liability	\$ -	\$ -	\$ (859,240)	\$ (859,240)
Investments:				
Money market mutual funds	\$ 79,196	\$ -	\$ -	\$ 79,196
Domestic equity mutual funds	16,786,668	-	-	16,786,668
Equities	6,265,028	-	-	6,265,028
Fixed income mutual funds	7,229,575	-	-	7,229,575
Government securities	-	486,088	-	486,088
Exchange traded funds	4,199	-	-	4,199
Total investments	\$ 30,364,666	\$ 486,088	\$ -	\$ 30,850,754

Young America's Foundation
Notes to Financial Statements

The Foundation recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2017 and 2016.

Level 3 beneficial interest in remainder trusts, which are invested in cash equivalents, equity and fixed income funds, and other assets are measured at the present value of the future distributions expected to be received over the term of the agreement, discounted at rates between 7% and 7.5%, which reflect current market conditions, adjusted for the life expectancy of the lead beneficiary using IRS actuarial tables.

The following is a reconciliation of the beginning to ending balance of the beneficial interests in remainder trusts measured at fair value using significant unobservable inputs (level 3) during the periods ended December 31:

Beneficial interest in remainder trusts	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 289,658	\$ 279,317
Unrealized gain on trusts	<u>45,621</u>	<u>10,341</u>
Ending balance	<u>\$ 335,279</u>	<u>\$ 289,658</u>

The valuation of the beneficial interest in the perpetual trusts falls under level 3, as there are no significant observable inputs. The trust valuation is based on the Foundation's interest in the fair value of the underlying trust assets.

The following is a reconciliation of the beginning to ending balance of the beneficial interest in perpetual trust measured at fair value using significant unobservable inputs (Level 3) during the periods ended December 31:

Beneficial interest in perpetual trust	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 896,258	\$ 817,862
Change in value	<u>97,958</u>	<u>78,396</u>
Ending balance	<u>\$ 994,216</u>	<u>\$ 896,258</u>

The unrealized gain on trusts is the change in value of the split-interest agreement and is recorded in revenue on the Statement of Activities.

The Level 3 charitable gift annuity liability is valued using the income approach, in the form of present value using interest rates ranging from 1% and 6.2%, and the 2000 Annuity life expectancy tables as of December 31, 2017 and 2016. As of January 1, 2015, any new gift annuity received is discounted based on the 2012 IAR table. The discount rate is determined based on the individual annuity agreement. The discount associated with the liability is adjusted for changes in life expectancies.

The following is a reconciliation of the beginning to ending balance of the charitable gift annuity liability measured at fair value using significant unobservable inputs (level 3) during the years ended December 31:

Charitable gift annuity liability	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 859,240	\$ 973,755
Additions	36,800	8,872
Payments	(118,543)	(192,315)
Actuarial change in value	<u>87,260</u>	<u>68,928</u>
Ending balance	<u>\$ 864,757</u>	<u>\$ 859,240</u>

Young America's Foundation
Notes to Financial Statements

The following tables summarize the valuation techniques and significant unobservable inputs used for the Foundation's assets and liabilities categorized within Level 3 of fair value hierarchy at December 31, 2017 and 2016:

<u>Assets and liabilities</u>	<u>Valuation Techniques</u>	<u>Unobservable Input</u>	<u>Range of Significant Input Values</u>	<u>Fair Value at December 31, 2017</u>
Beneficial interest in remainder trusts	Income approach	Discount rate	7% - 7.5%	\$ 335,279
	Present value of future cash flows	Life expectancy	IRS Actuarial Table Pub. 1458	
Beneficial interest in perpetual trust	Income approach Discounted cash flow analysis of assets contributed to the trust	Beneficial interest based on assets contributed to the trust	N/A	\$ 994,216
Charitable gift annuity liability	Income approach	Discount rate	1% - 6.2%	\$ (864,757)
	Present value of future cash flows	Life expectancy	Annuity 2000 Tables and 2012 IAR Tables	

<u>Assets and liabilities</u>	<u>Valuation Techniques</u>	<u>Unobservable Input</u>	<u>Range of Significant Input Values</u>	<u>Fair Value at December 31, 2016</u>
Beneficial interest in remainder trusts	Income approach	Discount rate	7% - 7.5%	\$ 289,658
	Present value of future cash flows	Life expectancy	IRS Actuarial Table Pub. 1458	
Beneficial interest in perpetual trust	Income Approach Discounted cash flow analysis of assets contributed to the trust	Beneficial interest based on assets contributed to the trust	N/A	\$ 896,258

Young America's Foundation
Notes to Financial Statements

Charitable gift annuity liability	Income approach	Discount rate	1% - 6.2%	\$ (859,240)
	Present value of future cash flows	Life expectancy	Annuity 2000 Tables	

5. Promises to Give

As of December 31 promises to give are comprised of the following:

	<u>2017</u>	<u>2016</u>
Promises to give expected in:		
Less than one year	\$ 1,665,283	\$ 3,410,453
Two to five years	<u>1,311,132</u>	<u>2,445,132</u>
	<u>2,976,415</u>	5,855,585
Less: discount	<u>(53,238)</u>	<u>(158,470)</u>
Total promises to give, net	<u>\$ 2,923,177</u>	<u>\$ 5,697,115</u>

Unconditional promises to give are discounted to their present value using risk free rates of return rates between 2.83% and 4.40%.

As of December 31, 2017, one donor had a pledge balance outstanding which represented 68% of total promises to give. As of December 31, 2016, one donor had a pledge balance outstanding which represented 85% of total promises to give.

6. Bequests Receivable

As of December 31 bequests receivable are comprised of the following:

	<u>2017</u>	<u>2016</u>
Bequests expected in:		
Less than one year	\$ 1,720,500	\$ 935,010
One to five years	<u>5,000,000</u>	<u>5,000,000</u>
	<u>6,720,500</u>	5,935,010
Less: discount	<u>(386,772)</u>	<u>(261,292)</u>
Total bequests receivable, net	<u>\$ 6,333,728</u>	<u>\$ 5,673,718</u>

Bequests receivable are discounted to their present value using a risk free rate of return rate of 2.72%.

As of December 31, 2017, two donors had bequest receivable balances outstanding which represent 97% of total bequest receivables. As of December 31, 2016, two donors had bequest receivable balances outstanding which represent 100% of total bequest receivables.

7. Property, Buildings and Equipment

Property, buildings and equipment is as follows at December 31:

	<u>2017</u>	<u>2016</u>
Land and improvements	\$ 12,018,966	\$ 7,993,066
Buildings and improvements	22,132,741	21,070,211
Furniture and equipment	3,794,775	4,147,468
Vehicles	<u>100,484</u>	<u>98,582</u>
	<u>38,046,966</u>	33,309,327
Less: accumulated depreciation	<u>(11,276,062)</u>	<u>(10,229,189)</u>
Property, buildings and equipment, net	<u>\$ 26,770,904</u>	<u>\$ 23,080,138</u>

Among other properties, the Foundation owns and maintains a 688 acre ranch in California, previously owned by president and Mrs. Ronald Reagan. The Foundation considers this ranch to be a historic treasure. Property, buildings and equipment include the cost of the Reagan Ranch.

In 2017, the Foundation purchased the Smith Ranch in California, which is adjacent to the Reagan Ranch, for \$4,000,000. The Foundation has a promissory note with the seller of the property with a balance of \$2,000,000 at December 31, 2017. See Note 10 for more information.

Depreciation expense totaled \$1,489,826 and \$1,395,895 for the years ended December 31, 2017 and 2016, respectively.

8. Collections

The Foundation holds collections for education purpose such as exhibition to the public or public research and not for financial gain. These items are protected, cared for and preserved in keeping with standard practice. The Foundation has not adopted a policy that requires revenue from the sale of any collections to be reinvested in other collections. The Foundation has no plans to sell these collections.

9. Annuities

The Foundation has established a gift annuity plan where donors may contribute assets to the Foundation in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax and financial statement purposes.

The Foundation invests the assets in a financial institution separately from its other investments and considered these investments to be temporarily restricted until the beneficiary's death. The Foundation maintains a separate brokerage account specifically for charitable gift annuities governed by the laws of California. The balance of this account as December 31, 2017 and 2016, totaled \$926,642, and \$907,788, respectively. Total assets separately maintained as cash and investments relating to charitable gift annuities totaled \$1,627,202 and \$1,478,141, as of December 31, 2017 and 2016, respectively.

The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as temporarily restricted contribution revenue at the date of the gift, since the gift portion is restricted until the obligations under the annuity have been met.

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Notes to Financial Statements

Income earned on annuity investments and distributions paid are credited and charged, respectively, against temporarily restricted revenue. For the years ended December 31, 2017 and 2016, contributions related to gift annuities were \$100,000 and \$25,000, respectively. Gift annuity liabilities terminated as a result of annuitant deaths during 2017 and 2016 were \$0 and \$98,564, respectively. The annuity liability is adjusted annually based upon actuarially computed present values.

The change in investments segregated for annuities, as reflected in the accompanying statement of activities, consists of the following at December 31:

	<u>2017</u>	<u>2016</u>
Investment income	\$ 31,713	\$ 29,123
Realized and unrealized gains	145,688	54,717
Investment fees	(9,794)	(11,261)
Actuarial adjustment	<u>(87,260)</u>	<u>(68,928)</u>
Change in value of investments segregated for annuities	<u>\$ 80,346</u>	<u>\$ 3,651</u>

10. Note Payable

On March 30, 2017, the Foundation entered into a promissory note agreement with the sellers of the Smith Ranch in the amount of \$2,000,000. Payments are due in installments. The first installment of \$1,000,000 was paid in January of 2018 and the second installment of \$1,000,000 is due on November 1, 2019, unless demanded sooner by the Holder. Interest on the note is based upon the Federal Funds rate which was 1.3% at December 31, 2017. Interest expense during 2017 totaled \$16,991.

11. Letter of Credit

A letter of credit for \$55,778 has been issued on behalf of the Foundation by a bank in Virginia. The beneficiary is a business which requires it as part of a leasing agreement. The letter of credit expires on December 31, 2021.

12. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose at December 31:

	<u>2017</u>	<u>2016</u>
Program assistance:		
Un-appropriated endowment earnings	\$ 1,734,188	\$ 759,655
Time restricted for period after December 31:		
Beneficial interests in charitable trusts	335,279	289,658
Bequests receivable	6,333,728	5,673,718
Gift annuities	683,117	602,771
Promises to give	<u>2,923,177</u>	<u>5,697,115</u>
Temporarily restricted net assets	<u>\$ 12,002,489</u>	<u>\$ 13,022,917</u>

13. Permanently Restricted Net Assets

Permanently restricted net assets consist of donations made with the restriction that the principal be maintained into perpetuity. Permanently restricted net assets consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
High school conference	\$ 1,900,000	\$ 1,900,000
Internships	275,000	275,000
Promises to give – Reagan Ranch	66,000	33,000
Reagan Ranch endowment	13,185,884	11,685,884
Student education	671,124	671,124
Scholarships	1,953,000	1,953,000
Yale lecture series	800,000	500,000
Beneficial interest in perpetual trust	<u>994,216</u>	<u>896,258</u>
Permanently restricted net assets	<u>\$ 19,845,224</u>	<u>\$ 17,914,266</u>

14. Net Assets Released from Restriction

Net assets released from donor restriction by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by the donor, are as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Appropriated endowment earnings net of endowment investment return	\$ 903,475	\$ 828,414
Time restricted	<u>7,751,303</u>	<u>2,272,008</u>
Temporarily restriction net assets releases	<u>\$ 8,654,778</u>	<u>\$ 3,100,422</u>

15. Endowment Funds

The Foundation's endowment consists of permanently restricted contributions established for a variety of purposes (see Note 12). Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net assets are composed entirely of donor-restricted funds.

Interpretation of relevant law

Management of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified in temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Young America's Foundation
Notes to Financial Statements

- i. The duration and preservation of the fund;
- ii. The purposes of the organization and donor-restricted endowment fund;
- iii. General economic conditions;
- iv. The possible effect of inflation and deflation;
- v. The expected total return from income and appreciation of investments;
- vi. Other resources of the organization;
- vii. The investment policies of the organization.

Changes in endowment net assets for the years ended December 31:

	Changes in Net Assets as of December 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 759,655	\$ 16,985,008	\$ 17,744,663
Investment return:				
Investment income	-	555,091	-	555,091
Net appreciation (realized and unrealized)	-	1,322,917	-	1,322,917
Total investment return	-	1,878,008	-	1,878,008
Cash contributions received	-	-	1,800,000	1,800,000
Appropriations of endowment assets for expenditure	-	(903,475)	-	(903,475)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 1,734,188</u>	<u>\$ 18,785,008</u>	<u>\$ 20,519,196</u>

	Changes in Net Assets as of December 31, 2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 83,585	\$ 16,510,523	\$ 16,594,108
Investment return:				
Investment income	-	296,943	-	296,943
Net depreciation (realized and unrealized)	-	1,207,541	-	1,207,541
Total investment return	-	1,504,484	-	1,504,484
Cash contributions received	-	-	474,485	474,485
Appropriations of endowment assets for expenditure	-	(828,414)	-	(828,414)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 759,655</u>	<u>\$ 16,985,008</u>	<u>\$ 17,744,663</u>

Young America's Foundation
Notes to Financial Statements

Description of amounts classified as permanently restricted and temporarily restricted net assets (endowment only):

Permanently restricted net assets	<u>2017</u>	<u>2016</u>
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	<u>\$ 18,785,008</u>	<u>\$ 16,985,008</u>
Temporarily restricted net assets	<u>2017</u>	<u>2016</u>
The portion of perpetual endowment funds subject to a time and purpose restriction under UPMIFA	<u>\$ 1,734,188</u>	<u>\$ 759,655</u>

The endowment excludes promises to give which are included in permanently restricted net assets on the Statements of Financial Position.

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 UPMIFA requires the Foundation to return as a fund of perpetual duration. As of December 31, 2017 and 2016, there was no aggregated deficiency from endowment funds.

Return objectives and risk parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under the investment policy, the endowment assets are invested primarily in level one investments to assume a low level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of 5% annually. Actual return in any given year may vary from this amount.

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a return strategy in which investment returns are achieved through current yield (interest and dividends) and capital appreciation.

Spending policy and how the investment objectives relate to spending policy

The Foundation has a policy of appropriating for distribution each year the income earned on the endowment funds. In establishing this policy, the Foundation uses a 5% payout rate. Accordingly, over the long-term, the Foundation expects the current spending policy to remain consistent. This is consistent with the Foundation's objective to preserve the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

16. Concentration of Revenue

For the year ended December 31, 2017, one donor contributed 14% of total support and revenue. For the year ended December 31, 2016, one donor contributed 20% of total support and revenue.

17. Allocation of Joint Costs

During 2017 and 2016, the Foundation incurred joint costs of \$5,221,890 and \$5,163,696, respectively, for information materials primarily related to direct mail, house file mailing and newsletters that included fundraising appeals. Pursuant to joint cost rules (see Note 1), these costs were allocated to the functional areas as follows for the years ended December 31:

	<u>2017</u>	<u>2016</u>
Program Services	\$ 3,913,169	\$ 4,058,928
Fundraising	<u>1,308,721</u>	<u>1,104,768</u>
Total	<u>\$ 5,221,890</u>	<u>\$ 5,163,696</u>

18. Future Minimum Lease Payments

The Foundation entered into a lease agreement in December 2013 for headquarters office space in Reston, Virginia. The lease contained a tenant allowance and rent abatement. The lease commenced in 2014 and has a term of 90.5 months.

Minimum future rental payments under the operating lease as of December 31, 2017 in the aggregate are as follows:

2018	\$ 688,500
2019	777,266
2020	800,584
2021	<u>684,793</u>
	<u>\$ 2,951,143</u>

Rent expense for the years ended December 31, 2017 and 2016 totaled \$597,872 and \$630,126, respectively.

The Foundation entered into operating leases for a copier and a postage machine. The leases expire in June 2021.

Future minimum lease payments under the operating leases as of December 31, 2017 are as follows:

2018	\$ 17,142
2019	17,142
2020	17,142
2021	<u>8,571</u>
	<u>\$ 59,997</u>

19. Pension Plan

The Foundation offers a tax-sheltered 403(b) annuity plan to its employees. All full-time employees are eligible for participation on the first of the month following the date of employment. No contributions were made by the Foundation to the plan in either 2017 or 2016.

20. Deferred Compensation Plans

The Foundation has established a nonqualified deferred compensation plan (457(b) Plan) for members of management. Assets held in the 457(b) plan were \$274,576 and \$157,291 as of December 31, 2017 and 2016, respectively. A deferred compensation liability in the same respective amounts, representing employee contributions, is included in the accompanying Statement of Financial Position. The assets held for the plan are distributed upon termination of employment and until that time, remain subject to the claims of the Foundation's general creditors.

The Foundation also entered into a deferred compensation plan under section 457(f) of the Internal Revenue Code with its president. Assets held in the plan were \$711,355 and \$346,372 as of December 31, 2017 and 2016, respectively. A deferred compensation liability in the same respective amount, representing employer contributions, is included in the accompanying Statement of Financial Position. Employer contributions to the plan totaled \$285,647 and \$148,667 for the years ended December 31, 2017 and 2016, respectively.

21. Related Party Transactions

The Foundation's Vice President is a principal in a firm which provides consulting services to the Foundation. Amounts purchased or incurred with this related party totaled approximately \$70,000 and \$75,000 for the years ended December 31, 2017 and 2016, respectively. There were no amounts owed to related parties as of December 31, 2017 and 2016. Board members are prohibited from participating in decisions for which they have an interest. Board members contributed approximately \$26,000 and \$35,000 for the years ended December 31, 2017 and 2016, respectively, to the Foundation.

22. Hotel Commitments

The Foundation typically signs contracts with hotels for future events a year or longer in advance of the event. It is also not unusual for a cancellation clause to be included in these hotel contracts. At December 31, 2017, the Foundation has five hotel contracts that include cancellation clauses. These cancellation clauses require the payment of a cancellation fee if the Foundation cancels the event, ranging from \$13,152 to \$86,480.

23. Risk and Uncertainties

The Foundation invests in various investment securities that are exposed to different risks such as interest rate, credit and market volatility risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the Foundation's account balances and amount reported in the Statements of Financial Position.

24. Subsequent Events

In April of 2018, the Foundation purchased a house in Washington, D.C. for approximately \$2.4 million. The space will serve as a unique location for intimate receptions, supporter dinners and meetings, staff and ally office space, National Journalism Center and alumni gatherings and as well as other smaller events.

Supplementary Information

Young America's Foundation
Schedules of Functional Expenses
Year Ended December 31, 2017

	Program Services			Supporting Services			Total
	Public Information	Special Projects	Total	Fundraising	Management and General	Total	
Advertising and marketing	\$ 74,945	\$ 902,656	\$ 977,601	\$ 3,865	\$ -	\$ 3,865	\$ 981,466
Animal care	-	10,095	10,095	-	4,255	4,255	14,350
Bank fees and charges	44,034	33,586	77,620	14,145	5,999	20,144	97,764
Books, subscriptions and reference	10,854	201,812	212,666	200	21,733	21,933	234,599
Conferences, banquets & meetings	21,500	57,572	79,072	-	9,095	9,095	88,167
Depreciation expense	163,901	1,072,625	1,236,526	74,519	178,781	253,300	1,489,826
Equipment rental & maintenance	30,902	299,759	330,661	-	85,194	85,194	415,855
Equipment < \$1000	-	7,289	7,289	-	2,604	2,604	9,893
Honoraria	-	1,242,459	1,242,459	-	-	-	1,242,459
Housing	-	771,500	771,500	-	13,166	13,166	784,666
Insurance	2,150	19,612	21,762	-	305,279	305,279	327,041
Interest expense	-	-	-	-	11,991	11,991	11,991
Landscaping & maintenance	-	77,840	77,840	-	43,501	43,501	121,341
List rental expense	192,106	9,960	202,066	56,672	-	56,672	258,738
Meals	210	1,184,424	1,184,634	-	30,971	30,971	1,215,605
Other expenses	2,616	10,013	12,629	956	20,878	21,834	34,463
Outsourcing & consulting	275,897	420,166	696,063	83,157	143,730	226,887	922,950
Payroll benefit fees	1,396	9,831	11,227	706	1,716	2,422	13,649
Payroll taxes	32,796	193,033	225,829	14,229	35,080	49,309	275,138
Penalties and fines	-	16	16	-	637	637	653
Personal Property Tax	-	-	-	-	9,600	9,600	9,600
Postage and shipping	1,528,465	140,434	1,668,899	389,158	132,325	521,483	2,190,382
Preservation expenses	-	1,591	1,591	-	838	838	2,429
Printing & copying	1,825,941	322,710	2,148,651	415,378	9,193	424,571	2,573,222
Professional development	16,420	3,886	20,306	19,530	7,489	27,019	47,325
Professional fees	109,857	530,004	639,861	337,609	351,007	688,616	1,328,477
Real estate tax	5,894	18,256	24,150	-	59,963	59,963	84,113
Rent and occupancy	62,353	639,076	701,429	31,526	114,471	145,997	847,426
Office repairs & maintenance	-	12,420	12,420	-	10,320	10,320	22,740
Salaries and benefits	546,798	4,069,198	4,615,996	308,772	701,614	1,010,386	5,626,382
Scholarships	-	201,455	201,455	-	-	-	201,455
Supplies	113,231	248,170	361,401	55,939	34,761	90,700	452,101
Taxes, other	-	-	-	-	8,315	8,315	8,315
License and registration fees	-	421	421	299	5,670	5,969	6,390
IT web services	48,475	383,035	431,510	-	14,587	14,587	446,097
Telephone & telecommunications	8,359	55,844	64,203	636	18,283	18,919	83,122
Travel	4,909	1,241,596	1,246,505	-	16,016	16,016	1,262,521
	<u>\$ 5,124,009</u>	<u>\$ 14,392,344</u>	<u>\$ 19,516,353</u>	<u>\$ 1,807,296</u>	<u>\$ 2,409,062</u>	<u>\$ 4,216,358</u>	<u>\$ 23,732,711</u>

See independent auditors' report.

Young America's Foundation
Schedules of Functional Expenses
Year Ended December 31, 2016

	Program Services			Supporting Services			
	Public Information	Special Projects	Total	Fundraising	Management and General	Total	Total
Advertising and marketing	\$ 91,465	\$ 530,497	\$ 621,962	\$ 6,870	\$ 9,330	\$ 16,200	\$ 638,162
Animal care	-	31,200	31,200	-	-	-	31,200
Bank fees and charges	41,950	-	41,950	12,117	47,935	60,052	102,002
Books, subscriptions and reference	24,720	186,316	211,036	460	10,113	10,573	221,609
Conferences, banquets & meetings	-	230,074	230,074	-	6,796	6,796	236,870
Depreciation expense	268,079	722,902	990,981	229,253	175,661	404,914	1,395,895
Equipment rental & maintenance	99,973	340,441	440,414	-	9,442	9,442	449,856
Equipment < \$1000	-	6,129	6,129	-	3,618	3,618	9,747
Honoraria	7,500	1,469,368	1,476,868	-	-	-	1,476,868
Housing	5,217	828,019	833,236	-	40,095	40,095	873,331
Insurance	25,519	2,429	27,948	-	125,009	125,009	152,957
Interest expense	-	-	-	-	-	-	-
Landscaping & maintenance	-	197,385	197,385	-	3,981	3,981	201,366
List rental expense	314,183	12,403	326,586	44,395	-	44,395	370,981
Meals	36,377	738,636	775,013	-	12,051	12,051	787,064
Other expenses	12,064	62,263	74,327	41,609	15,465	57,074	131,401
Outsourcing & consulting	320,918	549,136	870,054	66,377	206,223	272,600	1,142,654
Payroll benefit fees	-	-	-	-	8,662	8,662	8,662
Payroll taxes	27,609	180,290	207,899	13,582	33,037	46,619	254,518
Penalties and fines	384	2,474	2,858	-	100	100	2,958
Personal property tax	-	-	-	-	-	-	-
Postage and shipping	1,665,559	422,449	2,088,008	439,626	11,283	450,909	2,538,917
Preservation expenses	-	14,227	14,227	-	-	-	14,227
Printing & copying	2,245,768	195,319	2,441,087	477,411	-	477,411	2,918,498
Professional development	912	1,259	2,171	-	5,940	5,940	8,111
Professional fees	127,911	432,407	560,318	10,859	199,234	210,093	770,411
Real estate tax	2,876	25,534	28,410	-	44,079	44,079	72,489
Rent and occupancy	9,600	179,653	189,253	-	685,578	685,578	874,831
Office repairs & maintenance	-	-	-	-	4,632	4,632	4,632
Salaries and benefits	516,177	3,582,452	4,098,629	275,955	592,098	868,053	4,966,682
Scholarships	-	159,540	159,540	-	-	-	159,540
Supplies	86,764	329,523	416,287	34,059	84,743	118,802	535,089
Taxes, other	2,120	7,189	9,309	-	2,110	2,110	11,419
License and registration fees	12,201	-	12,201	-	-	-	12,201
IT web services	-	-	-	-	6,527	6,527	6,527
Telephone & telecommunications	2,759	68,925	71,684	-	10,587	10,587	82,271
Travel	39,965	993,817	1,033,782	-	5,857	5,857	1,039,639
	<u>\$ 5,988,570</u>	<u>\$ 12,502,256</u>	<u>\$ 18,490,826</u>	<u>\$ 1,652,573</u>	<u>\$ 2,360,186</u>	<u>\$ 4,012,759</u>	<u>\$ 22,503,585</u>

See independent auditors' report.