

**FOREVER YOUNG FOUNDATION, INC.**

**Financial Statements  
and  
Independent Auditor's Report**

**Year Ended December 31, 2021  
With Summarized Comparative Information for  
the Year Ended December 31, 2020**

**HBME**

**CERTIFIED PUBLIC ACCOUNTANTS**

**FOREVER YOUNG FOUNDATION, INC.**

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and  
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**Year Ended December 31, 2021  
With Summarized Comparative Information for the  
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**FOREVER YOUNG FOUNDATION, INC.**

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COMMITTED. EXPERIENCED. TRUSTED

## INDEPENDENT AUDITOR'S REPORT

### CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors  
Forever Young Foundation, Inc.

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Forever Young Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Forever Young Foundation, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited the Foundation's December 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 29, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***HBME, LLC***

November 9, 2022

**FOREVER YOUNG FOUNDATION, INC.**  
**Statement of Financial Position**  
**December 31, 2021 and 2020**

	2021	2020
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,763,806	\$ 3,237,633
Investments	631,341	574,413
Note receivable, current portion	56,000	56,000
Related party note receivable, current portion	15,098	14,221
Contributions receivable	984,316	110,310
Total current assets	5,450,561	3,992,577
Noncurrent assets:		
Fixed assets, net	150,000	150,000
Note receivable, net of discount	1,309,236	1,305,652
Related party note receivable	240,571	255,669
Total noncurrent assets	1,699,807	1,711,321
Total assets	\$ 7,150,368	\$ 5,703,898
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 87,960	\$ 15,957
Accrued expenses	36,079	13,578
Total current liabilities	124,039	29,535
Noncurrent liabilities		
Total liabilities	-	-
Net assets:		
Without donor restrictions		
Unrestricted	4,585,424	4,042,821
With donor restrictions		
Purpose restrictions	820,000	-
Time-restricted for future periods	1,620,905	1,631,542
Total net assets	7,026,329	5,674,363
Total liabilities and net assets	\$ 7,150,368	\$ 5,703,898

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

**FOREVER YOUNG FOUNDATION, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**  
**With Summarized Comparative Information**  
**for the Year Ended December 31, 2020**

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	(Summarized Info)
<b><u>PUBLIC SUPPORT AND OTHER REVENUES</u></b>				
Public support:				
Event revenue, net of direct donor benefits of \$259,056	\$ 1,228,585	\$ -	\$ 1,228,585	\$ 1,085,632
Contributions:				
Cash	2,661,575	820,000	3,481,575	3,022,356
In-kind	300,980	-	300,980	340,750
Total public support	<u>4,191,140</u>	<u>820,000</u>	<u>5,011,140</u>	<u>4,448,738</u>
Other revenues:				
Net investment return	133,841	-	133,841	67,919
Net assets released from restrictions	10,637	(10,637)	-	-
Total public support and other revenue	<u>4,335,618</u>	<u>809,363</u>	<u>5,144,981</u>	<u>4,516,657</u>
<b><u>EXPENSES</u></b>				
Program services:	3,624,236	-	3,624,236	2,992,673
Supporting services:				
General and administrative	129,394	-	129,394	146,228
Marketing and development	39,385	-	39,385	69,199
Total supporting services	<u>168,779</u>	<u>-</u>	<u>168,779</u>	<u>215,427</u>
Total expenses	<u>3,793,015</u>	<u>-</u>	<u>3,793,015</u>	<u>3,208,100</u>
Change in net assets	542,603	809,363	1,351,966	1,308,557
Net assets, beginning of year	<u>4,042,821</u>	<u>1,631,542</u>	<u>5,674,363</u>	<u>4,365,806</u>
Net assets, end of year	<u>\$ 4,585,424</u>	<u>\$ 2,440,905</u>	<u>\$ 7,026,329</u>	<u>\$ 5,674,363</u>

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

**FOREVER YOUNG FOUNDATION, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**  
**With Summarized Comparative Information**  
**for the Year Ended December 31, 2020**

	2021				2020	
	Program Services	Supporting Services			Total Expenses	(Summarized Info)
		General and Administrative	Marketing and Development	Total Supportive Services		
<b>PERSONNEL EXPENSES</b>						
Salaries and benefits	\$ 277,320	\$ 77,740	\$ 24,280	\$ 102,020	\$ 379,340	\$ 427,076
Total personnel expenses	277,320	77,740	24,280	102,020	379,340	427,076
<b>OTHER EXPENSES</b>						
Grant awards to others	3,264,691	-	-	-	3,264,691	2,630,417
Fundraising events	-	-	265,707	265,707	265,707	213,672
Conference and marketing	10,098	9,120	1,270	10,390	20,488	17,234
Taxes	13,969	7,716	2,093	9,809	23,778	23,206
Travel	3,120	9,308	941	10,249	13,369	17,007
Office supplies	10,220	1,969	242	2,211	12,431	12,511
Professional fees	2,463	476	238	714	3,177	17,968
Contract services	8,566	157	79	236	8,802	6,086
Legal and accounting	12,840	391	-	391	13,231	7,103
Insurance	4,756	2,740	1,200	3,940	8,696	7,829
Meetings and entertainment	1,161	3,335	780	4,115	5,276	4,504
Bank charges	-	9,554	-	9,554	9,554	5,929
Supplies	3,511	4,965	596	5,561	9,072	5,060
Sports memorabilia	8,526	-	-	-	8,526	3,657
Telephone services	2,995	1,923	1,015	2,938	5,933	6,177
Total other expenses	3,346,916	51,654	274,161	325,815	3,672,731	2,978,360
Total expenses	3,624,236	129,394	298,441	427,835	4,052,071	3,405,436
Less expenses included with revenues on the statement of activities:						
Cost of direct benefits to donors	-	-	(259,056)	(259,056)	(259,056)	(197,336)
Total expenses included in the expense section on the statement of activities	\$ 3,624,236	\$ 129,394	\$ 39,385	\$ 168,779	\$ 3,793,015	\$ 3,208,100

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

**FOREVER YOUNG FOUNDATION, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 1,351,966	\$ 1,308,557
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gains on investments	(34,668)	(27,456)
Discount on note receivable	(59,584)	(71,543)
Change in operating assets and liabilities:		
Contributions receivable	(874,006)	3,870
Accrued expenses	22,501	10,312
Accounts payable	72,003	13,351
Net cash provided by operating activities	478,212	1,237,091
Cash flows from investing activities:		
Repayment on note receivable	56,000	67,862
Repayment on related party note receivable	14,221	13,327
Purchase of marketable securities	(22,260)	(21,382)
Net cash provided by investing activities	47,961	59,807
Cash flows from financing activities	-	-
Net increase in cash and cash equivalents	526,173	1,296,898
Cash and cash equivalents, beginning of year	3,237,633	\$ 1,940,735
Cash and cash equivalents, end of year	\$ 3,763,806	\$ 3,237,633

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

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2021 and 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Nature of Operations*

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

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

*Use of Estimates*

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

*Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less, which are neither held nor restricted by donors for long-term purposes, to be cash equivalents.

*Investments*

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees. Fair values are primarily determined based on quoted market prices or other market inputs.

*Contributions Receivable*

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

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Contributions Receivable (Continued)*

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

*Fixed Assets (including Works of Art)*

Furniture and equipment over \$5,000 are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives ranging from three to five years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. As of December 31, 2021 and 2020, all depreciable fixed assets were fully depreciated. No depreciation expense was recorded in the years ended December 31, 2021 and 2020.

The Foundation received, in a prior fiscal year, a donated work of art, at an appraised value at the time of donation of \$150,000. Works of art are not depreciated; but are subject to impairment analysis. At December 31, 2021 and 2020, no impairment of this asset was deemed necessary.

*Net Assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets without Donor Restrictions** – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions or where the donor-imposed restrictions have expired or been satisfied.
- **Net Assets with Donor Restrictions** – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When applicable, gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Revenue and Revenue Recognition*

Revenue is recognized when earned. Events are conducted throughout the year to raise support for program services of the Foundation. Contributions and pledges received or receivable are recognized as income in the current year as either net assets without donor restrictions or net assets with donor restrictions. Pledges are recorded in the statement of financial position as contributions receivable and allowances are provided for amounts estimated to be uncollectible. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at actual cost to the Foundation. The direct costs of the special events, which ultimately benefit the donor rather than the Foundation, are recorded as costs of direct donor benefits.

Other contributions of cash and other assets are reported at fair value at the date the written promise to give is received. Conditional promises to give or indications of intentions to give are not reported until the condition(s) are met. Restricted gifts are recorded as revenue when cash is received or a written promise is given by a donor.

*Donated Services and In-Kind Contributions*

Donated materials, use of facilities, and services are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are only recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under U.S. GAAP.

*Functional Allocation of Expenses*

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. All direct costs are charged to the functional area to which they pertain. Indirect costs are charged to programs and supporting services based on estimates made by management taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Income Taxes*

The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the year ended December 31, 2021.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The Foundation is no longer subject to tax examinations by taxing authorities for years prior to 2018.

*Advertising Costs*

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

*Financial Instruments and Concentration of Credit Risk*

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

Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation.

*Fair Value Measurements*

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

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Fair Value Measurements (Continued)*

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

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

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

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

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

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

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

*Functional Expenses*

The costs of programs and supporting services have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. All direct costs are charged to the functional area to which they pertain. Indirect costs are charged to programs and supporting services based on estimates made by management, taking into account the nature of the expense and how it relates to the functional area. General and administrative costs include expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

2. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	\$ 3,763,806
Investments	631,341
Note receivable	56,000
Related party note receivable	15,098
Contributions receivable	984,316
	<u>\$ 5,450,561</u>

As part of our liquidity management plan, our policy is to structure the financial assets to be available as the general expenditures, liabilities, and other obligations come due. The Foundation invests cash in excess of daily requirements in short-term investments.

3. MARKETABLE SECURITIES

Cost and fair value of marketable securities at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cost	\$ 596,673	\$ 546,957
Gross unrealized gains	34,668	27,456
Total assets	<u>\$ 631,341</u>	<u>\$ 574,413</u>

The change in net unrealized holding gain on securities available for sale in the amount of \$34,668 has been recorded as other income for the year ended December 31, 2021, under the caption net investment return.

4. FIXED ASSETS

Property and equipment consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Works of art (non-depreciable)	\$ 150,000	\$ 150,000
Computer and office equipment	14,582	14,582
Total fixed assets, at cost	<u>164,582</u>	<u>164,582</u>
Less: accumulated depreciation	<u>(14,582)</u>	<u>(14,582)</u>
Total fixed assets, net	<u>\$ 150,000</u>	<u>\$ 150,000</u>

As of December 31, 2020, all depreciable assets were fully depreciated; therefore, no depreciation expense was recorded during the year ended December 31, 2021.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

5. NOTES RECEIVABLE

*Donated Note Receivable*

The Foundation received a promissory note with a face value of \$1,400,000 during the year ended December 31, 2011. The note was recorded as an in-kind donation during 2011. The Foundation receives monthly interest-only payments on the note at a fixed 4% until maturity, approximating \$1,304,528. A balloon payment of \$1,400,000 will be paid at maturity. The note matures in 2032 and is secured by real estate of equal or greater value. The Foundation is the only secured lien holder on the real estate.

In November 2020, management of the Foundation agreed to a modification of the interest rate of the note receivable that was donated in fiscal year 2011, from 5.00% to 4.00%. This reduction was effective beginning on November 6, 2020. No other changes to the agreement were made. Annual interest income is anticipated to decrease by \$14,000.

This note, including monthly interest earnings, was recorded at a discount (net present value) using a 4% discount rate over the 20-year life of the note as follows (as of the date of donation):

Total monthly interest payments (through 2032)	\$ 1,304,528
Balloon payment of principal at maturity (December 2032)	<u>1,400,000</u>
Total undiscounted payments	2,704,528
Net present value of payment stream, at 4% (in 2011)	<u>(1,402,198)</u>
Discount on note (amortized as contribution revenue over 240 months)	<u><u>\$ 1,302,330</u></u>

At the donation date, the revenue of \$1,402,198 calculated was recorded as *time-restricted for a future period*, which are presented in the statement of financial position as net assets with donor restrictions.

*Related Party Note Receivable*

The Foundation received a promissory note with a face value of \$300,500 during August 2018, with a related party. The note calls for the Foundation to receive monthly payments of \$2,500, including interest (fixed at 6.00%), until maturity in December 2033. The note is secured by real estate of equal or greater value, for which the Foundation is the only secured lien holder on the real estate. As of December 31, 2021, the remaining balance was \$255,669

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of cash, accounts, and notes receivable as of December 31, 2021 and 2020 that are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose		
Quest corners - 8 to 80 Zones (tech centers)	\$ 820,000	\$ -
Subject to the passage of time:		
Donated note receivables	<u>\$ 1,620,905</u>	<u>\$ 1,631,542</u>
Total net assets with donor restrictions	<u><u>\$ 2,440,905</u></u>	<u><u>\$ 1,631,542</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions:		
Note receivables collected, less discount amortization	\$ 10,637	\$ 9,713
Satisfaction of purpose restrictions	<u>-</u>	<u>-</u>
Total net assets released from restrictions	<u><u>\$ 10,637</u></u>	<u><u>\$ 9,713</u></u>

7. EVENTS

The Foundation sponsors four events each year. Many individuals and community organizations contribute prizes, awards, and facility use for these events, which are not reflected in these financial statements. During the year ended December 31, 2021 and 2020, the following revenue and expenses for each event occurred:

	<u>2021</u>			<u>2020 Net</u>
	<u>Event</u>	<u>Event</u>	<u>Net Revenue</u>	<u>Revenue</u>
	<u>Revenue</u>	<u>Expense</u>		
Bay Area Classic	\$ 653,000	\$ 159,879	\$ 493,121	\$ 435,181
Desert Classic	299,105	43,617	255,488	112,954
Mountain Classic	303,154	50,560	252,594	207,483
Ski Classic	<u>232,382</u>	<u>5,000</u>	<u>227,382</u>	<u>330,014</u>
	<u><u>\$ 1,487,641</u></u>	<u><u>\$ 259,056</u></u>	1,228,585	1,085,632
General event expenses			<u>6,651</u>	<u>16,336</u>
Net revenue from events			<u><u>\$ 1,221,934</u></u>	<u><u>\$ 1,069,296</u></u>

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

8. GRANTS EXPENSE

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

9. FAIR VALUE MEASUREMENTS AND DISCLOSURES

The following table presents assets measured at fair value on a recurring basis at December 31, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Operating investments				
Equities:				
Mutual funds - ETFs	\$ 353,004	\$ 353,004	\$ -	\$ -
Fixed income:				
Mutual funds - ETFs	<u>278,337</u>	<u>278,337</u>	<u>-</u>	<u>-</u>
Total operating investments	<u>631,341</u>	<u>631,341</u>	<u>-</u>	<u>-</u>
Held as cash equivalents:				
Money market mutual funds	<u>51,779</u>	<u>51,779</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 683,120</u>	<u>\$ 683,120</u>	<u>\$ -</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis at December 31, 2020:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Operating investments				
Equities:				
Mutual funds - ETFs	\$ 310,375	\$ 310,375	\$ -	\$ -
Fixed income:				
Mutual funds - ETFs	<u>264,038</u>	<u>264,038</u>	<u>-</u>	<u>-</u>
Total operating investments	<u>574,413</u>	<u>574,413</u>	<u>-</u>	<u>-</u>
Held as cash equivalents:				
Money market mutual funds	<u>52,221</u>	<u>52,221</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 626,634</u>	<u>\$ 626,634</u>	<u>\$ -</u>	<u>\$ -</u>

*Fair value of financial instruments* – The carrying value of Foundation’s significant financial instruments, including cash and cash equivalents, pledges receivable, other short-term assets, investments and liabilities approximates fair value as of December 31, 2021 and 2020.

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

10. INVESTMENTS

The Foundation's investments are carried at their fair value, based on the quoted market prices of the securities at December 31, 2021 and 2020. Net realized and unrealized gains and losses on investments are included in *net investment return*. For purposes of determining realized gains and losses, the cost of securities sold is based on specific identification.

Net investment return for the years ended December 31, 2021 and 2020 consisted of the following:

	2021	2020
Interest and dividends	\$ 99,173	\$ 40,463
Net unrealized gain (loss)	34,668	27,456
Net investment return	\$ 133,841	\$ 67,919

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

11. IN-KIND DONATIONS

During the year ended December 31, 2021 and 2020, the Foundation received non-cash donations of professional service and materials, some of which were auctioned off or used as gifts and prizes for recipients at various fundraising events. Amounts have been recognized as revenues and expenses in the accompanying financial statements for the fair value of the donated items as follows:

	Program Services	General and Administrative	Marketing and Development	Total
<u>December 31, 2021</u>				
Supplies	\$ 280,980	\$ -	\$ -	\$ 280,980
Advertising	-	2,500	2,500	5,000
On-site professional services	15,000	-	-	15,000
	\$ 295,980	\$ 2,500	\$ 2,500	\$ 300,980
<u>December 31, 2020</u>				
Supplies	\$ 320,750	\$ -	\$ -	\$ 320,750
On-site professional services	20,000	-	-	20,000
	\$ 340,750	\$ -	\$ -	\$ 340,750

12. CONCENTRATIONS

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

**FOREVER YOUNG FOUNDATION, INC.**  
**Notes to the Financial Statements (Continued)**  
**For the Years Ended December 31, 2021 and 2020**

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 9, 2022, the date the financial statements were available to be issued.