

FINANCIAL STATEMENTS

GENYOUth, Inc.
Years Ended December 31, 2023 and 2022
With Report of Independent Auditors

Ernst & Young LLP



GENYOUth, Inc.

Financial Statements

Years Ended December 31, 2023 and 2022

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Report of Independent Auditors

The Board of Directors
GENYOUth, Inc.

Opinion

We have audited the financial statements of GENYOUth, Inc., which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GENYOUth, Inc. at December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits 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 GENYOUth, Inc. 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 of 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 GENYOUth, Inc.’s ability to continue as a going concern for one year after the date that the financial statements are available to be 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 of 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 GENYOUth, Inc.'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 GENYOUth, Inc.'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.

Ernst & Young LLP

June 3, 2024

GENYOUth, Inc.

Statements of Financial Position

	December 31	
	2023	2022
Assets		
Current assets:		
Cash and restricted cash	\$ 5,371,292	\$ 5,180,250
Accounts receivable	725	34,925
Contributions receivable	3,060,519	1,290,332
Amount due from Dairy Management Inc.	–	233,218
Prepaid expenses	1,070,925	611,346
Inventory	75	8,200
Security deposits	15,454	9,620
Total current assets	9,518,990	7,367,891
Noncurrent contributions receivable, net	624,298	119,355
Fixed assets, net of accumulated depreciation of \$33,013 in 2023 and \$27,876 in 2022	1,253	6,390
Total assets	<u>\$ 10,144,541</u>	<u>\$ 7,493,636</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 1,392,336	\$ 562,327
Accrued liabilities	30,703	497,778
Amount due to Dairy Management Inc.	94,516	114,926
Deferred revenue	787,975	430,000
Total current liabilities	2,305,530	1,605,031
Net assets:		
Without donor restrictions	3,143,741	2,742,473
With donor restrictions	4,695,270	3,146,132
Total net assets	7,839,011	5,888,605
Total liabilities and net assets	<u>\$ 10,144,541</u>	<u>\$ 7,493,636</u>

See accompanying notes.

GENYOUth, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and other revenues			
Contributions:			
Dairy Management Inc.	\$ 1,530,000	\$ 48,250	\$ 1,578,250
Other	1,952,162	6,920,709	8,872,871
Contributed services – Dairy Management Inc.	1,183,048	–	1,183,048
Contributed services – other	–	300,490	300,490
Contributed assets	–	467,574	467,574
Program services	45,600	–	45,600
Interest income	193,763	–	193,763
Net assets released from restrictions	6,187,885	(6,187,885)	–
Total support and other revenues	11,092,458	1,549,138	12,641,596
Expenses			
Program expense	6,575,920	–	6,575,920
General and administrative	982,634	–	982,634
Fundraising and special events	3,132,636	–	3,132,636
Total expenses	10,691,190	–	10,691,190
Change in net assets	401,268	1,549,138	1,950,406
Net assets, beginning of year	2,742,473	3,146,132	5,888,605
Net assets, end of year	\$ 3,143,741	\$ 4,695,270	\$ 7,839,011

See accompanying notes.

GENYOUth, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and other revenues			
Contributions:			
Dairy Management Inc.	\$ 1,555,000	\$ 35,000	\$ 1,590,000
Other	1,253,316	7,078,738	8,332,054
Contributed services – Dairy Management Inc.	1,116,507	–	1,116,507
Contributed services – other	–	–	–
Contributed assets	–	–	–
Program services	104,400	–	104,400
Interest income	57,339	–	57,339
Net assets released from restrictions	8,168,328	(8,168,328)	–
Total support and other revenues	12,254,890	(1,054,590)	11,200,300
Expenses			
Program expense	8,124,315	–	8,124,315
General and administrative	1,209,578	–	1,209,578
Fundraising and special events	3,708,037	–	3,708,037
Total expenses	13,041,930	–	13,041,930
Change in net assets	(787,040)	(1,054,590)	(1,841,630)
Net assets, beginning of year	3,529,513	4,200,722	7,730,235
Net assets, end of year	<u>\$ 2,742,473</u>	<u>\$ 3,146,132</u>	<u>\$ 5,888,605</u>

See accompanying notes.

GENYOUth, Inc.

Statements of Cash Flows

	Year Ended December 31	
	2023	2022
Operating activities		
Change in net assets	\$ 1,950,406	\$ (1,841,630)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	5,137	7,768
Changes in assets and liabilities:		
Accounts receivable	34,200	(33,617)
Contributions receivable, net	(2,275,130)	(400,959)
Amount due from Dairy Management Inc.	233,218	(233,218)
Prepaid expenses	(459,579)	(447,932)
Inventory	8,125	(5,000)
Security deposits	(5,834)	(1,000)
Accounts payable	830,009	192,486
Accrued liabilities	(467,075)	235,655
Amount due to Dairy Management Inc.	(20,410)	50,012
Deferred revenue	357,975	(230,802)
Net cash provided by (used in) operating activities	191,042	(2,708,237)
Net increase (decrease) in cash and restricted cash	191,042	(2,708,237)
Cash and restricted cash, beginning of year	5,180,250	7,888,487
Cash and restricted cash, end of year	\$ 5,371,292	\$ 5,180,250

See accompanying notes.

GENYOUth, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

1. Organization

GENYOUth, Inc. (GENYOUth) was incorporated as Youth Improved, Inc. on May 8, 2009, in the District of Columbia under the Non-Profit Corporation Act. On January 15, 2020, Youth Improved, Inc. changed its name to GENYOUth, Inc.

GENYOUth is dedicated to helping school children thrive by living a well-nourished and physically active life. A catalyst for youth health and wellness, GENYOUth has supported over 77,000 U.S. schools by equipping them with the resources needed to ensure millions of children have equitable access to nutrition and physical activity. Founded by America's dairy farmers and the National Football League, GENYOUth convenes a network of private and public partners, including Fortune 100 companies and foundations, to ensure all children are nourished and active to be their best selves.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. These principles require management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of the contingent assets and liabilities and the reported amounts of revenues and expenses in the reporting period. Actual results could differ from those estimates.

Cash and Restricted Cash

Cash and restricted cash includes checking and interest-bearing demand deposit accounts with financial institutions.

GENYOUth has cash balances at a financial institution that exceed federal depository insurance limits. All deposits maintained at financial institutions are fully collateralized daily in U.S. Treasury securities at the Federal Reserve Bank of St. Louis.

GENYOUth has restricted cash of \$3,927,776 and \$3,265,811 at December 31, 2023 and 2022, respectively, which is included in cash and restricted cash on the statements of financial position.

GENYOUth, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Net Assets

For reporting purposes, GENYOUth classifies resources based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

- *Without donor restrictions* – Net assets that are not subject to donor-imposed restrictions.
- *With donor restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of GENYOUth or the passage of time. Items that affect this net asset category are principally contributions that are restricted to specific programs of the organization.

Net assets consisted of the following as of December 31:

Detail of Net Assets	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Operating	\$ 3,143,741	\$ –	\$ 3,143,741	\$ 2,742,473	\$ –	\$ 2,742,473
Fuel Up	–	3,536,260	3,536,260	–	2,248,810	2,248,810
AdVenture Capital	–	294,597	294,597	–	480,532	480,532
End Student Hunger Fund	–	485,217	485,217	–	279,334	279,334
Insights and other	–	379,196	379,196	–	137,456	137,456
Total	\$ 3,143,741	\$ 4,695,270	\$ 7,839,011	\$ 2,742,473	\$ 3,146,132	\$ 5,888,605

Financial Instruments

The carrying values of cash and restricted cash, accounts receivable, contributions receivable, amounts due from/to Dairy Management Inc. (DMI), prepaid expenses, inventory, security deposits, accounts payable, accrued liabilities, and deferred revenue are reasonable estimates of fair value due to the short-term nature of these financial instruments.

GENYOUth, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable include amounts due from third parties for contracted services and other reimbursable amounts, totaling \$725 and \$34,925 as of December 31, 2023 and 2022, respectively.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of future cash flows using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Fixed Assets

Fixed assets consist of computer equipment, software, furniture, and equipment and are recorded at historical cost. Depreciation and amortization are provided in amounts sufficient to charge the cost of the depreciable assets to operations over the assets' estimated service lives of three to five years using the straight-line method.

Deferred Revenue

GENYOUth's deferred revenue consists of unearned project funding of \$787,975 and \$430,000 at December 31, 2023 and 2022, respectively.

GENYOUth, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

GENYOUth recognizes revenue from contributions after performing an evaluation to determine whether the contribution is conditional or unconditional. If the contribution is conditional, recognition is deferred until the conditions are met. If the contribution is unconditional, recognition occurs in the period the pledge is made.

GENYOUth receives contributed nonfinancial assets including tangible assets and services that include fundraising promotions and media time. Contributions of nonfinancial assets are recognized at fair value when received. Contributed services are recognized as contributions when the services require specialized skills and otherwise would be purchased by GENYOUth. The value of the contributed nonfinancial assets is included in revenue and corresponding expenses and is recorded in the statements of activities within program expense, general and administrative, and fundraising and special events.

Contributed nonfinancial assets for the year ended December 31, 2023, of which \$1,183,048 is contributed professional services from DMI, consist of the following:

	2023	Manner of Use
Professional services	\$ 1,483,538	Program Services and Support Activities
Footballs and equipment	224,550	Fuel Up
Advertisements/media	162,000	Fundraising and Special Events; Fuel Up
Food and beverage	58,683	Fundraising and Special Events
Apparel, gift cards, and household items	22,341	Fundraising and Special Events
Total	<u>\$ 1,951,112</u>	

Contributed nonfinancial assets for the year ended December 31, 2022, consisted of \$1,116,507 of professional services from DMI used in program services and support activities.

GENYOUth, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

During 2023 and 2022, GENYOUth entered into contracts to provide specific services to third parties. Program services revenue is recognized when the agreed-upon services are provided by GENYOUth under these contracts.

Income Taxes

GENYOUth has received a determination letter from the Internal Revenue Service indicating that it is exempt from federal and state income taxes on related income under Section 501(c)(3) of the Internal Revenue Code. However, GENYOUth is subject to taxes on unrelated business income. GENYOUth had no unrelated business income in 2023 or 2022.

Recent Accounting Pronouncement Adopted

Effective January 1, 2023, GENYOUth adopted Accounting Standards Update (ASU) 2016-13, *(Topic 326): Measurement of Credit Losses on Financial Instruments*. The core principle of the new accounting guidance changes the methodology to be used to measure credit losses for certain financial instruments and financial assets, including accounts receivable and contributions receivable. The new methodology requires the recognition of an allowance that reflects the current estimate of credit losses expected to be incurred over the life of the financial asset. The adoption and full retrospective application of ASU 2016-13 did not have a material impact on GENYOUth's financial statements.

GENYOUth, Inc.

Notes to Financial Statements (continued)

3. Related Party Transactions

DMI, which provides marketing and other support to dairy farmers nationally, oversees the appointment of GENYOUth's board of directors and is the primary source of GENYOUth's contributions without donor restrictions, which are used to fund its operating costs.

Related party balances as of December 31, 2023 and 2022, and transactions for the years then ended, consist of the following:

	2023	2022
Contributions by DMI:		
With donor restrictions	\$ 48,250	\$ 35,000
Without donor restrictions	1,530,000	1,555,000
Total	<u>\$ 1,578,250</u>	<u>\$ 1,590,000</u>
Contributed services provided by DMI:		
Financial management	\$ 200,670	\$ 176,107
Program management	982,378	940,400
Total	<u>\$ 1,183,048</u>	<u>\$ 1,116,507</u>
GENYOUth staffing and other general services provided by DMI and reimbursed by GENYOUth	<u>\$ 1,058,173</u>	<u>\$ 1,027,837</u>
Amount due from DMI	<u>\$ –</u>	<u>\$ 233,218</u>
Amount due to DMI	<u>\$ 94,516</u>	<u>\$ 114,926</u>

4. Functional Classification of Expenses

GENYOUth's primary program activities, which serve to improve youth wellness and development, are noted in the following table. Additionally, expenses reported as general and administrative and fundraising and special events are incurred in support of these primary program activities. Natural expenses attributable to more than one functional expense category or overall organization operations are primarily allocated using time and effort methodologies.

GENYOUth, Inc.

Notes to Financial Statements (continued)

4. Functional Classification of Expenses (continued)

Expenses by functional classification for the year ended December 31, 2023, consist of the following:

	Program Services					Support Activities		Total Expenses
	Fuel Up	AdVenture Capital	End Student Hunger Fund	Insights	Root4Her	General and Administrative	Fundraising and Special Events	
Staffing and travel	\$ 381,750	\$ 101,831	\$ 134,908	\$ 83,862	\$ 27,346	\$ 176,840	\$ 415,292	\$ 1,321,829
Operations and IT	106,472	9,901	11,938	9,699	6,246	19,600	271,895	435,751
Grants	2,970,077	51,860	836,254	—	—	—	—	3,858,191
Professional services	427,558	339,419	138,167	103,566	9,737	326,355	1,014,661	2,359,463
Professional services – contributed	153,966	39,688	461,657	109,275	1,037	457,120	260,795	1,483,538
Other	54,078	1,374	2,404	1,345	505	2,719	1,169,993	1,232,418
	<u>\$4,093,901</u>	<u>\$ 544,073</u>	<u>\$1,585,328</u>	<u>\$ 307,747</u>	<u>\$ 44,871</u>	<u>\$ 982,634</u>	<u>\$3,132,636</u>	<u>\$ 10,691,190</u>

Expenses by functional classification for the year ended December 31, 2022, consist of the following:

	Program Services					Support Activities		Total Expenses
	Fuel Up	AdVenture Capital	End Student Hunger Fund	Insights	Root4Her	General and Administrative	Fundraising and Special Events	
Staffing and travel	\$ 198,674	\$ 69,316	\$ 156,787	\$ 46,240	\$ 106,770	\$ 244,258	\$ 418,245	\$ 1,240,290
Operations and IT	182,503	19,159	28,356	4,843	5,812	24,942	245,805	511,420
Grants	3,668,348	11,000	1,526,291	—	320,897	—	—	5,526,536
Professional services	320,339	513,716	252,313	78,669	141,829	522,837	1,339,544	3,169,247
Professional services – contributed	74,731	109,148	184,780	65,119	27,301	411,950	243,478	1,116,507
Other	3,747	1,493	3,745	1,086	1,303	5,591	1,460,965	1,477,930
	<u>\$4,448,342</u>	<u>\$ 723,832</u>	<u>\$2,152,272</u>	<u>\$ 195,957</u>	<u>\$ 603,912</u>	<u>\$ 1,209,578</u>	<u>\$3,708,037</u>	<u>\$ 13,041,930</u>

GENYOUth, Inc.

Notes to Financial Statements (continued)

5. Financial Assets and Liquidity Resources

As of December 31, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditures were as follows:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 1,443,516	\$ 1,914,439
Accounts receivable	725	34,925
Contributions receivable	711,499	680,682
Amount due from DMI	–	198,218
Total financial assets and liquidity resources available within one year	<u>\$ 2,155,740</u>	<u>\$ 2,828,264</u>

To manage its liquidity, GENYOUth has a defined practice to structure its financial assets to be available as its general expenditures come due.

6. Contributions Receivable

At December 31, as determined by underlying agreements, contributions receivable were as follows:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 3,060,519	\$ 1,375,332
One to three years	666,000	125,000
Unamortized discount	(41,702)	(5,645)
	<u>\$ 3,684,817</u>	<u>\$ 1,494,687</u>

In addition to contributions receivable, GENYOUth has received conditional promises to give totaling \$880,000 in support of programs and activities. These contributions are conditioned on the occurrence of specific GENYOUth-sponsored events during future years. The conditions are expected to be met from 2024 through 2026 with \$770,000, \$50,000, and \$60,000 expected to be recognized as contribution revenue in 2024, 2025, and 2026, respectively.

GENYOUth, Inc.

Notes to Financial Statements (continued)

7. Employee Retirement Plan

GENYOUth participates in a defined contribution plan sponsored by United Dairy Industry Association (UDIA), which covers all eligible GENYOUth employees and employees of other UDIA members and industry organizations sponsored by UDIA. Under the terms of the defined contribution plan, GENYOUth contributes an amount equal to its employees' contributions, up to a maximum of 3% of eligible compensation for all employees. GENYOUth also contributes an additional 7% of eligible compensation, representing an unmatched contribution. GENYOUth's contributions to the defined contribution plan were \$76,717 and \$65,937 for 2023 and 2022, respectively.

8. Subsequent Events

GENYOUth evaluated events occurring between January 1, 2024 and June 3, 2024, which is the date that the accompanying financial statements were available to be issued. No events subsequent to December 31, 2023, have been identified that require recognition or disclosure in the financial statements.

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