

OLD NEWSBOYS' GOODFELLOW FUND
OF DETROIT, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 2022 WITH
SUMMARIZED FINANCIAL INFORMATION FOR THE
YEAR ENDED JANUARY 31, 2021
WITH INDEPENDENT AUDITORS' REPORT

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Old Newsboys' Goodfellow Fund of Detroit, Michigan

Opinion

We have audited the accompanying financial statements of Old Newsboys' Goodfellow Fund of Detroit, Michigan (a non-profit organization), which comprise the statement of financial position as of January 31, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Old Newsboys' Goodfellow Fund of Detroit, Michigan (a non-profit organization), as of January 31, 2022, 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 State of America. 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 Old Newsboys' Goodfellow Fund of Detroit, Michigan (a non-profit organization), and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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 Old Newsboys' Goodfellow Fund of Detroit, Michigan (a non-profit organization) ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility

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 auditors' 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 generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 that 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 Old Newsboys' Goodfellow Fund of Detroit, Michigan (a non-profit organization) 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 Old Newsboys' Goodfellow Fund of Detroit, Michigan (a non-profit organization) 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.

1. Report on Summarized Comparative Information

We have previously audited the Old Newsboys' Goodfellow Fund of Detroit, Michigan's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated June 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

EDWARDS, ELLIS & ASSOCIATES, P.C.

Troy, Michigan

September 13, 2022

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
STATEMENTS OF FINANCIAL POSITION
January 31, 2022
(with summarized 2021 information for comparative purposes only)

ASSETS

	January 31, 2022				January 31, 2021
	With Donor Restrictions	Without Donor Restrictions		Total	Total
	Program Fund	Program Fund	Administrative Fund		
Current assets:					
Cash and cash equivalents	\$ 3,563	\$ 567,515	\$ 840,022	\$1,411,100	\$ 1,228,961
Marketable securities	-	5,159,992	1,458,792	6,618,784	5,904,633
Interest receivable	-	-	18,849	18,849	23,414
Inventory	-	341,500	-	341,500	355,273
Total current assets	3,563	6,069,007	2,317,663	8,390,233	7,512,281
Equipment, at cost net of \$4,165 accumulated depreciation	-	-	-	-	-
Other assets	-	-	3,126	3,126	3,126
Reciprocal transfer assets, held by Community Foundation for Southeastern Michigan in a component endowment fund	47,318	-	-	47,318	45,765
	\$ 50,881	\$6,069,007	\$2,320,789	\$8,440,677	\$7,561,172

LIABILITIES AND NET ASSETS

Current liabilities:					
Accounts payable	\$ -	\$ -	\$ 79,976	\$ 79,976	\$ 1,539
Payroll taxes payable	-	-	2,866	2,866	3,992
Total current liabilities	-	-	82,842	82,842	5,531
Net assets:					
Without donor restrictions	-	6,069,007	2,237,947	8,306,954	7,507,032
With donor restrictions	50,881	-	-	50,881	48,609
Total net assets	50,881	6,069,007	2,237,947	8,357,835	7,555,641
	\$ 50,881	\$6,069,007	\$2,320,789	\$8,440,677	\$7,561,172

See accompanying notes.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
STATEMENTS OF ACTIVITIES
Year ended January 31, 2022
(with summarized 2021 information for comparative purposes only)

	Year ended January 31, 2022			Year ended January 31, 2021
	Program Fund	Administrative Fund	Total	Total
	Net assets without donor restrictions:			
Revenues:				
Contributions and newspaper sales	\$ 974,075	\$ -	\$ 974,075	\$1,235,217
Legacies and bequests	18,750	-	18,750	75,000
Endowment income	110,069	-	110,069	108,972
Breakfast and other fundraisers, net of \$25,188 and \$11,850 in expenses for 2022 and 2021, respectively	114,312	-	114,312	78,480
Investment income	-	865,760	865,760	378,401
Membership dues	-	13,300	13,300	15,421
Other income	-	669	669	541
Government grant	-	-	-	26,343
Total revenues	1,217,206	879,729	2,096,935	1,918,375
Net assets released from restrictions:				
Satisfaction of program restrictions	782	-	782	9,840
	782	-	782	9,840
Expenses:				
Program services	1,052,336	-	1,052,336	1,157,387
Support services:				
Management and general	-	180,669	180,669	166,126
Fundraising	-	64,790	64,790	145,958
Total support expenses	-	245,459	245,459	312,084
Total expenses	1,052,336	245,459	1,297,795	1,469,471
Increase in net assets without donor restrictions	165,652	634,270	799,922	458,744
Net assets with donor restrictions:				
Contributions	1,500	-	1,500	3,200
Change in reciprocal transfer assets	1,554	-	1,554	3,347
Net assets released from restrictions	(782)	-	(782)	(9,840)
Increase (decrease) in net assets with donor restrictions	2,272	-	2,272	(3,293)
Increase in net assets	167,924	634,270	802,194	455,451
Net assets, beginning of year	5,951,964	1,603,677	7,555,641	7,100,190
Net assets, end of year	\$6,119,888	\$2,237,947	\$8,357,835	\$7,555,641

See accompanying notes.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
 STATEMENTS OF FUNCTIONAL EXPENSES
 Year ended January 31, 2022
 (with summarized 2021 information for comparative purposes only)

Program	Year ended January 31, 2022			Year ended	
	Fund	Administrative		January 31,	
		Fund	Management and General	Fund- Raising	2021
			Total	Total	
Christmas gifts and merchandise	\$936,726	\$ -	\$ -	\$936,726	\$1,067,771
Shoes	782	-	-	782	9,840
Dental program	-	-	-	-	-
Scholarships	20,000	-	-	20,000	5,000
Detroit Public Safety Foundation	5,000	-	-	5,000	1,000
Camping program	15,250	-	-	15,250	8,193
Repairs and maintenance	771	-	-	771	587
Warehouse packaging rent	65,695	-	-	65,695	54,195
Insurance	8,112	7,608	-	15,720	18,317
Salaries, payroll taxes and benefits	-	102,083	35,456	137,539	208,824
Luncheons, awards and special events	-	5,353	104	5,457	2,428
Office expense	-	19,098	8,746	27,844	20,874
Telephone	-	1,671	1,114	2,785	3,288
Public relations	-	28,357	15,269	43,626	43,296
Printing and postage	-	9,249	4,101	13,350	18,608
Audit fees	-	7,250	-	7,250	7,250
	<u>\$1,052,336</u>	<u>\$180,669</u>	<u>\$64,790</u>	<u>\$1,297,795</u>	<u>\$1,469,471</u>

See accompanying notes.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
STATEMENTS OF CASH FLOWS
Year ended January 31, 2022
(with summarized 2021 information for comparative purposes only)

	Year ended January 31, 2022			Year ended January 31, 2021
	Program Fund	Administrative Fund	Total	Total
	Cash flows from operating activities:			
Increase in net assets	\$ 167,924	\$ 634,270	\$ 802,194	\$ 455,451
Adjustments to reconcile change in net assets to cash flows from operating activities:				
Realized and unrealized gains on marketable securities	-	(772,763)	(772,763)	(264,017)
Change in reciprocal transfer asset value	(1,553)	-	(1,553)	(3,347)
Change in operating assets and liabilities:				
Receivables	-	4,565	4,565	297
Inventory	13,773	-	13,773	(193,155)
Payables	-	77,310	77,310	(22,052)
Total adjustments	<u>12,220</u>	<u>(690,888)</u>	<u>(678,668)</u>	<u>(482,274)</u>
 Cash provided by (used in) operating activities	 180,144	 (56,618)	 123,526	 (26,823)
 Cash flows from investing activities:				
Purchases of marketable securities	(1,503,665)	(53,145)	(1,556,810)	(1,848,301)
Sales and maturities of marketable securities	<u>1,124,097</u>	<u>491,326</u>	<u>1,615,423</u>	<u>2,147,140</u>
 Cash provided by investing activities	 <u>(379,568)</u>	 <u>438,181</u>	 <u>58,613</u>	 <u>298,839</u>
 Net change in cash and cash equivalents	 (199,424)	 381,563	 182,139	 272,016
 Cash and cash equivalents - beginning of year	 <u>770,502</u>	 <u>458,459</u>	 <u>1,228,961</u>	 <u>956,945</u>
 Cash and cash equivalents - end of year	 <u>\$ 571,078</u>	 <u>\$ 840,022</u>	 <u>\$ 1,411,100</u>	 <u>\$ 1,228,961</u>

See accompanying notes.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2022 and 2021

1. Accounting policies

a. Business activity

Old Newsboys' Goodfellow Fund of Detroit, Michigan (the Organization) is a private, non-profit organization located in Detroit, Michigan. The Organization's non-profit purpose is to promote the welfare of underprivileged children primarily from the metropolitan Detroit area. The Organization's major program emphasizes that "no child will go without a Christmas."

b. Adoption of new accounting pronouncement

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Financial Accounting Standards Board (FASB) *Accounting Standards Codification Topic 606, Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue.

In June 2018, FASB issued *ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

The adoption of ASU 2018-08 did not have a significant impact on the Organization's financial position, results of operations, or cash flows. The Organization has evaluated contributions received and has determined that there is no change as a result of the adoption of the standard.

c. Financial statement presentation

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic *Not-for Profit-Entities*. In accordance with the topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, the net assets of the Organization and changes therein are classified and reported below as follows:

Net Assets without Donor Restrictions – Net assets not subject to donor-imposed restrictions or stipulations

Net Assets with Donor Restrictions – Net asset subject to donor-imposed stipulations that may or will be met by either actions of the Organization and/or the passage of time, or that must be maintained permanently by the Organization. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported on the statement of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Net assets with donor restrictions include \$2,845 and \$5,127 at January 31, 2021 and 2022, respectively, that is available for the Organization's shoe program. Net assets of \$782 and \$9,840 were released from donor restrictions during the years ended January 31, 2022 and 2021, respectively, by incurring expenses for the shoe program as specified by the donor. Additionally, as discussed in Note 3, net assets with donor restrictions include reciprocal transfer assets of \$47,318 and \$45,765 as of January 31, 2022 and 2021, respectively, held by Community Foundation for Southeastern Michigan in a component endowment fund.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2022 and 2021

1. Accounting policies (continued)

c. Financial statement presentation (continued)

To observe the Board of Directors' limitations placed on available resources, accounts are maintained in accordance with the principles of fund accounting as follows:

Program fund – This fund includes the economic resources without restrictions which are available for the purpose of performing the primary program objective of the Organization. It also includes the Organization's net assets with donor restrictions that are expendable only for their donor specified purpose.

Administrative fund – This fund includes the administrative and fundraising activities of the Organization that are supported by membership dues and assessments, special events, and investment earnings without restrictions.

The accompanying financial statements include summarized January 31, 2021 information in total, not broken down by functional categories. This information is presented for comparative purposes only.

d. Cash and cash equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's cash balances that exceeded the FDIC insured limits totaled \$1,314,695 and \$1,125,492 as of January 31, 2022 and 2021, respectively. Management monitors these balances on a regular basis and believes that they are at an acceptable risk level.

e. Inventory

Inventory consists principally of Christmas gift items and is valued at cost (first-in, first-out) which approximates market.

f. Other assets

Other assets consist of a \$3,126 security deposit related to a lease of warehouse space.

g. Equipment

The Organization has a policy of capitalizing purchases of equipment over \$1,000. Depreciation is computed based on the straight-line method over five years for equipment.

h. Income taxes

The Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

The Organization files Form 990, Return of Organization Exempt From Income Tax. This return generally remains open for examination by the Internal Revenue Service for a period of three years.

i. Revenue Recognition

The Organization receives revenue primarily from unconditional contributions, bequests, solicitations, and special event activities. All contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions of non-cash assets are reflected at their fair market value at the date of donation.

Revenue from Membership Dues is recognized when the dues are received and is included with revenue without donor restrictions on the statement of activities. The Organization does not have any performance obligations associated with this revenue and the members do not receive any direct benefits. The Organization uses these funds to offset administrative and payroll costs.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2022 and 2021

1. Accounting policies (continued)

j. Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Certain categories of expenses, such as salaries, benefits and payroll taxes, are attributable to more than one program or supporting function and have been allocated on the basis of estimates of time and effort.

k. Donated services and in-kind contributions

The Organization received a significant amount of services from unpaid volunteers who assist in the Organization's activities. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied. The Organization received \$156,698 and \$180,128 of donated merchandise and materials during the years ended January 31, 2022 and 2021, respectively. These amounts have been included in revenue and merchandise expense in the financial statements.

l. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

m. Events occurring after reporting date

The Organization has evaluated events and transactions that occurred between January 31, 2022 and September 13, 2022, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. Marketable securities

Marketable securities consist of the following:

	<u>January 31, 2022</u>		<u>January 31, 2021</u>	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Equity securities	\$2,902,120	\$4,328,040	\$2,748,611	\$3,798,457
Corporate bonds	1,765,875	1,743,042	1,515,458	1,570,990
Other debt securities	147,410	146,165	221,965	226,368
U.S. government securities	<u>397,732</u>	<u>401,537</u>	<u>294,391</u>	<u>308,818</u>
	<u>\$5,213,137</u>	<u>\$6,618,784</u>	<u>\$4,780,425</u>	<u>\$5,904,633</u>

The Organization's investments are reported at fair value as follows:

	<u>Fair value</u>	<u>Fair value measurements using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<u>January 31, 2021</u>				
Equity securities	\$3,798,457	\$3,798,457	\$ -	\$ -
Corporate bonds	1,570,990	1,570,990	-	-
Other debt securities	226,368	226,368	-	-
U.S. government securities	<u>308,818</u>	<u>308,818</u>	-	-
Total	<u>\$5,904,633</u>	<u>\$5,904,633</u>	<u>\$ -</u>	<u>\$ -</u>

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2022 and 2021

2. Marketable securities (continued)

	Fair value	Fair value measurements using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>January 31, 2022</u>				
Equity securities	\$4,328,040	\$4,328,040	\$ -	\$ -
Corporate bonds	1,743,042	1,743,042	-	-
Other debt securities	146,165	146,165	-	-
U.S. government securities	<u>401,537</u>	<u>401,537</u>	-	-
Total	<u>\$6,618,784</u>	<u>\$6,618,784</u>	<u>\$ -</u>	<u>\$ -</u>

ASC 820, *Fair Value Measurements*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There were no investments valued using Level 2 or Level 3 inputs.

The following is a summary of investment return without restrictions:

	January 31,	
	2022	2021
Interest & dividends	\$ 149,594	\$ 157,819
Investment fees	(56,597)	(43,435)
Realized & unrealized gains	<u>772,763</u>	<u>264,017</u>
	<u>\$ 865,760</u>	<u>\$ 378,401</u>

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, business risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities could occur in the near-term and that such changes could materially affect the amounts reported in the financial statements.

3. Liquidity and availability of resources

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$1,411,100
Marketable securities	6,618,784
Interest receivable	<u>18,849</u>
	8,048,733
Less amounts unavailable for general expenditures within one year- restricted by donors with purpose restrictions	<u>(5,127)</u>
Total financial assets available within one year	<u>\$8,043,606</u>

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2022 and 2021

3. Liquidity and availability of resources (continued)

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of weekly requirements in various short-term investments.

4. Reciprocal transfer asset and endowment fund held in perpetual trust

In September 1995, the Organization entered into an agreement with the Community Foundation for Southeastern Michigan (the "Foundation") to create the Goodfellow Endowment Fund. In December 2004, the Organization entered into an additional agreement with the Foundation to create the Old Newsboys' Goodfellow Fund of Detroit Memorial Fund (collectively, the "Funds"). The purpose of these Funds is to provide support in furtherance of the general program and charitable purposes of the Organization. Under the agreements, the Foundation will hold and administer all contributions made to the Funds. The Foundation may distribute the earnings and principal of the Funds as it deems appropriate and in accordance with investment policies adopted by the Foundation to support the programs and stated charitable purpose of the Organization. The Foundation may also commingle the assets of the Funds with any other funds it may hold and administer, provided that the separate identity of the Funds and the distributions made are maintained.

During the years ended January 31, 2022 and 2021, the Funds received contributions of \$10,945 and \$46,612, respectively. Total contributions of \$2,225,166 have been made to the Funds from their inception to January 31, 2022. The fair market value of the Funds is \$2,921,087 as of January 31, 2022. The Foundation distributed \$110,069 and \$108,972, respectively to the Organization during the years ended January 31, 2022 and 2021, and these distributions were reflected as endowment income without restrictions in the financial statements.

In accordance with the reporting requirements of ASC 958, a reciprocal transfer asset of \$47,318 and \$45,765 is reflected in the financial statements at January 31, 2022 and 2021, respectively. It represents fair market value of the Organization's donations to the Funds. It is restricted as the Foundation holds legal title to the assets and has discretionary control over its disposition.

5. Commitments

The Organization had a lease agreement with a warehouse facility for approximately \$5,500 per month, plus \$100 per month for utilities, which expired March 2022. The lease was extended for five years which expires on March 31, 2027. The lease agreement requires monthly rental payments of \$5,500 for the periods of April 1, 2022 through March 31, 2024 plus utilities and monthly rental payments of \$6,000 for the period of April 1, 2024 through March 31, 2027 plus utilities.

Future minimum payments under this lease are as follows:

Year ending January 31,	
2023	\$ 66,000
2024	66,000
2025	71,000
2026	72,000
2027	72,000
2028	<u>12,000</u>
	<u>\$ 359,000</u>

Subsequent to January 31, 2022, the Organization executed purchase orders through April 21, 2022, for \$1,115,376 related to their Christmas 2022 program.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2022 and 2021

6. Related party transactions

The Organization had an extension to the agreement with a related party for packaging services during the year that extended services through January 31, 2025. The Organization paid \$158,820 and \$157,300 for packaging services for the years ended January 31, 2022 and 2021, respectively. This related party was also paid \$10,291 and \$9,410 for additional expenses related to packaging for the years ended January 31, 2022 and 2021, respectively.

The Organization received advertising services from a company owned in part by a board member. Amounts paid to this company approximated \$30,554 and \$31,953 for the years ended January 31, 2022 and 2021, respectively.

7. Government Grant

During the year ended December 31, 2020, the Organization applied for, and received a loan of \$26,343 under the Payroll Protection Program created by the CARES Act, which enabled the Small Business Administration to guarantee low-interest rate loans to certain entities in the United States. These loans may be partially or fully forgivable if employees are retained and funds are used for eligible expenses so are considered to be conditional contributions. Under FASB ASC 958-605 that is applicable to nonprofit entities, the Organization has determined that as of January 31, 2021, the funds received had been used for eligible expenses and therefore the forgiveness of this loan is merely an administrative function. Because of this determination by management, the Organization has recognized the proceeds of the loan as income from government grants as of January 31, 2021, the same period that the qualifying expenses were incurred.

8. Risks and Uncertainties

The COVID-19 pandemic continues to cause economic uncertainty for the Organization's operations. The economic uncertainty caused by the virus has not been fully determined and the financial statements do not reflect any adjustments as a result of the economic uncertainty.