

OLD NEWSBOYS' GOODFELLOW FUND
OF DETROIT, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED JANUARY 31, 2024 WITH
SUMMARIZED FINANCIAL INFORMATION FOR THE
YEAR ENDED JANUARY 31, 2023
WITH INDEPENDENT AUDITORS' REPORT

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN

CONTENTS

<u>Independent auditors' report</u>	1
<u>Financial statements</u>	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements	7

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, 2024, 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, 2024, 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 judgement, 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 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended January 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Melo USA, P.C.

Troy, Michigan

September 3, 2024

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
STATEMENTS OF FINANCIAL POSITION
January 31, 2024
(with summarized 2023 information for comparative purposes only)

ASSETS

	January 31, 2024				January 31, 2023
	With Donor Restrictions	Without Donor Restrictions		Total	Total
	Program Fund	Program Fund	Administrative Fund		
Current assets:					
Cash and cash equivalents	\$ -	\$ 401,171	\$ 519,536	\$ 920,707	\$ 1,253,591
Marketable securities	-	5,872,421	1,404,467	7,276,888	6,832,886
Interest receivable	-	-	28,170	28,170	99,575
Inventory	-	361,400	-	361,400	494,700
Total current assets	-	6,634,992	1,952,173	8,587,165	8,680,752
Equipment, at cost net of \$4,483 accumulated depreciation	-	481	-	481	635
Right of use asset	-	200,086	-	200,086	261,651
Other assets	-	-	3,126	3,126	3,126
Reciprocal transfer assets, held by Community Foundation for Southeastern Michigan in a component endowment fund	43,990	-	-	43,990	43,377
	\$ 43,990	\$6,835,559	\$1,955,299	\$8,834,848	\$8,989,541

LIABILITIES AND NET ASSETS

Current liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 53,850
Payroll taxes payable	-	-	8,750	8,750	4,574
Current portion of right of use liability	-	61,912	-	61,912	54,051
Total current liabilities	-	61,912	8,750	70,662	112,475
Right of use liability	-	147,556	-	147,556	209,468
Net assets:					
Without donor restrictions	-	6,626,091	1,946,549	8,572,640	8,624,221
With donor restrictions	43,990	-	-	43,990	43,377
Total net assets	43,990	6,626,091	1,946,549	8,616,630	8,667,598
	\$ 43,990	\$6,835,559	\$1,955,299	\$8,834,848	\$8,989,541

See accompanying notes.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
STATEMENTS OF ACTIVITIES
Year ended January 31, 2024
(with summarized 2023 information for comparative purposes only)

	Year ended January 31, 2024			Year ended January 31, 2023
	Program Fund	Administrative Fund	Total	Total
	Net assets without donor restrictions:			
Revenues:				
Contributions and newspaper sales	\$ 943,961	\$ -	\$ 943,961	\$1,041,134
Legacies and bequests	91,895	-	91,895	533,890
Endowment income	119,591	-	119,591	118,310
Breakfast and other fundraisers, net of \$52,171 and \$47,435 in expenses for 2024 and 2023, respectively	82,454	-	82,454	92,222
Investment income	-	362,503	362,503	14,436
Membership dues	-	9,850	9,850	14,725
Other income	-	(1,435)	(1,435)	921
Government grant	-	-	-	-
Total revenues	1,237,901	370,918	1,608,819	1,815,638
Net assets released from restrictions:				
Satisfaction of program restrictions	4,000	-	4,000	7,693
	4,000	-	4,000	7,693
Expenses:				
Program services	1,284,285	-	1,284,285	1,192,690
Support services:				
Management and general	-	305,949	305,949	233,135
Fundraising	-	74,943	74,943	78,371
Total support expenses	-	380,892	380,892	311,506
Total expenses	1,284,285	380,892	1,665,177	1,504,196
Increase (decrease) in net assets without donor restrictions	(42,384)	(9,974)	(52,358)	319,135
Net assets with donor restrictions:				
Contributions	4,000	-	4,000	4,130
Change in reciprocal transfer assets	1,390	-	1,390	(3,941)
Net assets released from restrictions	(4,000)	-	(4,000)	(7,693)
Increase (decrease) in net assets with donor restrictions	1,390	-	1,390	(7,504)
Increase (decrease) in net assets	(40,994)	(9,974)	(50,968)	311,631
Net assets, beginning of year	6,712,943	1,956,523	8,669,466	8,357,835
Prior period adjustment – ROU assets/liabilities	(1,868)	-	(1,868)	-
Net assets, end of year	\$6,670,081	\$1,946,549	\$8,616,630	\$8,669,466

See accompanying notes.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
 STATEMENTS OF FUNCTIONAL EXPENSES
 Year ended January 31, 2024
 (with summarized 2023 information for comparative purposes only)

	Year ended January 31, 2024			Year ended January 31, 2023	
	Program Fund	Administrative Fund		Total	
		Management and General	Fund- Raising	Total	
Christmas gifts and merchandise	\$1,108,911	\$ -	\$ -	\$1,108,911	\$1,061,939
Shoes	14,400	-	-	14,400	9,450
Dental program	25,370	-	-	25,370	10,000
Scholarships	5,000	-	-	5,000	-
Detroit Public Safety Foundation	-	-	-	-	-
Camping program	26,650	-	-	26,650	18,700
Repairs and maintenance	1,085	-	-	1,085	6,536
Warehouse packaging rent	78,439	-	-	78,439	68,490
Insurance	11,034	25,602	-	36,636	30,880
Salaries, payroll taxes and benefits	-	185,447	39,866	225,313	171,049
Luncheons, awards and special events	-	7,813	359	8,172	7,638
Office expense	1,853	37,016	10,933	49,802	31,539
Telephone	-	2,421	1,614	4,035	4,461
Public relations	11,543	26,790	15,669	54,002	50,906
Depreciation	-	159	-	159	159
Printing and postage	-	13,201	6,502	19,703	24,699
Audit fees	-	7,500	-	7,500	7,750
	<u>\$1,284,285</u>	<u>\$305,949</u>	<u>\$74,943</u>	<u>\$1,665,177</u>	<u>\$1,504,196</u>

See accompanying notes.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
STATEMENTS OF CASH FLOWS
Year ended January 31, 2024
(with summarized 2023 information for comparative purposes only)

	Year ended January 31, 2024			Year ended January 31, 2023
	Program Fund	Administrative Fund	Total	Total
	Cash flows from operating activities:			
Increase (decrease) in net assets	\$ (33,480)	\$ (9,974)	\$ (43,454)	\$ 311,631
Adjustments to reconcile change in net assets to cash flows from operating activities:				
Realized and unrealized gains on marketable securities	-	(176,669)	(176,669)	118,240
Change in reciprocal transfer asset value	(1,390)	-	(1,390)	3,941
Change in operating assets and liabilities:				
Fixed Assets	(159)	-	(159)	(794)
Receivables	-	55,602	55,602	(52,732)
Inventory	133,300	-	133,300	(153,200)
Payables	-	(49,674)	(49,674)	(71,387)
Total adjustments	<u>131,751</u>	<u>(170,741)</u>	<u>(38,990)</u>	<u>(155,932)</u>
 Cash provided by (used in) operating activities	 98,271	 (180,715)	 (82,444)	 155,699
 Cash flows from investing activities:				
Purchases of marketable securities	(1,099,350)	(549,676)	(1,649,026)	(1,627,110)
Sales and maturities of marketable securities	<u>823,902</u>	<u>574,684</u>	<u>1,398,586</u>	<u>1,313,902</u>
 Cash provided by (used in) investing activities	 <u>(275,448)</u>	 <u>25,008</u>	 <u>(250,440)</u>	 <u>(313,208)</u>
 Net change in cash and cash equivalents	 (177,177)	 (155,707)	 (332,884)	 (157,509)
 Cash and cash equivalents - beginning of year	 <u>578,348</u>	 <u>675,243</u>	 <u>1,253,591</u>	 <u>1,411,100</u>
 Cash and cash equivalents - end of year	 <u>\$ 401,171</u>	 <u>\$ 519,536</u>	 <u>\$ 920,707</u>	 <u>\$ 1,253,591</u>

See accompanying notes.

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2024 and 2023

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.

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 of \$4,000 and \$7,693 were released from donor restrictions during the years ended January 31, 2024 and 2023, 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 \$43,990 and \$43,377 as of January 31, 2024 and 2023, 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, 2024 and 2023

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, 2023 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 \$812,832 and \$1,003,975 as of January 31, 2024 and 2023, 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, 2024 and 2023

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 \$179,200 and \$154,000 of donated merchandise and materials during the years ended January 31, 2024 and 2023, 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, 2024 and September 3, 2024, 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, 2024</u>		<u>January 31, 2023</u>	
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Cost</u>	<u>Fair Market Value</u>
Equity securities	\$3,182,497	\$4,676,829	\$3,101,495	\$4,481,929
Corporate bonds	2,270,406	2,215,846	2,250,200	2,119,911
Other debt securities	46,396	46,615	46,396	44,792
U.S. government securities	373,122	365,869	197,792	186,254
	<u>\$5,872,421</u>	<u>\$7,276,989</u>	<u>\$5,595,883</u>	<u>\$6,832,886</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, 2023</u>				
Equity securities	\$4,481,929	\$4,481,929	\$ -	\$ -
Corporate bonds	2,119,911	2,119,911	-	-
Other debt securities	44,792	44,792	-	-
U.S. government securities	186,254	186,254	-	-
Total	<u>\$6,832,886</u>	<u>\$6,832,886</u>	<u>\$ -</u>	<u>\$ -</u>

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2024 and 2023

2. Marketable securities (continued)

January 31, 2024	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)
Equity securities	\$4,676,829	\$4,676,829	\$ -	\$ -
Corporate bonds	2,187,676	2,187,675	-	-
Other debt securities	46,615	46,615	-	-
U.S. government securities	<u>365,869</u>	<u>365,869</u>	<u>-</u>	<u>-</u>
Total	<u>\$7,276,989</u>	<u>\$7,276,988</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,	
	2024	2023
Interest & dividends	\$ 227,931	\$ 204,758
Investment fees	(42,097)	(72,082)
Realized & unrealized gain (loss)	<u>176,669</u>	<u>(118,240)</u>
	<u>\$ 362,503</u>	<u>\$ 14,436</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	\$920,707
Marketable securities	7,276,888
Interest receivable	<u>28,170</u>
	8,225,765
Less amounts unavailable for general expenditures within one year- restricted by donors with purpose restrictions	<u>-</u>
Total financial assets available within one year	<u>\$8,225,765</u>

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2024 and 2023

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, 2024 and 2023, the Funds received contributions of \$5,345 and \$6,495, respectively. Total contributions of \$2,237,006 have been made to the Funds from their inception to January 31, 2024. The fair market value of the Funds is \$2,732,001 as of January 31, 2024. The Foundation distributed \$120,369 and \$118,580, respectively to the Organization during the years ended January 31, 2024 and 2023, 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 \$43,990 and \$43,377 is reflected in the financial statements at January 31, 2024 and 2023, 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. Leases

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.

The following summarizes the line items in the balance sheet which include amounts for operating leases as of January 31, 2024:

<u>Lease related assets and liabilities</u>	<u>Financial statement line item</u>	<u>Amount</u>
Right-of-use asset		
Operating lease	Property and equipment	<u>\$200,086</u>
Lease liabilities:		
Operating lease	Current liabilities	61,912
	Long-term liabilities	<u>147,556</u>
Total lease liabilities		<u>\$209,468</u>

OLD NEWSBOYS' GOODFELLOW FUND OF DETROIT, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
January 31, 2024 and 2023

5. Leases (continued)

Lease liability maturity as of January 31, 2024, are as follows:

2025	71,000
2026	72,000
2027	72,000
2028	<u>12,000</u>
Total undiscounted	227,000
Less imputed interest (5.0%)	<u>(17,532)</u>
Total lease liability	<u><u>\$ 209,468</u></u>

6. Commitments

Subsequent to January 31, 2024, the Organization executed purchase orders through September 3, 2024, for \$939,816 related to their Christmas 2024 program.

7. Prior period adjustment

The Organization adopted the ASC 842, Leases during the year ended January 31, 2024 which requires the computation and recording of Right of Use assets and liabilities as described in Note 5 above. These assets and liabilities were recorded as of the prior year end, which resulted in an adjustment to net assets of \$1,868. The prior year assets and liabilities are shown on the applicable financial statements as if they were included on the original statements issued. The Right of Use assets and liabilities recorded as of January 31, 2023 were \$261,651 and \$263,519 respectively.

8. 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 \$156,791 and \$166,631 for packaging services for the years ended January 31, 2024 and 2023, respectively. This related party was also paid \$3,454 and \$3,686 for additional expenses related to packaging for the years ended January 31, 2024 and 2023, respectively.

The Organization received advertising services from a company owned in part by a board member. Amounts paid to this company approximated \$36,000 and \$33,872 for the years ended January 31, 2024 and 2023, respectively.