NATIONAL CHILD SAFETY COUNCIL AND SUBSIDIARY
(A Nonprofit Organization)

JACKSON, MICHIGAN

FINANCIAL STATEMENTS

JULY 31, 2024

CONTENTS

WILLIS & JURASEK
CPAs AND CONSULTANTS

Independent Auditors' Report

To the Board of Directors and Management
of National Child Safety Council and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of National Child Safety Council (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of July 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Child Safety Council and Subsidiary as of July 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 States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of National Child Safety Council and Subsidiary and to meet our other 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Child Safety Council and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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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 consolidated 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 consolidated 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 National Child Safety Council and Subsidiary'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 National Child Safety Council and Subsidiary'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.

Willis & Jurasek, P.C.

Jackson, Michigan
June 11, 2025

NATIONAL CHILD SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JULY 31, 2024

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 203,562
Restricted cash	284,096
Investments	987,926
Contributions receivable - net	350
Other receivables	1,302
Inventory	464,353
Prepaid expenses	38,838
Total current assets	1,980,427
OTHER ASSETS:	
Due from related parties	89,843
Intangible assets - net	417
Right of use assets	1,486
Total other assets	91,746
PROPERTY, PLANT AND EQUIPMENT:	
Property and equipment - net	834,525
Total assets	$ 2,906,698

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable	$ 78,629
Accrued expenses	86,750
Notes payable - current portion	836
Lease liability - current portion	1,486
Total current liabilities	167,701
LONG-TERM LIABILITIES:	
Notes payable - net of current portion	3,346
Due to related parties	529,439
Total long-term liabilities	532,785
Total liabilities	700,486

NET ASSETS

Net assets without donor restrictions	2,206,212
Total liabilities and net assets	$ 2,906,698

(The accompanying notes are an integral part of these financial statements)

NATIONAL CHILD SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2024

REVENUES:	
Contributions	$ 3,026,151
Advertising revenue	248,742
Special fundraising - net	619,817
Other operating income	425
Total revenues	3,895,135
EXPENSES:	
Program services:	
Child safety education	1,426,562
Research and development	157,092
Total program services	1,583,654
Supporting services:	
Management and general	506,282
Special fundraising	508,784
Other fundraising	1,583,843
Total support services	2,598,909
Total expenses	4,182,563
EXCESS OF REVENUES OR (EXPENSES) - BEFORE OTHER INCOME (EXPENSES)	(287,428)
OTHER INCOME (EXPENSES):	
Investment income (loss) - net	22,645
Unrealized gain (loss) on investments	102,680
Total other income (expenses)	125,325
CHANGE IN NET ASSETS	(162,103)
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING	2,368,315
NET ASSETS WITHOUT DONOR RESTRICTIONS - ENDING	$ 2,206,212

(The accompanying notes are an integral part of these financial statements)

NATIONAL CHILD SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (162,103)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization expense	57,002
Unrealized (gain) loss on investments	(102,680)
Realized investment income (loss) - net	(22,300)
Change in:	
Contributions receivable - net	235
Other receivables	(1,279)
Inventory	93,818
Prepaid expenses	92,425
Accounts payable	(2,954)
Accrued expenses	(1,666)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(49,502)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(193,831)
Purchase of invewtments	(7,181)
Loans to related parties - net	4,948
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(196,064)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of finance lease obligations	(22,915)
Proceeds received from related parties - net	138,456
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	115,541
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(130,025)
CASH AND CASH EQUIVALENTS - BEGINNING	617,683
CASH AND CASH EQUIVALENTS - ENDING	$ 487,658
SUPPLEMENTAL DISCLOSURE	
Interest paid (net of $0 capitalized)	$ 9,125
CASH ON THE STATEMENT OF FINANCIAL POSITION SHOWN AS:	
Cash and cash equivalents	$ 203,562
Restricted cash	284,096
Total cash	$ 487,658

(The accompanying notes are an integral part of these financial statements)

NATIONAL CHILD SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2024

	PROGRAM SERVICES		
	CHILD SAFETY EDUCATION	RESEARCH AND DEVELOPMENT	TOTAL PROGRAM SERVICES
COMPENSATION:			
Salaries	$ 391,345	$ 126,634	$ 517,979
Employee benefits and taxes	79,023	25,170	104,193
Total compensation	470,368	151,804	622,172
OTHER EXPENSES:			
Educational publications and materials	680,453		680,453
Supplies	25,089	5,205	30,294
Travel and company paid expenses	17,694		17,694
Postage and copies			
Legal and professional	46,075		46,075
Utilities	8,270		8,270
Automobile	4,678		4,678
Telephone	3,907		3,907
Maintenance and repairs	9,090		9,090
Filing fees and licenses	3,778		3,778
Insurance	47,629		47,629
Interest and service charges	4,495		4,495
Contract services	2,465		2,465
Dues and subscriptions			
Office and equipment	32		32
Data processing expense			
Conventions and meetings	71,812		71,812
Miscellaneous			
Property taxes			
Bingo paper and gaming products			
Advertising	(125)		(125)
Total expenses before depreciation and amortization	1,395,710	157,009	1,552,719
Depreciation	23,758		23,758
Amortization	7,094	83	7,177
Total expenses	$ 1,426,562	$ 157,092	$ 1,583,654

(The accompanying notes are an integral part of these financial statements)

NATIONAL CHILD SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2024

SUPPORTING SERVICES				
MANAGEMENT AND GENERAL	SPECIAL FUND RAISING	OTHER FUND RAISING	TOTAL SUPPORTING SERVICES	TOTAL EXPENSES
$ 195,715	$ 54,191	$ 997,739	$ 1,247,645	$ 1,765,624
39,543	11,021	114,828	165,392	269,585
235,258	65,212	1,112,567	1,413,037	2,035,209
				680,453
8,069	53,992	22,560	84,621	114,915
17,695		300,603	318,298	335,992
17,804		110,477	128,281	128,281
46,075	7,551	10,239	63,865	109,940
8,270		8,269	16,539	24,809
4,677			4,677	9,355
3,906		3,906	7,812	11,719
9,090		2,482	11,572	20,662
472	36,433	472	37,377	41,155
23,814			23,814	71,443
4,496		134	4,630	9,125
2,964			2,964	5,429
975			975	975
31	116,500	5,041	121,572	121,604
94,245			94,245	94,245
			0	71,812
9,496	24,159		33,655	33,655
96			96	96
	199,640		199,640	199,640
(125)	5,297		5,172	5,047
487,308	508,784	1,576,750	2,572,842	4,125,561
11,880			11,880	35,638
7,094		7,093	14,187	21,364
$ 506,282	$ 508,784	$ 1,583,843	$ 2,598,909	$ 4,182,563

(The accompanying notes are an integral part of these financial statements)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities -

The consolidated financial statements include the accounts of National Child Safety Council, and its wholly-owned subsidiary, Child Safety of America, Inc. (collectively referred to as the Organization).

National Child Safety Council is a not-for-profit organization which promotes the importance of child safety to adults and children across the country. The Organization accomplishes its goal by creating, producing, and distributing literature primarily to elementary schools. Donations are solicited to support these activities in addition to certain fundraising activities.

Child Safety of America, Inc. (the Subsidiary), the subsidiary of the Organization, is a for-profit corporation, also supporting the promotion of the importance of child safety through the sale of advertisements to be printed on the child safety literature it distributes.

The Organization shares common management, personnel, and facilities with certain other not-for-profit organizations in a coordinated effort to provide a wide range of child safety training and education. The related organizations also share costs related to employees, occupancy and operations. These expenses are allocated based on the volume of activity for each entity.

Basis of Accounting -

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when earned. Expenses are recognized when incurred.

Estimates -

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

Basis of Presentation -

Financial statement presentation follows the standards set by the Financial Accounting Standards Board (FASB). According to these professional standards, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Basis of Presentation (Continued) -

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations

- *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organizations and/or the passage of time. 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.

Cash and Cash Equivalents -

Cash and cash equivalents include all monies in banks and petty cash on hand.

The Indiana Charitable Gaming Commission requires the Organization to maintain separate a separate bank account for gaming revenue collected from the bingo facility operated in Indianapolis, Indiana. This money cannot be mixed with the operating bank account of the Organization and the allowable expenses are limited by Indiana code section 4-32.2-5-3. As of July 31, 2024, the amount of restricted cash held by the Organization is $284,096.

Investments -

The Organization classifies its investments as available-for-sale securities. Available-for-sale securities are recorded at fair value, with the change in fair value recorded as unrealized gain (loss) on investments.

Fair Value Measurements -

US GAAP establishes a fair value measurement framework, including a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under US GAAP are distinguished by inputs to the valuation methodology summarized as follows:

Level 1 (highest priority) – Quoted market prices for identical assets or liabilities in active markets at the measurement date.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; and model-driven valuations in which all significant inputs or significant value drivers are observable in active markets.

Level 3 (lowest priority) – Management’s best estimate of what market participants would use in pricing the instrument at the measurement date and model-driven valuations which are unobservable and significant to the fair value measurement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fair Value Measurements (Continued) –

The assessed level is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodologies used for amounts measured at fair value:

Level 1 inputs – Descriptions of the valuation methodologies used for assets measured at fair value are as follows: common stocks, exchange traded funds and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

Inventory -

Inventory consists of educational materials and supplies for child safety programs. It is stated at the lower of cost or market by using the first-in, first-out (FIFO) method. The materials are charged to the expense when they are shipped to the sponsoring organizations. Inventory also includes a minimal amount of supplies for the special fundraising activities.

Contributions and Pledges Receivable -

Program representatives obtain pledges from businesses and organizations with the communities who choose to conduct child safety programs utilizing the Organization's materials and resources in order to support the effort. Contributions are reported as revenue when received. Accordingly, a contribution receivable is recorded at year end for outstanding pledges with an allowance for amounts estimated to be uncollectible. Uncollectible pledges are written off after a reasonable period following the delivery of the child safety program.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the contribution are both reported as unrestricted support. Other restricted contributions are reported as restricted support and net assets with donor restrictions.

Advertising Revenue -

The Organization sells advertisements to businesses through the wholly owned subsidiary, Child Safety of America in support of child safety programs in the designated areas served by the subsidiary company. Revenue is recognized at the time the commitment is made for the advertisement. Any commitments not paid in full at the end of one year are written off by the Organization. As of July 31, 2024, there are no outstanding receivables related to advertising revenue.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Property and Equipment -

Property and equipment are carried at cost. Depreciation is provided using the straight-line method for financial reporting purposes over the estimated useful lives of depreciable assets. Maintenance and repairs that do not improve or extend the useful lives of assets are expensed in the period the cost is incurred.

Intangible Assets -

Intangible Assets pertain to the Organization's development of child safety programs and materials which are copyrighted or trademarked. The capitalized amount is amortized over 15 years to match costs with related revenues.

Special Fundraising -

Special fundraising revenue is the net gain from charitable gaming activities, which is the difference between charitable gaming gross revenues and related charitable gaming payouts.

Functional Allocation of Expenses -

The costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different result.

Shipping and Handling Costs -

Shipping and handling costs are expensed as incurred and included in education publications and materials expense.

Advertising -

The Organization expenses advertising costs as they are incurred. Advertising expense was $5,047 for the year ended July 31, 2024.

Income Taxes -

The Organization, as described in Section 501(c)(3) of the Internal Revenue Code, is exempt from federal and state income taxes. The Organization has adopted the provisions of FASB ASC 740-10. The adoption of FASB ASC 740-10 has not resulted in any changes in tax provisions.

The Organization and Subsidiary's federal income tax returns for a three-year period remain open to examination by the Internal Revenue Service. In evaluating the Organization's tax provisions, the Organization and Subsidiary believe that its estimates are appropriate based on current facts and circumstances.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Leases -

The Organization leases office space at the charitable gaming facility owned by a related party in Indianapolis, Indiana and also leases mailing equipment through Pitney Bowes. See Note 10 for additional information.

Subsequent Events -

Management has evaluated subsequent events and transactions for potential recognition or disclosure through June 10, 2025, the date that the financial statements were available to be issued. No significant events were identified that would require adjustment or disclosure in the financial statements.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK:

The Organization maintains cash balances at various financial institutions. Accounts at each institution are insured by the FDIC up to $250,000. At various times during the fiscal year the Organization's cash balances may have exceeded the federally insured limit. At July 31, 2024, uninsured cash balances totaled $17,316.

NOTE 3 - FAIR VALUE OF INVESTMENTS:

The fair value of the Organization's investments are all classified as Level 1 investments, according to the Organization's policy described in Note 1.

The following is a breakdown of the change in Level 1 value for the year ended July 31, 2024:

Beginning Level 1 value	$ 855,766
Purchase of investments	7,181
Investment Income (loss) - net	35,154
Investment Fees	(12,855)
Change in market value	102,680
Ending Level 1 Value	$ 987,926

The following is a breakdown of the carrying value of the investments by investment type as of July 31, 2024:

Cash and money market accounts	$ 9,289
Stocks	516,774
Exchange traded funds	140,954
Mutual funds	320,909
Total	$ 987,926

NOTE 4 - CONTRIBUTIONS RECEIVABLE:

Contributions receivable consists of the following amounts at July 31, 2024:

Contributions receivable	$ 845
Less: Allowance for uncollectible contributions	(495)
Contributions receivable – net	$ 350

Contributions are expected to be collected within one year.

NOTE 5 - DUE FROM RELATED PARTIES:

The following is a summary of amounts due from related parties as of July 31, 2024:

National Drug & Safety League	$ 89,843

National Drug & Safety League is under common management with the Organization. The unsecured loans have no stated interest or repayment terms.

NOTE 6 - INTANGIBLE ASSETS:

The following is a summary of intangible assets at July 31, 2024:

Trademarks	$ 1,250
Less: Accumulated amortization	(833)
Net intangible assets	$ 417

Amortization expense for the year ended July 31, 2024, of $83 is included in the consolidated statement of functional expenses.

NOTE 7 - FIXED ASSETS:

The following is a summary of fixed assets at July 31,2024:

Land	$ 68,000
Land improvements	224,111
Buildings and improvements	1,348,824
Machinery and equipment	946,481
Software	121,232
Furniture and fixtures	75,796
Total	2,784,444
Less: Accumulated depreciation	(1,949,919)
Net fixed assets	$ 834,525

NOTE 8 - DUE TO RELATED PARTIES:

The following is a summary of amounts due to related parties at July 31, 2024:

National Fire Safety Council	$ 529,373
United States Fire Safety Services	66
Total due from related parties	$ 529,439

National Fire Safety Council and United States Fire Safety Services are under common management with the Organization and its subsidiary. These unsecured loans have no stated interest or repayment terms.

NOTE 9 - NOTE PAYABLE:

In 2019, the Organization entered into an agreement with Leoni Township to provide access to the Leoni Township sewer system. The total agreement was $9,363, with a down payment of $1,000. The remaining $8,363 is to be paid by special assessment over 10 years, with annual principal payments of $836, plus interest of 2%. The balance as of July 31, 2024 is $4,182.

NOTE 10 - LEASES:

The Organization has an operating lease of corporate office space in a related party's facility in Indianapolis, Indiana. The lease commenced on January 1, 2023 and is for 24 months, with monthly payments of $300 per month. The organization also has a financing lease for mailing equipment. This is a 5 year lease that commenced in June 2019 and has a five year lease term calling for quarterly payments of $5,394.

The organization allocates lease expenses between related parties utilizing the mailing equipment. A related party also has a finance lease of copiers and printing equipment. Expenses from this lease have been allocated back to the Organization during the fiscal year.

The following summarizes the line items in the balance sheets which include amounts for operating and finance leases as of July 31, 2024:

NOTE 10 - LEASES (Continued):

Right-of-use assets:	
Operating	$ 1,486
Finance	0
Total right-of-use assets	$ 1,486
Lease Liabilities	
Operating - current	$ 1,486
Finance - current	0
Total current lease liabilities	1,486
Operating - net of current	0
Total lease liabilities	$ 1,486

The following summarizes the weighted average remaining lease term and discount rate as of July 31, 2024:

Weighted Average Remaining Lease Term	
Operating leases	0.42 years
Finance leases	0.00 years
Weighted Average Discount Rate	
Operating leases	3.79%
Finance leases	1.93%

The maturities of lease liabilities as of July 31, 2024, were as follows:

Year Ending July 31:	Operating	Finance	Total
2024	$ 1,500	$ 0	$ 1,500
2025	0	0	0
2026	0	0	0
2027	0	0	0
Thereafter	0	0	0
Total lease payments	1,500	0	1,500
Less: interest	(14)	(0)	(14)
Present value of lease liabilities	$ 1,486	$ 0	$ 1,486

NOTE 10 - LEASES (Continued):

The following summarizes the line items in the income statements which include the components of lease expense for the year ended December 31:

Operating Lease	
Office and equipment	$ 3,600
Finance Lease:	
Amortization	$ 20,521
Interest and service charges	258
Allocated to/from related	(725)
Total finance lease cost	$ 20,054

NOTE 11 - AVAILABILITY AND LIQUIDITY:

The Organization has $1,980,427 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash of $487,658, investments of $987,926, contributions receivable of $350, other receivables of $1,302, inventory of $464,353 and prepaid expenses of $38,838. The inventory and prepaid expenses will be expended as used during the upcoming year. The receivables are subject to implied time restrictions, but are expected to be collected within one year. $284,096 of the current financial assets is subject to restrictions that make the funds unavailable for general expenditure within one year of the balance sheet date, however, these funds are expected to be used for charitable gaming expenses as allowed. While the Organization has not adopted a formal, written liquidity plan, it is the goal of the board of directors and management to ensure that the Organization has liquid assets to meet expenses as they become due. Excess cash generated by the Organization has been invested by the Organization in short-term savings accounts and other investment accounts that could be utilized in the event of an unanticipated liquidity need.

NOTE 12 - JOINT COSTS:

The Organization incurs certain expenses (i.e., salaries, employee benefits and taxes, and travel for the field services of safety counselors) that are considered to be joint activity costs pursuant to FASB ASC 958-720. Under this standard, a “joint activity” is an activity that is part of the fundraising function and has elements of one or more other functions, such as program or management and general.

NOTE 12 - JOINT COSTS (Continued):

FASB ASC 958-720 established various criteria relating to purpose, audience, and content for the purpose of determining whether the cost of the joint activity should be allocated among functional categories or charged entirely to fundraising. Management believes that the Organization's joint activity meets all of the FASB ASC 958-720 criteria necessary to permit allocation, except for certain considerations regarding compensation for performance of the joint activity. In this instance, the Organization's safety counselors are compensated based on the contributions raised by the joint activity. While this is an integral incentive to promote performance and the Organization has concluded that its safety counselors are spending less than 10 percent of their time on fundraising, FASB ASC 958-720 nonetheless, requires that all costs of the joint activity be charged to fundraising because of the compensation arrangement.

Accordingly, to conform with the generally accepted accounting principles, the Organization has reported the entire cost of the joint activity, which for the year ended July 31, 2024, totaled $1,282,524 within fundraising expense in the accompanying consolidated statement of activities. If the Organization were allowed to allocate the costs of the joint activity, the distribution of such costs would have been as follows for the year ended July 31, 2024:

Program services	$ 1,154,272
Fundraising	128,252
Total	$ 1,282,524