NATIONAL CHILD SAFETY COUNCIL AND SUBSIDIARY
(A Nonprofit Organization)

JACKSON, MICHIGAN

FINANCIAL STATEMENTS

JULY 31, 2023

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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, 2023, 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, 2023, 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.

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 5, 2024

NATIONAL CHILD SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JULY 31, 2023

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 313,162
Restricted cash	304,521
Investments	855,766
Contributions receivable - net	585
Other receivables	23
Inventory	558,171
Prepaid expenses	131,263
Total current assets	2,163,491
OTHER ASSETS:	
Due from related parties	94,791
Intangible assets - net	500
Right of use assets - net of current portion	25,478
Total other assets	120,769
PROPERTY, PLANT AND EQUIPMENT:	
Property and equipment - net	676,331
Total assets	$ 2,960,591

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable	$ 81,583
Accrued expenses	88,416
Notes payable - current portion	836
Lease liability - current portion	24,790
Total current liabilities	195,625
LONG-TERM LIABILITIES:	
Notes payable - net of current portion	4,182
Lease liability - net of current portion	1,486
Due to related parties	390,983
Total long-term liabilities	396,651
Total liabilities	592,276

NET ASSETS

Net assets without donor restrictions	2,368,315
Total liabilities and net assets	$ 2,960,591

(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, 2023

REVENUES:	
Contributions	$ 3,315,861
Advertising revenue	229,369
Special fundraising - net	651,526
Other operating income	3,781
Total revenues	4,200,537
EXPENSES:	
Program services:	
Child safety education	1,326,933
Research and development	137,314
Total program services	1,464,247
Supporting services:	
Management and general	481,924
Special fundraising	506,083
Other fundraising	1,762,508
Total support services	2,750,515
Total expenses	4,214,762
EXCESS OF REVENUES OR (EXPENSES) - BEFORE OTHER INCOME (EXPENSES)	(14,225)
OTHER INCOME (EXPENSES):	
Investment income (loss) - net	25,899
Unrealized gain (loss) on investments	14,289
Total other income (expenses)	40,188
CHANGE IN NET ASSETS	25,963
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING	2,343,541
CHANGE IN ACCOUNTING PRINCIPAL - LEASES	(1,189)
NET ASSETS WITHOUT DONOR RESTRICTIONS - ENDING	$ 2,368,315

(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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ 25,963
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization expense	42,888
Unrealized (gain) loss on investments	(14,289)
Realized investment income (loss) - net	(25,587)
Change in:	
Contributions receivable - net	(376)
Other receivables	1,811
Inventory	(232,437)
Prepaid expenses	(47,049)
Accounts payable	(9,346)
Accrued expenses	(6,710)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(265,132)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(67,396)
Loans to related parties - net	(28,531)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(95,927)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of finance lease obligations	(19,731)
Proceeds received from related parties - net	124,168
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	104,437
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(256,622)
CASH AND CASH EQUIVALENTS - BEGINNING	874,305
CASH AND CASH EQUIVALENTS - ENDING	$ 617,683
SUPPLEMENTAL DISCLOSURE	
Interest paid (net of $0 capitalized)	$ 11,838
CASH ON THE STATEMENT OF FINANCIAL POSITION SHOWN AS:	
Cash and cash equivalents	$ 313,162
Restricted cash	304,521
Total cash	$ 617,683

(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, 2023

	PROGRAM SERVICES		
	CHILD SAFETY EDUCATION	RESEARCH AND DEVELOPMENT	TOTAL PROGRAM SERVICES
COMPENSATION:			
Salaries	$ 352,911	$ 114,648	$ 467,559
Employee benefits and taxes	69,135	21,348	90,483
Total compensation	422,046	135,996	558,042
OTHER EXPENSES:			
Educational publications and materials	629,694		629,694
Supplies	21,070	1,235	22,305
Travel and company paid expenses	7,611		7,611
Postage and copies			
Legal and professional	48,080		48,080
Utilities	8,076		8,076
Automobile	4,061		4,061
Telephone	5,252		5,252
Maintenance and repairs	11,438		11,438
Filing fees and licenses	4,211		4,211
Insurance	64,070		64,070
Interest and service charges	5,781		5,781
Contract services	2,189		2,189
Dues and subscriptions			
Office and equipment	36		36
Data processing expense			
Conventions and meetings	70,050		70,050
Miscellaneous			
Property taxes			
Bingo paper and gaming products			
Advertising	621		621
Total expenses before depreciation and amortization	1,304,286	137,231	1,441,517
Depreciation	16,757		16,757
Amortization	5,890	83	5,973
Total expenses	$ 1,326,933	$ 137,314	$ 1,464,247

(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, 2023

SUPPORTING SERVICES				
MANAGEMENT AND GENERAL	SPECIAL FUND RAISING	OTHER FUND RAISING	TOTAL SUPPORTING SERVICES	TOTAL EXPENSES
$ 189,922	$ 47,745	$ 1,129,729	$ 1,367,396	$ 1,834,955
35,344	9,546	123,844	168,734	259,217
225,266	57,291	1,253,573	1,536,130	2,094,172
				629,694
5,039	49,480	33,120	87,639	109,944
7,611		321,147	328,758	336,369
15,315		110,211	125,526	125,526
48,080	3,461	10,683	62,224	110,304
8,076		8,076	16,152	24,228
4,060			4,060	8,121
5,252		5,251	10,503	15,755
11,437		2,511	13,948	25,386
527	33,458	526	34,511	38,722
32,035			32,035	96,105
5,781		276	6,057	11,838
2,668	1,428		4,096	6,285
1,592			1,592	1,592
36	100,850	11,245	112,131	112,167
85,781			85,781	85,781
6,070			6,070	76,120
2,025	25,461		27,486	27,486
383			383	383
	224,035		224,035	224,035
621	10,619		11,240	11,861
467,655	506,083	1,756,619	2,730,357	4,171,874
8,379			8,379	25,136
5,890		5,889	11,779	17,752
$ 481,924	$ 506,083	$ 1,762,508	$ 2,750,515	$ 4,214,762

(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, 2023, the amount of restricted cash held by the Organization is $304,521.

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, 2023, 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 $11,861 for the year ended July 31, 2023.

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):

New Accounting Standards -

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU 2018-10, Codification Improvements to Topic 842, Leases; ASU 2018-11, Leases (Topic 842): Targeted Improvements; ASU 2018-20, Narrow-scope Improvements for Lessors; and ASU 2019-01, Leases (Topic 842): Codification Improvements. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Company elected to adopt these ASUs effective August 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Company's balance sheet but did not have a material impact on the income statement. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Company to restate amounts as of August 1, 2022, resulting in a right of use asset of $41,041, a lease liability of $42,230 and a prior period adjustment to net assets of $1,189.

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 5, 2024, 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, 2023, uninsured cash balances totaled $38,715.

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, 2023:

NOTE 3 - FAIR VALUE OF INVESTMENTS (Continued):

Beginning Level 1 value	$ 815,891
Purchase of investments	0
Investment Income (loss) - net	37,219
Investment Fees	(11,633)
Change in market value	14,289
Ending Level 1 Value	$ 855,766

The following is a breakdown of the carrying value of the investments by investment type as of July 31, 2023:

Cash and money market accounts	$ 6,164
Stocks	477,477
Exchange traded funds	62,131
Mutual funds	309,994
Total	$ 855,766

NOTE 4 - CONTRIBUTIONS RECEIVABLE:

Contributions receivable consists of the following amounts at July 31, 2023:

Contributions receivable	$ 1,360
Less: Allowance for uncollectible contributions	(775)
Contributions receivable – net	$ 585

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, 2023:

National Drug & Safety League	$ 85,838
United States Fire Safety Services	8,953
Total due to related parties	$ 94,791

National Drug & Safety League and United States Fire Safety Services 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, 2023:

Trademarks	$ 1,250
Less: Accumulated amortization	(750)
Net intangible assets	$ 500

Amortization expense for the year ended July 31, 2023, 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 31,2023:

Land	$ 68,000
Land improvements	66,470
Buildings and improvements	1,348,824
Machinery and equipment	943,819
Software	121,232
Furniture and fixtures	75,796
Total	2,624,141
Less: Accumulated depreciation	(1,947,810)
Net fixed assets	$ 676,331

NOTE 8 - DUE TO RELATED PARTIES:

The following is a summary of amounts due to related parties at July 31, 2023:

National Fire Safety Council	$ 390,893

National Fire Safety Council is 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, 2023 is $5,018.

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, 2023:

NOTE 10 - LEASES (Continued):

Right-of-use assets:	
Operating	$ 4,958
Finance	20,520
Total right-of-use assets	$ 25,478
Lease Liabilities	
Operating - current	$ 3,472
Finance - current	21,318
Total current lease liabilities	24,790
Operating - net of current	1,486
Total lease liabilities	$ 26,276

The following summarizes the weighted average remaining lease term and discount rate as of July 31, 2023:

Weighted Average Remaining Lease Term	
Operating leases	1.42 years
Finance leases	0.92 years
Weighted Average Discount Rate	
Operating leases	3.79%
Finance leases	1.93%

The maturities of lease liabilities as of July 31, 2023, were as follows:

Year Ending July 31:	Operating	Finance	Total
2024	$ 3,600	$ 21,576	$ 25,176
2025	1,500	0	1,500
2026	0	0	0
2027	0	0	0
Thereafter	0	0	0
Total lease payments	5,100	21,576	26,676
Less: interest	(142)	(258)	(400)
Present value of lease liabilities	$ 4,958	$ 21,318	$ 26,276

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	664
Allocated to/from related	(2,688)
Total finance lease cost	$ 18,497

NOTE 11 - AVAILABILITY AND LIQUIDITY:

The Organization has $2,163,491 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash of $617,683, investments of $855,766, contributions receivable of $585, other receivables of $23, inventory of $558,171 and prepaid expenses of $131,263. 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. $304,521 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, 2023, totaled $1,456,224 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, 2023:

Program services	$ 1,310,602
Fundraising	145,622
Total	$ 1,456,224