

FIVER CHILDREN'S  
FOUNDATION, INC.

For the Year Ending  
January 31, 2022

FINANCIAL STATEMENTS

**FIVER CHILDREN'S FOUNDATION, INC.**

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Certified Public Accountants & Consultants

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Independent Auditor's Report

To the Board of Directors of  
Fiver Children's Foundation, Inc.

***Opinion***

We have audited the accompanying financial statements of Fiver Children's Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of January 31, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years 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 the Fiver Children's Foundation, Inc as of January 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Fiver Children's Foundation, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 Fiver Children's Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fiver Children's Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fiver Children's Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*D'Arcangelo + Co., LLP*

July 27, 2022

East Syracuse, New York

**FIVER CHILDREN'S FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**January 31, 2022 and 2021**

|  | <b>2022</b>                | <b>2021</b>                |
|--|----------------------------|----------------------------|
| <b>Assets</b>                            |                            |                            |
| <b>Current Assets</b>                    |                            |                            |
| Cash and Cash Equivalents                | \$ 961,649                 | \$ 695,223                 |
| Prepaid Expenses                         | 25,684                     | 1,026                      |
| Pledges Receivable                       | 83,324                     | 46,376                     |
| Security Deposit                         | 70,500                     | 70,500                     |
| Total Current Assets                     | <u>1,141,157</u>           | <u>813,125</u>             |
| <b>Property</b>                          |                            |                            |
| Land                                     | 278,275                    | 278,275                    |
| Buildings and Improvements               | 4,213,037                  | 4,096,039                  |
| Furniture and Equipment                  | 714,249                    | 701,140                    |
| Vehicles                                 | 25,085                     | 0                          |
| Total Property                           | 5,230,646                  | 5,075,454                  |
| Less: Accumulated Depreciation           | 2,764,411                  | 2,619,808                  |
| Net Property                             | <u>2,466,235</u>           | <u>2,455,646</u>           |
| <b>Total Assets</b>                      | <u><b>\$ 3,607,392</b></u> | <u><b>\$ 3,268,771</b></u> |
| <b>Liabilities and Net Assets</b>        |                            |                            |
| <b>Current Liabilities</b>               |                            |                            |
| Accounts Payable and Accrued Liabilities | \$ 50,566                  | \$ 7,417                   |
| Deferred Revenue                         | 20,000                     | 41,021                     |
| Total Current Liabilities                | <u>70,566</u>              | <u>48,438</u>              |
| <b>Loan Payable</b>                      | <u>19,334</u>              | <u>0</u>                   |
| <b>Net Assets</b>                        |                            |                            |
| Without Donor Restriction                | 3,431,992                  | 3,220,333                  |
| With Donor Restriction                   | 85,500                     | 0                          |
| Total Net Assets                         | <u>3,517,492</u>           | <u>3,220,333</u>           |
| <b>Total Liabilities and Net Assets</b>  | <u><b>\$ 3,607,392</b></u> | <u><b>\$ 3,268,771</b></u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

FIVER CHILDREN'S FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended January 31, 2022 and 2021

|  | 2022                    |                      |                     | 2021                    |                      |                     |
|--|-------------------------|----------------------|---------------------|-------------------------|----------------------|---------------------|
|  | Without<br>Restrictions | With<br>Restrictions | Total               | Without<br>Restrictions | With<br>Restrictions | Total               |
| <b>Unrestricted Public Support and Revenue</b> |                         |                      |                     |                         |                      |                     |
| Fundraising                                    | \$ 1,135,983            | \$ 0                 | \$ 1,135,983        | \$ 937,107              | \$ 0                 | \$ 937,107          |
| Contributions                                  | 1,206,735               | 196,500              | 1,403,235           | 1,013,316               | 15,000               | 1,028,316           |
| PPP-Government Grant                           | 0                       | 0                    | 0                   | 197,350                 | 0                    | 197,350             |
| Interest Income                                | 1,309                   | 0                    | 1,309               | 721                     | 0                    | 721                 |
| Unrealized Gain (Loss) on Investments          | 425                     | 0                    | 425                 | (198)                   | 0                    | (198)               |
| (Loss) on Disposition of Asset                 | 0                       | 0                    | 0                   | (844)                   | 0                    | (844)               |
| Other Income                                   | 2,334                   | 0                    | 2,334               | 7,867                   | 0                    | 7,867               |
| Released From Restrictions                     | 111,000                 | (111,000)            | 0                   | 15,000                  | (15,000)             | 0                   |
| Total Public Support and Revenue               | <u>2,457,786</u>        | <u>85,500</u>        | <u>2,543,286</u>    | <u>2,170,319</u>        | <u>0</u>             | <u>2,170,319</u>    |
| <b>Expenses</b>                                |                         |                      |                     |                         |                      |                     |
| Program Services                               | 1,898,234               | 0                    | 1,898,234           | 1,509,405               | 0                    | 1,509,405           |
| Management and General                         | 95,148                  | 0                    | 95,148              | 93,651                  | 0                    | 93,651              |
| Fundraising                                    | 252,745                 | 0                    | 252,745             | 268,252                 | 0                    | 268,252             |
| Total Expenses                                 | <u>2,246,127</u>        | <u>0</u>             | <u>2,246,127</u>    | <u>1,871,308</u>        | <u>0</u>             | <u>1,871,308</u>    |
| <b>Change in Net Assets</b>                    | 211,659                 | 85,500               | 297,159             | 299,011                 | 0                    | 299,011             |
| <b>Net Assets, Beginning of Year</b>           | <u>3,220,333</u>        | <u>0</u>             | <u>3,220,333</u>    | <u>2,921,322</u>        | <u>0</u>             | <u>2,921,322</u>    |
| <b>Net Assets, End of Year</b>                 | <u>\$ 3,431,992</u>     | <u>\$ 85,500</u>     | <u>\$ 3,517,492</u> | <u>\$ 3,220,333</u>     | <u>\$ 0</u>          | <u>\$ 3,220,333</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

**FIVER CHILDREN'S FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended January 31, 2022**

|  | <b>Program</b>      | <b>Management<br/>and General</b> | <b>Fundraising</b> | <b>Total</b>        |
|--|---------------------|-----------------------------------|--------------------|---------------------|
| <b>Personnel Costs</b>                   |                     |                                   |                    |                     |
| Salaries                                 | \$ 944,561          | \$ 20,606                         | \$ 123,867         | \$ 1,089,034        |
| Employee Benefits                        | 64,118              | 1,399                             | 8,408              | 73,925              |
| Payroll Taxes                            | 80,172              | 1,749                             | 10,514             | 92,435              |
| Total Personnel Costs                    | <u>1,088,851</u>    | <u>23,754</u>                     | <u>142,789</u>     | <u>1,255,394</u>    |
| <b>Other Expenses</b>                    |                     |                                   |                    |                     |
| Summer Program                           | 143,221             | 0                                 | 0                  | 143,221             |
| Supplies                                 | 20,318              | 2,039                             | 1,133              | 23,490              |
| Advertising and Promotion                | 10,763              | 512                               | 285                | 11,560              |
| Professional Fees                        | 34,965              | 23,310                            | 0                  | 58,275              |
| Telephone                                | 8,772               | 918                               | 510                | 10,200              |
| Utilities                                | 23,511              | 2,460                             | 1,367              | 27,338              |
| Postage                                  | 4,742               | 496                               | 276                | 5,514               |
| Rent                                     | 216,589             | 22,666                            | 12,592             | 251,847             |
| Professional Development                 | 36,494              | 0                                 | 0                  | 36,494              |
| Year-Round Program Expense               | 22,046              | 0                                 | 0                  | 22,046              |
| Insurance                                | 61,671              | 5,979                             | 3,322              | 70,972              |
| Repairs and Maintenance                  | 63,107              | 0                                 | 0                  | 63,107              |
| Special Events                           | 0                   | 0                                 | 69,099             | 69,099              |
| Miscellaneous                            | 38,470              | 0                                 | 0                  | 38,470              |
| Interest                                 | 355                 |                                   |                    | 355                 |
| Bank Charges                             | 0                   | 0                                 | 14,142             | 14,142              |
| Total Other Expenses                     | <u>685,024</u>      | <u>58,380</u>                     | <u>102,726</u>     | <u>846,130</u>      |
| <b>Total Expenses Before Other Items</b> | <u>1,773,875</u>    | <u>82,134</u>                     | <u>245,515</u>     | <u>2,101,524</u>    |
| <b>Other Items</b>                       |                     |                                   |                    |                     |
| Depreciation                             | 124,359             | 13,014                            | 7,230              | 144,603             |
| Total Other Items                        | <u>124,359</u>      | <u>13,014</u>                     | <u>7,230</u>       | <u>144,603</u>      |
| <b>Total Expenses</b>                    | <u>\$ 1,898,234</u> | <u>\$ 95,148</u>                  | <u>\$ 252,745</u>  | <u>\$ 2,246,127</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.

**FIVER CHILDREN'S FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended January 31, 2021**

|  | <u>Program</u>      | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|--------------------|---------------------|
| <b>Personnel Costs</b>                   |                     |                                   |                    |                     |
| Salaries                                 | \$ 732,870          | \$ 19,524                         | \$ 161,730         | \$ 914,124          |
| Employee Benefits                        | 58,574              | 1,560                             | 12,926             | 73,060              |
| Payroll Taxes                            | <u>58,894</u>       | <u>1,569</u>                      | <u>12,997</u>      | <u>73,460</u>       |
| Total Personnel Costs                    | <u>850,338</u>      | <u>22,653</u>                     | <u>187,653</u>     | <u>1,060,644</u>    |
| <b>Other Expenses</b>                    |                     |                                   |                    |                     |
| Summer Program                           | 60,291              | 0                                 | 0                  | 60,291              |
| Supplies                                 | 27,039              | 2,525                             | 1,403              | 30,967              |
| Advertising and Promotion                | 9,585               | 0                                 | 0                  | 9,585               |
| Professional Fees                        | 37,096              | 24,730                            | 0                  | 61,826              |
| Telephone                                | 4,707               | 493                               | 274                | 5,474               |
| Utilities                                | 14,627              | 1,531                             | 850                | 17,008              |
| Postage                                  | 2,443               | 256                               | 142                | 2,841               |
| Rent                                     | 219,435             | 22,964                            | 12,758             | 255,157             |
| Professional Development                 | 6,129               | 0                                 | 0                  | 6,129               |
| Year-Round Program Expense               | 25,162              | 0                                 | 0                  | 25,162              |
| Insurance                                | 61,097              | 5,807                             | 3,226              | 70,130              |
| Repairs and Maintenance                  | 48,761              | 0                                 | 0                  | 48,761              |
| Special Events                           | 0                   | 0                                 | 40,776             | 40,776              |
| Miscellaneous                            | 21,411              | 0                                 | 0                  | 21,411              |
| Bank Charges                             | <u>0</u>            | <u>0</u>                          | <u>14,119</u>      | <u>14,119</u>       |
| Total Other Expenses                     | <u>537,783</u>      | <u>58,306</u>                     | <u>73,548</u>      | <u>669,637</u>      |
| <b>Total Expenses Before Other Items</b> | <u>1,388,121</u>    | <u>80,959</u>                     | <u>261,201</u>     | <u>1,730,281</u>    |
| <b>Other Items</b>                       |                     |                                   |                    |                     |
| Depreciation                             | <u>121,284</u>      | <u>12,692</u>                     | <u>7,051</u>       | <u>141,027</u>      |
| Total Other Items                        | <u>121,284</u>      | <u>12,692</u>                     | <u>7,051</u>       | <u>141,027</u>      |
| <b>Total Expenses</b>                    | <u>\$ 1,509,405</u> | <u>\$ 93,651</u>                  | <u>\$ 268,252</u>  | <u>\$ 1,871,308</u> |

The Accompanying Notes are an Integral Part of These Financial Statements.



**FIVER CHILDREN'S FOUNDATION, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended January 31, 2022 and 2021**

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| <b>Cash Flows from (Used by) Operating Activities</b>   |                   |                   |
| Change in Net Assets                                    | \$ 297,159        | \$ 299,011        |
| Adjustments for Noncash Transactions                    |                   |                   |
| Depreciation  | 144,603           | 141,027           |
| Loss on Disposition of Assets                           | 0                 | 844               |
| (Increase) Decrease in Assets                           |                   |                   |
| Security Deposit  | 0                 | (500)             |
| Prepaid Expenses  | (24,658)          | 8,010             |
| Pledges Receivable                                      | (36,948)          | 56,309            |
| Increase (Decrease) in Liabilities                      |                   |                   |
| Accounts Payable and Accrued Liabilities                | 43,149            | (19,663)          |
| Deferred Revenue  | <u>(21,021)</u>   | <u>31,021</u>     |
| Net Cash from Flows from Operating Activities           | <u>402,284</u>    | <u>516,059</u>    |
| <br><b>Cash Flows (Used by) Investing Activities</b>    |                   |                   |
| Purchase of Property and Equipment                      | <u>(155,192)</u>  | <u>(14,476)</u>   |
| Net Cash Flows (Used by) Investing Activities           | <u>(155,192)</u>  | <u>(14,476)</u>   |
| <br><b>Cash Flows (Used by) Financing Activities</b>    |                   |                   |
| Increase (Decrease) in Long-Term Borrowings             | <u>19,334</u>     | <u>0</u>          |
| Net Cash Flows From (Used by) Financing Activities      | <u>19,334</u>     | <u>0</u>          |
| <br><b>Net Increase in Cash and Cash Equivalents</b>    | 266,426           | 501,583           |
| <br><b>Cash and Cash Equivalents, Beginning of Year</b> | <u>695,223</u>    | <u>193,640</u>    |
| <br><b>Cash and Cash Equivalents, End of Year</b>       | <u>\$ 961,649</u> | <u>\$ 695,223</u> |

**Supplemental Cash Flow Disclosures**

Cash Paid During the Year For:

|          |             |             |
|----------|-------------|-------------|
| Interest | <u>\$ 0</u> | <u>\$ 0</u> |
|----------|-------------|-------------|

The Accompanying Notes are an Integral Part of These Financial Statements.

# FIVER CHILDREN'S FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of the Organization**

The Fiver Children's Foundation, Inc. (the Foundation), is a comprehensive youth development organization that makes a 10-year commitment to children from underserved communities throughout New York City and central New York. Through character-building summer and year-round out-of-school time programs, Fiver empowers children to make ethical and healthy decisions, to become engaged citizens, and to succeed in school, careers, and life.

#### **Basis of Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence of donor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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 Foundation and/or the passage of time. Net assets with donor restrictions for the year ended January 31, 2022 and 2021, were \$85,500 and \$0, respectively.

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking accounts and certificates of deposit with maturities of less than 90 days. Included in cash is a money market mutual fund held in an investment account. Donations of stock are deposited into this account; however, it is Management's policy to sell the stock as soon as practicably possible.

#### **Receivables**

Pledges receivable as of January 31, 2022 and 2021 in the amount of \$83,324 and \$46,376, respectively, represent unconditional promises to give that are due in one year.

The Foundation considers its receivables, which were recorded at cost, to be fully collectible; accordingly, no allowance for doubtful accounts was required. If amounts became uncollectible, they would be charged to operations when that determination was made.

**FIVER CHILDREN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property**

Purchased property is recorded at cost, less an allowance for depreciation. Contributed property is recorded at fair value at the date of donation. If donors stipulate how long the asset must be used, the contributions are recorded as restricted support. In the absence of such stipulations, property contributions are recorded as unrestricted support. Depreciation is provided on the straight-line method over the estimated useful lives of the assets as follows:

|                            |            |
|----------------------------|------------|
| Buildings and Improvements | 40 Years   |
| Furniture and Equipment    | 5-10 Years |

The Foundation capitalizes all expenditures for property and equipment in excess of \$1,000.

**Contributions and Donations**

Contributions that are restricted by the donor are reported as an increase in net assets without restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted contributions are reported as an increase in net assets with restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the Statement of Activities as net assets released from restrictions.

Donations other than cash are recorded at fair market value at the date of the gift.

**Donated Services**

The Foundation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs.

**Advertising**

The cost of advertising is charged to expense as incurred and included in the statements of functional expenses.

# FIVER CHILDREN'S FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Other expenses have been allocated as follows:

| <u>Expense</u>          | <u>Method of Allocation</u>                      |
|-------------------------|--|
| Salaries and Benefits   | Time and Effort                                  |
| Contractual and Program | Directly Charged                                 |
| All Other Expenses      | A Percent of Expenses Above to<br>Total Expenses |

#### Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation.

#### Revenue Recognition

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

#### Future Changes in Accounting Standards

In February of 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing essential information about leasing transactions. This standard will become effective for fiscal years beginning after December 15, 2021.

**FIVER CHILDREN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 LIQUIDITY AND AVAILABILITY OF FUNDS**

The Foundation has \$1,044,973 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures, consisting of cash of \$961,649 and receivables of \$83,324. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The receivables are subject to time restrictions but are expected to be collected within one year.

**NOTE 3 INCOME TAX STATUS**

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and utilizes January 31 as its fiscal year end. The Foundation has also been determined to be other than a private foundation as described in Section 509(a)(1) of the Code.

**NOTE 4 PROPERTY**

Property consists of the following at January 31:

|                                | <u>2022</u>         | <u>2021</u>         |
|--------------------------------|---------------------|---------------------|
| Land                           | \$ 278,275          | \$ 278,275          |
| Buildings and Improvements     | 4,213,037           | 4,096,039           |
| Furniture and Equipment        | 714,249             | 701,140             |
| Less: Accumulated Depreciation | <u>(2,764,411)</u>  | <u>(2,619,808)</u>  |
| Net Property                   | <u>\$ 2,466,235</u> | <u>\$ 2,455,646</u> |

**NOTE 5 LINE OF CREDIT**

On October 20, 2020 The Foundation obtained a \$500,000 line of credit from a bank. The line carries an interest rate equal to the Prime Rate plus 1.00% and is secured by property located in Madison County, New York, equipment, and accounts receivable. There was no outstanding balance on this line as of January 31, 2022 and 2021.

**NOTE 6 DEFINED CONTRIBUTION RETIREMENT BENEFIT PLAN**

The Foundation maintains a 403(b)-retirement plan allowing for pre-tax employee contributions and an elective employer match. The plan covers substantially all full-time permanent employees. During the years ended January 31, 2022 and 2021 matching contributions to the plan were \$15,343 and \$6,573, respectively.

**FIVER CHILDREN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 OPERATING LEASE**

The Foundation leased office space under a non-cancelable agreement that expired in December 2016 and was renewed through December 2023. The lease calls for agreed upon monthly payments, escalating each year. Rent expense is recorded on a straight-line basis over the lease term. The Foundation is required to pay annually, an amount equal to 2% of any increase in real estate taxes over the amount of taxes in the first year of the agreement. Rent expense under this agreement was \$251,847 and \$255,157 for the years ended January 31, 2022 and 2021, respectively.

The annual future minimum lease payments under the current contract, which expires in December 2023 for the year ended January 31, is as follows:

|      |            |
|------|------------|
| 2023 | \$ 272,914 |
| 2024 | \$ 255,892 |

**NOTE 8 NOTE PAYABLE**

On June 30, 2021 the Foundation financed the purchase of a John Deere Gator through Cazenovia Equipment in the amount of \$22,635 at an effective interest rate of 0.0% over 48 months. Monthly payments of \$471.56 will be made until the maturity date of June 30, 2025.

Future payments of principal and interest are as follows:

|       |                  |
|-------|------------------|
| 2023  | \$ 5,659         |
| 2024  | 5,659            |
| 2025  | 5,659            |
| 2026  | <u>2,357</u>     |
| Total | <u>\$ 19,334</u> |

**NOTE 9 CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash balances (including money market account balances) with several financial institutions, which act as custodians for these accounts. Cash balances occasionally exceed the amounts insured by the Federal Deposit Insurance Corporation.

**FIVER CHILDREN'S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 PAYCHECK PROTECTION PROGRAM (PPP) LOAN**

The Foundation had received a loan from the People United Bank, N.A. in the amount of \$197,350 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan was subject to a note dated April 20, 2020. The Foundation had accounted for this loan as a refundable advance under guidance outlined in FASB ASC 958 in 2021. The Foundation applied for and had been notified that \$197,350 in eligible expenditures for payroll and utilities described in the CARES Act had been forgiven. Loan forgiveness was reflected as government grant revenue in the accompanying statement of activities in 2021.

**NOTE 10 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 27, 2022, the date on which the financial statements were available to be issued.