

FIVER CHILDREN'S  
FOUNDATION, INC.

For the Year Ending  
January 31, 2023

FINANCIAL STATEMENTS

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

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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, 2023 and 2022 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, 2023 and 2022, 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.

***Adoption of New Accounting Standard***

As discussed in Note 1 to the financial statements, in 2022, Fiver Children's Foundation, Inc. adopted ASU 2016-02, "Leases (Topic 842)", as amended. Our opinion is not modified with respect to this matter.

***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*

May 25, 2023

East Syracuse, New York

**FIVER CHILDREN'S FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**January 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,554,273	\$ 961,649
Prepaid Expenses	80,566	25,684
Pledges Receivable	67,400	83,324
Security Deposit	<u>50,500</u>	<u>70,500</u>
Total Current Assets	<u>1,752,739</u>	<u>1,141,157</u>
<b>Property</b>		
Land	278,275	278,275
Buildings and Improvements	4,321,133	4,213,037
Furniture and Equipment	791,304	714,249
Vehicles	<u>25,085</u>	<u>25,085</u>
Total Property	5,415,797	5,230,646
Less: Accumulated Depreciation	<u>2,917,191</u>	<u>2,764,411</u>
Net Property	<u>2,498,606</u>	<u>2,466,235</u>
<b>Right of Use Assets</b>		
Kaufmann Office Building	<u>1,812,605</u>	<u>0</u>
<b>Total Assets</b>	<u><b>\$ 6,063,950</b></u>	<u><b>\$ 3,607,392</b></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	\$ 116,285	\$ 50,566
Deferred Revenue	119,500	20,000
Loan Payable-Short Term	5,659	5,659
Lease Liability-Short Term	<u>152,188</u>	<u>0</u>
Total Current Liabilities	<u>393,632</u>	<u>76,225</u>
<b>Loan Payable- Long Term</b>	<u>8,016</u>	<u>13,675</u>
<b>Lease Liability-Long Term</b>	<u>1,690,668</u>	<u>0</u>
<b>Net Assets</b>		
Without Donor Restriction	3,391,081	3,431,992
With Donor Restriction	<u>580,553</u>	<u>85,500</u>
Total Net Assets	<u>3,971,634</u>	<u>3,517,492</u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 6,063,950</b></u>	<u><b>\$ 3,607,392</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, 2023 and 2022

	2023			2022		
	Without Restrictions	With Restrictions	Total	Without Restrictions	With Restrictions	Total
<b>Unrestricted Public Support and Revenue</b>						
Fundraising	\$ 1,040,834	\$ 0	\$ 1,040,834	\$ 1,135,983	\$ 0	\$ 1,135,983
Contributions	1,376,912	672,892	2,049,804	1,206,735	196,500	1,403,235
Interest Income	15,872	0	15,872	1,309	0	1,309
Unrealized Gain (Loss) on Investments	688	0	688	425	0	425
Other Income	3,439	0	3,439	2,334	0	2,334
Released From Restrictions	<u>177,839</u>	<u>(177,839)</u>	<u>0</u>	<u>111,000</u>	<u>(111,000)</u>	<u>0</u>
Total Public Support and Revenue	<u>2,615,584</u>	<u>495,053</u>	<u>3,110,637</u>	<u>2,457,786</u>	<u>85,500</u>	<u>2,543,286</u>
<b>Expenses</b>						
Program Services	2,300,315	0	2,300,315	1,898,234	0	1,898,234
Management and General	77,982	0	77,982	95,148	0	95,148
Fundraising	<u>278,198</u>	<u>0</u>	<u>278,198</u>	<u>252,745</u>	<u>0</u>	<u>252,745</u>
Total Expenses	<u>2,656,495</u>	<u>0</u>	<u>2,656,495</u>	<u>2,246,127</u>	<u>0</u>	<u>2,246,127</u>
<b>Change in Net Assets</b>	(40,911)	495,053	454,142	211,659	85,500	297,159
<b>Net Assets, Beginning 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>
<b>Net Assets, End of Year</b>	<u>\$ 3,391,081</u>	<u>\$ 580,553</u>	<u>\$ 3,971,634</u>	<u>\$ 3,431,992</u>	<u>\$ 85,500</u>	<u>\$ 3,517,492</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, 2023**

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
<b>Personnel Costs</b>				
Salaries	\$ 1,156,067	\$ 21,494	\$ 131,940	\$ 1,309,501
Employee Benefits	85,592	1,591	9,768	96,951
Payroll Taxes	<u>88,682</u>	<u>1,465</u>	<u>10,100</u>	<u>100,247</u>
Total Personnel Costs	<u>1,330,341</u>	<u>24,550</u>	<u>151,808</u>	<u>1,506,699</u>
<b>Other Expenses</b>				
Summer Program	233,960	0	0	233,960
Supplies	29,469	2,533	1,407	33,409
Advertising and Promotion	9,630	103	57	9,790
Professional Fees	35,586	11,862	11,862	59,310
Telephone	6,645	695	386	7,726
Utilities	29,016	3,037	1,687	33,740
Postage	3,746	392	218	4,356
Lease	211,227	18,939	10,522	240,688
Professional Development	46,760	0	0	46,760
Year-Round Program Expense	26,039	0	0	26,039
Insurance	81,781	2,121	1,177	85,079
Repairs and Maintenance	79,748	0	0	79,748
Special Events	0	0	91,435	91,435
Miscellaneous	32,903	0	0	32,903
Bank Charges	<u>12,073</u>	<u>0</u>	<u>0</u>	<u>12,073</u>
Total Other Expenses	<u>838,583</u>	<u>39,682</u>	<u>118,751</u>	<u>997,016</u>
<b>Total Expenses Before Other Items</b>	<u>2,168,924</u>	<u>64,232</u>	<u>270,559</u>	<u>2,503,715</u>
<b>Other Items</b>				
Depreciation	<u>131,391</u>	<u>13,750</u>	<u>7,639</u>	<u>152,780</u>
Total Other Items	<u>131,391</u>	<u>13,750</u>	<u>7,639</u>	<u>152,780</u>
<b>Total Expenses</b>	<u>\$ 2,300,315</u>	<u>\$ 77,982</u>	<u>\$ 278,198</u>	<u>\$ 2,656,495</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**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<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	0	0	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.****STATEMENTS OF CASH FLOWS****For the Years Ended January 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from (Used by) Operating Activities</b>		
Change in Net Assets	\$ 454,142	\$ 297,159
Adjustments for Noncash Transactions		
Depreciation	152,780	144,603
Loss on Disposition of Assets	0	0
(Increase) Decrease in Assets		
Security Deposit	20,000	0
Prepaid Expenses	(54,882)	(24,658)
Pledges Receivable	15,924	(36,948)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	65,719	43,149
Deferred Revenue	99,500	(21,021)
Net Cash from Flows from Operating Activities	<u>753,183</u>	<u>402,284</u>
<b>Cash Flows (Used by) Investing Activities</b>		
Purchase of Property and Equipment	<u>(154,900)</u>	<u>(155,192)</u>
Net Cash Flows (Used by) Investing Activities	<u>(154,900)</u>	<u>(155,192)</u>
<b>Cash Flows (Used by) Financing Activities</b>		
Increase (Decrease) in Long-Term Borrowings	<u>(5,659)</u>	<u>19,334</u>
Net Cash Flows From (Used by) Financing Activities	<u>(5,659)</u>	<u>19,334</u>
<b>Net Increase in Cash and Cash Equivalents</b>	592,624	266,426
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>961,649</u>	<u>695,223</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,554,273</u>	<u>\$ 961,649</u>
<b>Supplemental Cash Flow Disclosures</b>		
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, 2023 and 2022, were \$580,553 and \$85,500, 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, 2023 and 2022 in the amount of \$67,400 and \$83,324, 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.

#### Operating Lease Right-of-Use Asset

In 2022, the Foundation adopted ASU No. 2016-02, *Leases (Topic 842)*, as amended, which superseded existing guidance for accounting for leases under Topic 840. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the Statement of Financial Position. A right-of-use asset is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The right-of-use asset is measured at the lease liability amount, adjusted for lease prepayments, incentives, and initial direct costs (e.g., commissions). The lease liability is measured as the present value of future lease payments.

#### 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.

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

**NOTES TO FINANCIAL STATEMENTS**

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

**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.

**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 Total Expenses

**Reclassifications**

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

# FIVER CHILDREN'S FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

#### Adoption of New Accounting Standard

During 2022, the Foundation adopted ASU No. 2016-02, Leases (Topic 842), as amended. Among other things, in the amendments in ASU 2016-02, lessees are required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis (present value); and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers.

The Foundation has elected to adopt the standard and its amendments using the transition method. Using this method, adopting this standard had no impact to the prior year statement of financial position information.

### NOTE 2 LIQUIDITY AND AVAILABILITY OF FUNDS

The Foundation has \$1,621,673 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 \$1,554,273 and receivables of \$67,400. 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.

# FIVER CHILDREN'S FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 PROPERTY

Property consists of the following at January 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 278,275	\$ 278,275
Buildings and Improvements	4,321,133	4,213,037
Furniture and Equipment	816,389	739,334
Less: Accumulated Depreciation	<u>(2,917,191)</u>	<u>(2,764,411)</u>
Net Property	<u>\$ 2,498,606</u>	<u>\$ 2,466,235</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, 2023 and 2022.

### 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, 2023 and 2022 matching contributions to the plan were \$15,343 and \$15,343, respectively.

### NOTE 7 LEASE

The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. The Foundation will only reassess if the terms and conditions of the contract are changed.

In evaluating its contracts, the Foundation separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the Right of Use (ROU) assets and lease liabilities. The Foundation has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the statements of net position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

# FIVER CHILDREN'S FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7 LEASE (Continued)

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation has elected the practical expedient to determine the present value of the lease payments using the risk-free rate based on the information available at the commencement date.

The Foundation has elected the practical expedient to not to record short term leases (leases with an initial term of 12 months or less) on the statements of financial position.

The Foundation leases office space under a non-cancelable agreement that was renewed on February 1, 2022. 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. Beginning on January 1, 2024 that amount will decrease to 1.5%.

Operating leases are included in operating right of use assets and operating lease liabilities in the Statement of Financial Position. The lease asset and liability were calculated utilizing the risk-free discount rate (3.5%), according to the Foundation's elected policy.

Future undiscounted lease payments and reconciliation to the operating lease liability in the Statement of Financial Position as of January 31, 2023 are as follows:

<u>Year</u>	<u>Operating Lease</u>
2024	\$ 213,644
2025	218,985
2026	224,460
2027	230,071
2028	236,906
Thereafter	<u>1,034,452</u>
Total Lease Payments	2,158,518
Less: Interest	<u>315,662</u>
Present Value of Lease Liability	<u>\$ 1,842,856</u>

**FIVER CHILDREN’S FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 LEASE (Continued)**

Additional information about the Organization’s operating lease is as follows:

<u>Year Ended January 31</u>	<u>Year Ended 2023</u>
<u>Lease Costs</u>	
Operating Lease Cost (Cost resulting from lease payments)	\$ 240,688
Total Lease Cost	\$ 240,688
<u>Cash Flow Information</u>	
Operating Lease - Operating Cash Flows (Fixed Payments)	\$ 208,433
Operating Lease - Operating Cash Flows (Liability Reduction)	\$ 142,023
New ROU Assets - Operating Leases in Exchange for Lease Liabilities	\$ 1,984,789
<u>Weighted Average Remaining Lease Term</u>	
Operating leases	8.92 years
<u>Weighted Average Discount Rate</u>	
Operating leases	3.50%

**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:

2024	5,659
2025	5,659
2026	<u>2,357</u>
Total	<u>\$ 13,675</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 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 25, 2023, the date on which the financial statements were available to be issued.