NATIONAL FIRE SAFETY COUNCIL AND SUBSIDIARY
(A Nonprofit Organization)

JACKSON, MICHIGAN

FINANCIAL STATEMENTS

OCTOBER 31, 2023

CONTENTS

WILLIS & JURASEK
CPAs AND CONSULTANTS

Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of National Fire Safety Council (a nonprofit organization) and Subsidiary, which comprise the consolidated statement of financial position as of October 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 Fire Safety Council and Subsidiary as of October 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 Fire 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 Fire Safety Council and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Fire 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 Fire 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
September 6, 2024

NATIONAL FIRE SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OCTOBER 31, 2023

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 523,244
Restricted cash	143,841
Investments	782,730
Contributions receivable - net	15,266
Other receivables	2,500
Inventory	583,110
Prepaid expenses	52,222
Total current assets	2,102,913
OTHER ASSETS:	
Due from related parties	663,959
Right of use asset	17,677
Total other assets	681,636
PROPERTY, PLANT, AND EQUIPMENT:	
Property and equipment - net	786,989
Total assets	$ 3,571,538

LIABILITIES

CURRENT LIABILITIES:	
Accounts payable	$ 53,010
Accrued liabilities	101,459
Lease liability - current portion	19,327
Notes payable - current portion	4,132
Total current liabilities	177,928
LONG-TERM LIABILITIES:	
Notes payable - net of current portion	4,631
Total long-term liabilities	4,631
Total liabilities	182,559

NET ASSETS

Net assets without donor restrictions	3,388,979
Total liabilities and net assets	$ 3,571,538

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

NATIONAL FIRE SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED OCTOBER 31, 2023

REVENUES:	
Contributions	$ 3,526,528
Advertising revenue	151,048
Special fundraising - net	560,146
Rental activities - net	21,806
Other income	10,534
Total revenues	4,270,062
EXPENSES:	
Program services:	
Fire safety education	1,455,611
Research and development	152,604
Total program services	1,608,215
Supporting services:	
Management and general	511,836
Special fundraising	489,619
Other fundraising	1,782,301
Total support services	2,783,756
Total expenses	4,391,971
EXCESS OF REVENUES OR (EXPENSES) - BEFORE OTHER INCOME (EXPENSES)	(121,909)
OTHER INCOME (EXPENSES):	
Investment income - net	13,766
Unrealized gain (loss) on investments	21,089
Gain (loss) on disposal of fixed assets	(69)
Income tax expense	619
Total other income (expenses)	35,405
EXCESS OF REVENUES OR (EXPENSES)	(86,504)
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING	3,478,412
CHANGE IN ACCOUNTING PRINCIPAL - LEASES	(2,929)
NET ASSETS WITHOUT DONOR RESTRICTIONS - ENDING	$ 3,388,979

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

NATIONAL FIRE SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED OCTOBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (86,504)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization expense	61,944
Unrealized (gain) loss on investments	(21,089)
Investment income reinvested	(10,463)
(Gain) loss on disposal of fixed assets	69
Change in:	
Contributions receivable - net	15,140
Other receivables	(1,682)
Inventory	(95,807)
Prepaid expenses	(11,362)
Accounts payable	(63,530)
Accrued liabilities	(7,083)
Accrued income tax	(4,474)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(224,841)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(121,423)
Payments made to affiliated organizations - net	(218,845)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(340,268)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of finance lease obligations	(24,399)
Principal payments on long-term debt	(4,017)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(28,416)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(593,525)
CASH - BEGINNING	1,260,610
CASH - ENDING	$ 667,085
SUPPLEMENTAL DISCLOSURE	
Interest paid (net of $0 capitalized)	$ 9,106
Income taxes paid	$ 0
CASH ON THE STATEMENT OF FINANCIAL POSITION SHOWN AS:	
Cash and cash equivalents	$ 523,244
Restricted Cash	$ 143,841
Total Cash	$ 667,085

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

NATIONAL FIRE SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2023

	PROGRAM SERVICES		
	FIRE SAFETY EDUCATION	RESEARCH AND DEVELOPMENT	TOTAL PROGRAM SERVICES
COMPENSATION:			
Salaries	$ 412,078	$ 129,116	$ 541,194
Employee benefits and taxes	76,776	22,102	98,878
Total compensation	488,854	151,218	640,072
OTHER EXPENSES:			
Educational publications and materials	765,645		765,645
Supplies	10,753	1,386	12,139
Travel and company paid expenses	5,250		5,250
Postage and copies	8,935		8,935
Legal and professional	46,185		46,185
Utilities	9,600		9,600
Automobile	4,448		4,448
Telephone	6,460		6,460
Maintenance and repairs	9,020		9,020
Filing fees and licenses	3,071		3,071
Insurance	47,261		47,261
Interest and service charges	4,384		4,384
Contract services	1,833		1,833
Dues and subscriptions			0
Office and equipment	306		306
Data processing expense			0
Conventions and meetings	27,919		27,919
Miscellaneous			0
Property taxes			0
Bingo paper and gaming products			0
Advertising			0
Total expenses before depreciation and amortization	1,439,924	152,604	1,592,528
Depreciation and amortization	15,687		15,687
Total expenses	$ 1,455,611	$ 152,604	$ 1,608,215

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

NATIONAL FIRE SAFETY COUNCIL AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED OCTOBER 31, 2023

SUPPORTING SERVICES				
MANAGEMENT AND GENERAL	SPECIAL FUND RAISING	OTHER FUND RAISING	TOTAL SUPPORTING SERVICES	TOTAL EXPENSES
$ 220,657	$ 51,047	$ 1,249,547	$ 1,521,251	$ 2,062,445
41,955	12,366	133,644	187,965	286,843
262,612	63,413	1,383,191	1,709,216	2,349,288
			0	765,645
7,469	65,964	25,604	99,037	111,176
5,250		206,451	211,701	216,951
8,936		117,134	126,070	135,005
46,185	5,997	10,264	62,446	108,631
9,600	13,639	9,600	32,839	42,439
4,449			4,449	8,897
6,460	2,252	6,460	15,172	21,632
9,020	31,659	3,761	44,440	53,460
384	33,175	384	33,943	37,014
23,631			23,631	70,892
4,384		338	4,722	9,106
2,370	1,782		4,152	5,985
1,144			1,144	1,144
306	3,250	8,172	11,728	12,034
104,525			104,525	104,525
			0	27,919
2,978	26,644	3,235	32,857	32,857
436			436	436
	215,878		215,878	215,878
	17,625		17,625	17,625
500,139	481,278	1,774,594	2,756,011	4,348,539
11,697	8,341	7,707	27,745	43,432
$ 511,836	$ 489,619	$ 1,782,301	$ 2,783,756	$ 4,391,971

(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 Fire Safety Council, and its wholly-owned subsidiary, United States Fire Safety Services, Inc. (Collectively referred to as the Organization).

National Fire Safety Council is a not-for-profit organization which promotes the importance of fire 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.

United States Fire Safety Services, Inc. (the Subsidiary), the subsidiary of the Organization, is a for-profit corporation, also supporting the promotion of the importance of fire safety through the sale of advertisements to be printed on the fire 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 accompanying financial statements and information are prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenditures 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, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization's net assets 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 Organization 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 a separate bank account for the 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 October 31, 2023, the amount of restricted cash held by the Organization is $143,841.

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.

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

Fair Value Measurements (Continued) -

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.

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, corporate bonds, and U.S. government securities 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 fire 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 fire safety programs utilizing the Organization's materials and resources in order to support the effort. Contributions are reported as revenue when pledged. 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 fire 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, United States Fire Safety Services, in support of the fire 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 October 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.

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 $17,625 for the year ended October 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 November 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization’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 November 1, 2022, resulting in a right of use asset of $41,249, a lease liability of $44,175 and a prior period adjustment to net assets of $2,929.

Leases -

The Organization leases copying and printing equipment through Canon. See Note 8 for additional information.

Subsequent Events -

Management has evaluated subsequent events and transactions for potential recognition or disclosure through September 6, 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 October 31, 2023, uninsured cash balances totaled $22,911.

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 October 31, 2023:

NOTE 3 - FAIR VALUE OF INVESTMENTS (Continued):

Beginning Level 1 value	$ 751,178
Investment income	22,259
Investment fees	(11,796)
Change in market value	21,089
Ending Level 1 value	$ 782,730

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

Cash and money market accounts	$ 5,177
Stocks	402,072
Exchange traded funds	96,399
Mutual funds	279,082
Total	$ 782,730

NOTE 4 - CONTRIBUTIONS RECEIVABLE:

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

Contributions receivable	$ 19,555
Less: Allowance for uncollectible contributions	(4,289)
Contributions receivable – net	$ 15,266

Contributions are expected to be collected within one year.

NOTE 5 - DUE FROM RELATED PARTIES:

The following is a summary of amounts due from affiliated organizations as of October 31, 2023:

National Drug & Safety League	$ 171,836
National Child Safety Council	422,882
Child Safety of America	69,241
Total due from related parties	$ 663,959

The organizations above are all affiliated with the Organization through common management, personnel, and facilities. These loans are unsecured and have no stated interest or repayment terms.

NOTE 6 - FIXED ASSETS:

The following is a summary of fixed assets at October 31, 2023:

NOTE 6 - FIXED ASSETS (Continued):

Land	$ 284,333
Land improvements	73,003
Buildings	701,641
Building improvements	199,193
Machinery and equipment	693,552
Software	126,391
Furniture and fixtures	84,465
Total	2,162,578
Less: Accumulated depreciation	1,375,589
Net fixed assets	$ 786,989

Certain property included above is used by the Organization in its rental activities reported under revenue. Depreciation expense at October 31, 2023, related to that property was $18,512 and is netted against the related amounts for rental activities. The remaining depreciation of $20,312 was included in expenses in the consolidated statement of functional expenses.

NOTE 7 - NOTE PAYABLE:

In 2020, the Organization obtained financing for the purchase of a vehicle from County National Bank. The financing was obtained in the amount of $20,125 payable over 60 months at an interest rate of 2.99%. The outstanding balance at October 31, 2023 is $8,763.

Scheduled maturities of the note payable for each of the next five years are as follows:

2024	$ 4,132
2025	4,258
2026	373

NOTE 8 - LEASES:

The Organization also has a financing lease for copying and printing equipment. This is a 5 year lease that commenced in September 2019 and has a five year lease term calling for monthly payments of $2,185.

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 October 31, 2023:

NOTE 8 - LEASES (Continued):

Right-of-use assets:		
Operating	$	0
Finance		17,677
Total right-of-use assets	$	17,677
Lease Liabilities		
Finance - current		19,327
Total current lease liabilities		19,327
Finance - net of current		0
Total lease liabilities	$	19,327

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

Weighted Average Remaining Lease Term	
Finance leases	0.75 years
Weighted Average Discount Rate	
Finance leases	1.39%

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

Year Ending October 31:		Finance
2024	$	19,964
2025		0
2026		0
2027		0
Thereafter		0
Total lease payments		19,964
Less: interest		(637)
Present value of lease liabilities	$	19,327

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 October 31, 2023:

Finance Lease:		
Amortization	$	23,569
Interest and service charges		1,371
Allocated to/from related		(806)
Total finance lease cost	$	24,134

NOTE 9 - AVAILABILITY AND LIQUIDITY:

The Organization has $1,959,072 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $523,244, investments of $782,730, contributions receivable of $15,266 other receivables of $2,500, inventory of $583,110 and prepaid expenses of $52,222. 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. $143,841 of the remaining 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 10 - 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.

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.

NOTE 10 - JOINT COSTS (Continued):

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 October 31, 2023, totaled $1,450,316, 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 October 31, 2023:

Program services	$ 1,305,284
Fundraising	145,032
Total	$ 1,450,316