

**SEEDLINGS...BRAILLE
BOOKS FOR CHILDREN**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

**BOISVENU & COMPANY, P.C.
Certified Public Accountants
Bingham Farms, Michigan**

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
SEEDLINGS...Braille Books for Children

Opinion

We have audited the accompanying financial statements of SEEDLINGS...Braille Books for Children (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 SEEDLINGS...Braille Books for Children as of December 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SEEDLINGS...Braille Books for Children 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 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 SEEDLINGS...Braille Books for Children'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 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 SEEDLINGS...Braille Books for Children'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 SEEDLINGS...Braille Books for Children'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.

Report on Summarized Comparative Information

We have previously audited SEEDLINGS...Braille Books for Children's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 19, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Boisvenue & Company, P.C.

April 30, 2024

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	2023	2022
ASSETS		
Current Assets		
Cash	\$ 183,649	\$ 61,105
Investments appropriated for operations	50,000	50,000
Accounts receivable	7,685	12,768
Supplies	121,902	163,241
Total Current Assets	<u>363,236</u>	<u>287,114</u>
Non-current Assets		
Investments - net of appropriations	3,593,015	3,127,808
Equipment - net	59,779	28,904
Security deposit	2,288	2,288
Right-of-use asset - operating lease	13,096	53,876
Total Non-current Assets	<u>3,668,178</u>	<u>3,212,876</u>
TOTAL ASSETS	<u><u>\$ 4,031,414</u></u>	<u><u>\$ 3,499,990</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued expenses	\$ 28,735	\$ 20,639
Operating lease liability - current	13,243	41,223
Total Current Liabilities	<u>41,978</u>	<u>61,862</u>
Long-term Liabilities		
Operating lease liability - net of current	-	13,244
Total Long-term Liabilities	<u>-</u>	<u>13,244</u>
Total Liabilities	<u>41,978</u>	<u>75,106</u>
Net Assets		
Without donor restrictions		
Undesignated	2,779,923	2,186,236
Board designated	1,201,053	1,201,053
Total Net Assets Without Donor Restrictions	<u>3,980,976</u>	<u>3,387,289</u>
With donor restrictions		
	<u>8,460</u>	<u>37,595</u>
Total Net Assets	<u>3,989,436</u>	<u>3,424,884</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,031,414</u></u>	<u><u>\$ 3,499,990</u></u>

See accompanying notes to financial statements.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
OPERATING REVENUE				
Book sales	\$ 140,594	\$ -	\$ 140,594	\$ 132,547
OPERATING EXPENSES				
Program	933,834	-	933,834	774,716
Management and general	41,435	-	41,435	25,965
Total Operating Expenses	975,269	-	975,269	800,681
DEFICIENCY FROM OPERATIONS	(834,675)	-	(834,675)	(668,134)
SUPPORT AND OTHER EXPENSES				
Contributions	316,798	37,960	354,758	323,257
Grants	182,683	-	182,683	121,627
Special events and auxiliary activities - net	61,540	-	61,540	52,871
Contributions of non-financial assets	20,021	-	20,021	19,866
Investment income - net	140,979	-	140,979	143,243
Realized and unrealized gain (loss) on investments - net	699,229	-	699,229	(740,001)
Fund raising expenses	(60,425)	-	(60,425)	(48,390)
	1,360,825	37,960	1,398,785	(127,527)
Net assets released from restrictions	67,095	(67,095)	-	-
TOTAL SUPPORT AND OTHER EXPENSES	1,427,920	(29,135)	1,398,785	(127,527)
OTHER CHANGES IN NET ASSETS	442	-	442	(590)
CHANGE IN NET ASSETS	593,687	(29,135)	564,552	(796,251)
NET ASSETS, beginning of year	3,387,289	37,595	3,424,884	4,221,135
NET ASSETS, end of year	\$ 3,980,976	\$ 8,460	\$ 3,989,436	\$ 3,424,884

See accompanying notes to financial statements.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	Program	Management and General	Fund Raising	Total	
				2023	2022
Book production materials	\$ 294,630	\$ -	\$ -	\$ 294,630	\$ 219,968
Salary and wages	431,523	29,374	40,598	501,495	410,546
Payroll taxes	32,664	2,224	3,073	37,961	31,916
Other personnel costs	18,708	1,224	428	20,360	18,860
Occupancy	71,066	1,480	1,481	74,027	73,910
Telephone	2,866	31	152	3,049	3,054
Postage and mail service	5,058	59	833	5,950	7,167
Office supplies	9,636	40	680	10,356	9,343
Equipment repair and maintenance	12,225	603	603	13,431	7,731
Printing, promotion and website	17,955	-	9,692	27,647	21,111
Production development, conferences and membership	916	-	87	1,003	729
Transportation	2,697	147	199	3,043	6,259
Outside services	20,021	5,483	1,828	27,332	26,616
Directors and officers insurance	<u>1,151</u>	<u>64</u>	<u>64</u>	<u>1,279</u>	<u>1,279</u>
Total Functional Expenses Before Depreciation	921,116	40,729	59,718	1,021,563	838,489
Depreciation	<u>12,718</u>	<u>706</u>	<u>707</u>	<u>14,131</u>	<u>10,582</u>
Total Functional Expenses	<u>\$ 933,834</u>	<u>\$ 41,435</u>	<u>\$ 60,425</u>	<u>\$ 1,035,694</u>	<u>\$ 849,071</u>

See accompanying notes to financial statements.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2023, WITH COMPARATIVE TOTALS FOR 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 564,552	\$ (796,251)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	14,131	10,582
Realized (gain) loss on investments	(99,233)	377,923
Unrealized (gain) loss on investments	(599,996)	362,078
Operating lease expense amortization	40,781	(53,876)
(Increase) decrease in operating assets		
Accounts receivable	5,082	(11,851)
Supplies	41,337	(50,198)
Increase (decrease) in operating liabilities		
Accrued expenses	8,096	(1,860)
Principal payments on operating leases	<u>(41,223)</u>	<u>54,467</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(66,473)</u>	<u>(108,986)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(45,005)	(17,239)
Purchase of investments	(1,613,989)	(2,678,319)
Proceeds from sale of investments	<u>1,848,011</u>	<u>2,710,077</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>189,017</u>	<u>14,519</u>
NET INCREASE (DECREASE) IN CASH	122,544	(94,467)
CASH, beginning of year	<u>61,105</u>	<u>155,572</u>
CASH, end of year	<u>\$ 183,649</u>	<u>\$ 61,105</u>

See accompanying notes to financial statements.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

SEEDLINGS...Braille Books For Children is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation.

The Organization was established in 1984 to provide quality literature in Braille for young readers at an affordable price, thereby fostering the love of reading and increasing the rate of literacy among people who are blind.

The Organization's program and supporting services are as follows:

Program Services

SEEDLINGS...Braille Books For Children is organized under the laws of the State of Michigan to promote literacy among the blind by providing blind children with quality, thought-provoking and entertaining literature in Braille that is given away or sold domestically and internationally.

Management and General

This includes the functions necessary to maintain an adequate working environment, provide proper administrative support of the Organization's programs, and manage the financial and budgeting responsibilities of the Organization.

Fund Raising

This provides the structure necessary to encourage and secure support from individuals, foundations and government agencies.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. This includes board designated net assets which are designated for the Organization's activities. These designations are based on actions by the Board of Directors, which can be altered or revoked at a future time.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported period. Actual results could differ from those estimates.

Tax Positions

The Organization is subject to routine audits by taxing jurisdictions; however, there are no audits currently in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years ended prior to December 31, 2016.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value. The Organization has no cash equivalents at December 31, 2023.

Accounts Receivable

The Organization considers accounts receivable to be fully collectible at December 31, 2023; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Investments

Investments are recorded at fair value, or for gifts of investment securities, market value at the date of the gift. Gains or losses on the disposition of investments are determined on the average cost basis. Investment income and realized and unrealized gains are reported in the statement of financial position and activities as increases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Investment losses reduce net assets with donor restrictions only to the extent that donor imposed restrictions on net appreciation of the fund have not been met (or used) before the loss occurs. Any remaining losses are reported as decreases in net assets without donor restrictions.

Equipment

Equipment is recorded at cost or, if donated, at the estimated fair value at the time of the donation. Depreciation is provided on a straight-line basis over the estimated useful lives of five years. The Organization's policy is to capitalize acquisitions of \$1,000 or more. Expenditures for major renewals and betterments that extend the useful lives of equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Right-of-use Lease Assets and Liabilities

The Organization recognizes right-of-use lease assets and liabilities for leases with an initial capitalized value exceeding \$5,000. The Organization has elected to use the risk-free discount rate in accordance with FASB ASC 842-20-30-3 unless there is a rate implicit in the lease.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support

Contributions received that are conditional are recognized as revenue when the condition is satisfied. A condition occurs where the donor stipulation creates a measurable barrier contingent on a future performance or event which limits how the activity is conducted, and the entitlement to the funding is directly related to the satisfaction of the stipulation. Conditions are satisfied based on incurring qualified expenses, and/or satisfying a milestone, and/or execution of other deliverable units of service. A refundable advance is recorded when the Organization receives assets (i.e. cash) in advance of the satisfaction of the conditions within these arrangements. As of December 31, 2023, there were no refundable advances recorded for agency contracts.

Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers for services rendered, including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence or nature of any donor restrictions.

The Organization elects to report restricted contributions that were initially conditional and for which both the condition and the restriction simultaneously occur, as increases in net assets without donor restrictions in accordance with *Presentation of Financial Statements of Not-for-Profit Entities* FASB ASC 958-605-45-4B.

The Organization reports unconditional gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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. If the contribution and use of purpose restricted donations occurs in the same period, then the support will be recorded as without donor restrictions.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support (continued)

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

In accordance with *Revenue from Contracts with Customers* FASB 606-10-50, revenue from program income is recognized as service is rendered. In cases where costs are incurred in advance of billings, a receivable is recorded in the period during which the expenses are incurred. In cases where billings are in excess of costs or advance payments are received, deferred revenue is recorded in the period during which the advance is received and recognized as income when the related service is rendered.

The Organization receives donated services and supplies from various organizations and individuals in order to accomplish its program objectives. Contributions of donated services that create or enhance non-financial assets or require specialized skills that are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Functional Classification of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification of expenses by function. Directly identifiable expenses are charged to the associated program and supporting services. Certain indirect costs have been allocated among the programs and supporting services benefited. Personnel and related costs are allocated based on estimates of time and effort. Other costs, such as occupancy, are allocated on a square footage basis.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Disclosure

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, accounts receivable, and other short term assets and liabilities. For these financial instruments, carrying values approximate fair value.

2. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	\$ 3,834,349
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	(8,460)
Board designations:	
Give-away Programs	<u>(1,201,053)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,624,836</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

3. FAIR VALUE MEASUREMENTS

Various inputs may be used in determining the fair value of the Organization's assets and liabilities measured on a recurring basis. These inputs are market-based measurements based on and determined by the assumptions that market participants would use in pricing an asset or a liability and are summarized into three levels:

- Level (1): Inputs to the valuation methodology are quoted prices for identical assets in active markets.
- Level (2): Inputs to the valuation methodology include quoted prices for similar assets in active markets, and inputs that are observable for the asset, either directly or indirectly.
- Level (3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement (including the Organization's own assumptions in determining the fair value of an asset or a liability).

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about projections market participants would use in developing a price that would be received to sell an asset or paid to transfer a liability based on the best information available in the circumstances. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following table summarizes the Organization's inputs used to determine their values on December 31, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	<u>\$ 2,794,459</u>	<u>\$ 848,556</u>	<u>\$ -</u>

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS

Investments are carried at fair value and at December 31, 2023, are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ 209,629	\$ 209,629
Exchange Traded Funds	590,329	586,642
Certificates of Deposit	844,412	848,556
Mutual funds	98,068	97,188
Stocks	1,416,574	1,550,209
Warrants	<u>485,961</u>	<u>350,791</u>
	<u>\$ 3,644,973</u>	<u>\$ 3,643,015</u>

The following schedule details the investment income in the statement of activities for the year ended December 31, 2023:

Interest and dividend income	\$ 157,704
Investment fees	<u>(16,725)</u>
	<u>\$ 140,979</u>

5. EQUIPMENT

At December 31, 2023, equipment consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Equipment	<u>\$ 237,087</u>	<u>\$ 45,005</u>	<u>\$ -</u>	\$ 282,092
Less accumulated depreciation				<u>222,313</u>
				<u>\$ 59,779</u>

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

6. LEASE COMMITMENTS

Operating Lease

The Organization has an operating lease for office facilities expiring April 30, 2024. Pursuant to adopting FASB ASC 842, the Organization determines if an arrangement is a lease at the inception of a contract, and recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the statement of financial position and are expensed on a straight-line basis.

Operating lease right-of-use assets and lease liabilities as of December 31, 2023 are as follows:

Right-of-use assets	<u>\$ 13,096</u>
Lease liabilities:	
Current	\$ 13,243
Net of current	<u>-</u>
Total lease liabilities	<u>\$ 13,243</u>

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

Weighted Average Remaining Lease Term:	0.33 years
Weighted Average Discount Rate:	3.80%

Operating expenses for the lease activity of the Organization for the year ended December 31, 2023 are as follows:

Lease cost:	
Operating lease:	
Occupancy	<u>\$ 45,608</u>

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

6. LEASE COMMITMENTS (continued)

Operating Lease (continued)

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for the operating lease as of December 31, 2023, and a reconciliation to operating lease liabilities reported on the statement of financial position:

2024	\$ 15,203
Less interest	<u>1,960</u>
Present value of lease liability	13,243
Less current portion	<u>13,243</u>
Long-term portion	<u>\$ -</u>

The following summarizes cash flow information related to operating leases for the year ended December 31, 2023:

Operating cash flows from operating leases	<u>\$ 41,223</u>
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7. NON-CASH CONTRIBUTIONS

For the year ended December 31, 2023, the Organization recognized the following contributed nonfinancial assets within the statement of activities:

Services	<u>\$ 20,022</u>
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All gifts in-kind received by the Organization for the year ended December 31, 2023, were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

The Organization does not sell donated gifts-in-kind and only uses services and goods for its own program or supporting service activities. In-kind contributions were valued using estimated average U.S. prices of identical or similar products or services using pricing data of similar products or services under a “like-kind” methodology, considering the utility of the services and goods at the time of the contribution.

The contributed services recognized comprise various services (e.g. clerical, Braille printing, IT support, etc). Contributed services are reported at the estimated fair value in the financial statements based on current rates for similar services.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

8. BOARD DESIGNATED NET ASSETS

Net assets that are designated for Give-Away Programs. These designations are based on actions by the Board of Directors, which can be altered or revoked at a future time by vote of the entire Board.

9. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2023, net assets with donor restrictions consist of cash and are available for the following:

Subject to expenditure for specified purpose:

Braille production upgrades, computers and software	\$	8,310
Foundation grants		<u>150</u>
	\$	<u>8,460</u>

10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year are as follows:

Subject to the passage of time:

Future operations	\$	10,000
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Subject to expenditure for specified purpose:

Braille production upgrades, computers and software		28,000
Foundation grants		24,095
Book sponsors		<u>5,000</u>
	\$	<u>67,095</u>

11. SPECIAL EVENTS AND AUXILIARY ACTIVITIES

Revenue from special events aggregated approximately \$61,800 with related expenses of approximately \$2,600 for the year ended December 31, 2023.

Revenue from auxiliary activities aggregated approximately \$2,400.

SEEDLINGS...BRAILLE BOOKS FOR CHILDREN

NOTES TO FINANCIAL STATEMENTS

12. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balance in one financial institution in Michigan. The balance is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023, the cash balance is fully insured.

13. CONTINGENCIES

In the normal course of operations, there could be outstanding contingent liabilities such as lawsuits, governmental agency assessments, etc., which are not known to the Organization and therefore have not been reflected in the accompanying financial statements. The Organization's management is of the opinion that the liability, if any, will be either immaterial or insurance coverage is adequate to cover any potential losses.

14. COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

15. GIVE-AWAY PROGRAM

The amount of charges forgone for books furnished under the Organization's give-away program was approximately \$328,150 for the year ended December 31, 2023.

16. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 30, 2024, the date the financial statements were available to be issued.