

# **Reader's Digest Partners for Sight Foundation**

Financial Statements

June 30, 2022 and 2021

## **Independent Auditors' Report**

### **The Board of Directors Reader's Digest Partners for Sight Foundation**

#### ***Opinion***

We have audited the accompanying financial statements of Reader's Digest Partners for Sight Foundation (the "Foundation") which comprise the statements of financial position as of June 30, 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 Reader's Digest Partners for Sight Foundation as of June 30, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Reader's Digest Partners for Sight Foundation 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 Reader's Digest Partners for Sight Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditors' 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 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

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**Reader's Digest Partners for Sight Foundation**

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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 Reader's Digest Partners for Sight Foundation'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 Reader's Digest Partners for Sight Foundation'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.

*PKF O'Connor Davies, LLP*

Harrison, New York  
November 3, 2022

## Reader's Digest Partners for Sight Foundation

### Statements of Financial Position

	June 30,	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 337,762	\$ 307,776
Investments	12,252,134	15,414,353
Subscriptions receivable	41,054	5,439
Prepaid expenses	28,304	18,683
Security deposit	270	270
	<u>\$ 12,659,524</u>	<u>\$ 15,746,521</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Grants payable	\$ 100,000	\$ 50,000
Accounts payable	180,870	61,335
Accrued expenses	30,350	29,725
Unearned subscription revenue	552,316	629,734
Total Liabilities	<u>863,536</u>	<u>770,794</u>
Net Assets		
Without donor restrictions	<u>11,795,988</u>	<u>14,975,727</u>
	<u>\$ 12,659,524</u>	<u>\$ 15,746,521</u>

See notes to financial statements

**Reader's Digest Partners for Sight Foundation**

Statements of Activities

	Year Ended June 30,	
	<u>2022</u>	<u>2021</u>
<b>REVENUE, OTHER INCOME AND PUBLIC SUPPORT</b>		
Select Editions Large Type (SELT) subscription revenues	\$ 971,136	\$ 971,926
Investment (loss) income, net	(2,292,893)	3,541,168
Contributions	42,212	38,676
Other revenue	739	2,882
Total Revenue, Other Income and Public Support	<u>(1,278,806)</u>	<u>4,554,652</u>
<b>EXPENSES</b>		
Program Services		
SELT publication	915,303	842,721
Grant making	767,910	486,363
Total Program Services	<u>1,683,213</u>	<u>1,329,084</u>
Management and general	217,720	162,638
Total Expenses	<u>1,900,933</u>	<u>1,491,722</u>
Change in Net Assets Without Donor Restriction	(3,179,739)	3,062,930
<b>NET ASSETS</b>		
Without Donor Restriction		
Beginning of year	<u>14,975,727</u>	<u>11,912,797</u>
Total Net Assets at End of Year	<u>\$ 11,795,988</u>	<u>\$ 14,975,727</u>

See notes to financial statements

**Reader's Digest Partners for Sight Foundation**

Statement of Functional Expenses  
Year ended June 30, 2022

	Program Services				
	SELT Publication	Grant Making	Total Program	Management and General	Total Expenses
<b>PERSONNEL</b>					
Salaries	\$ 80,250	\$ 133,750	\$ 214,000	\$ 53,500	\$ 267,500
Employee benefits and payroll tax	13,082	21,805	34,887	8,722	43,609
Total Personnel Expense	93,332	155,555	248,887	62,222	311,109
<b>OTHER THAN PERSONNEL</b>					
Grants	-	606,549	606,549	-	606,549
Production Costs					
Printing	207,883	-	207,883	-	207,883
Paper	143,727	-	143,727	-	143,727
Postage and freight	90,757	-	90,757	-	90,757
Fulfillment Costs					
Dickstrip charges	10,395	-	10,395	-	10,395
Tollfree telephone service	18,644	-	18,644	-	18,644
Postage and freight	372	-	372	-	372
Programming	50,952	-	50,952	-	50,952
Promotion and Billing					
Postage and freight	100,907	-	100,907	-	100,907
Materials and letters	119,353	-	119,353	-	119,353
List rentals	9,325	-	9,325	-	9,325
Editorial consultant	14,748	-	14,748	-	14,748
Professional fees	40,980	-	40,980	115,565	156,545
Rent	1,551	930	2,481	620	3,101
Travel	-	4,876	4,876	-	4,876
Bank fees	12,377	-	12,377	-	12,377
Insurance	-	-	-	3,077	3,077
Office expense	-	-	-	17,019	17,019
Office equipment	-	-	-	2,857	2,857
Subscriptions	-	-	-	2,478	2,478
Website	-	-	-	8,456	8,456
Miscellaneous	-	-	-	5,426	5,426
Total Expenses	<u>\$ 915,303</u>	<u>\$ 767,910</u>	<u>\$ 1,683,213</u>	<u>\$ 217,720</u>	<u>\$ 1,900,933</u>

## Reader's Digest Partners for Sight Foundation

### Statement of Functional Expenses Year ended June 30, 2021

	Program Services		Total Program	Management and General	Total Expenses
	SELT Publication	Grant Making			
<b>PERSONNEL</b>					
Salaries	\$ 68,195	\$ 68,195	\$ 136,390	\$ 15,154	\$ 151,544
Employee benefits and payroll tax	5,243	5,243	10,486	1,165	11,651
Total Personnel Expense	73,438	73,438	146,876	16,319	163,195
<b>OTHER THAN PERSONNEL</b>					
Grants	-	407,010	407,010	-	407,010
Production Costs					
Printing	190,818	-	190,818	-	190,818
Paper	140,405	-	140,405	-	140,405
Postage and freight	54,637	-	54,637	-	54,637
Fulfillment Costs					
Dickstrip charges	27,592	-	27,592	-	27,592
Tollfree telephone service	19,016	-	19,016	-	19,016
Postage and freight	6,101	-	6,101	-	6,101
Programming	16,591	-	16,591	-	16,591
Promotion and Billing					
Postage and freight	142,130	-	142,130	-	142,130
Materials and letters	92,225	-	92,225	-	92,225
List rentals	9,483	-	9,483	-	9,483
Editorial consultant	14,748	-	14,748	-	14,748
Professional fees	40,140	-	40,140	105,751	145,891
Rent	5,915	5,915	11,830	1,314	13,144
Bank fees	9,482	-	9,482	-	9,482
Insurance	-	-	-	2,703	2,703
Office expense	-	-	-	19,393	19,393
Office equipment	-	-	-	5,598	5,598
Subscriptions	-	-	-	1,771	1,771
Website	-	-	-	2,447	2,447
Miscellaneous	-	-	-	7,342	7,342
Total Expenses	\$ 842,721	\$ 486,363	\$ 1,329,084	\$ 162,638	\$ 1,491,722

See note to financial statements

## Reader's Digest Partners for Sight Foundation

### Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (3,179,739)	\$ 3,062,930
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized gain on investments	(1,156,287)	(1,729,071)
Unrealized loss (gain) on investments	3,589,273	(1,693,667)
Changes in operating assets and liabilities		
Subscriptions receivable	(35,615)	8,578
Prepaid expenses	(9,621)	3,563
Security deposit	-	1,080
Grants payable	50,000	50,000
Accounts payable	119,535	61,335
Accrued expenses	625	(26,879)
Unearned subscription revenue	(77,418)	82,214
Net Cash from Operating Activities	(699,247)	(179,917)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(6,016,083)	(4,607,370)
Proceeds from sale of investments	6,745,316	4,943,994
Net Cash from Investing Activities	729,233	336,624
 Net Change in Cash and Cash Equivalents	29,986	156,707
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	307,776	151,069
End of year	\$ 337,762	\$ 307,776

See notes to financial statements



## Reader's Digest Partners for Sight Foundation

Notes to Financial Statements  
June 30, 2022 and 2021

### 1. Organization

Reader's Digest Partners for Sight Foundation (the "Foundation") is a not-for-profit organization that publishes large print reading material for the visually impaired, and provides financial assistance, in the form of grants, to not-for-profit organizations whose purpose is to aid and/or educate blind people or persons with limited vision.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Presentation***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. On June 30, 2022 and 2021, all net assets of the Foundation are considered net assets without donor restrictions.

*Net Assets Without Donor Restrictions* – net assets available for use in general operations are not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets 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, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### ***Use of Estimates***

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which 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 reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Revenue Recognition***

The Foundation provides an annual Select Editions Large Type ("SELT") subscription of five periodicals per year. For SELT subscription revenue, the performance obligation is identified at the contract level which represents the Foundation's promise to publish five SELT periodical per year to subscribers at a price of \$20 per annual subscription. The performance obligation for each periodical issued is satisfied at a point in time, and revenue is recognized when control of the periodical has been transferred to the subscriber. The transaction price is allocated between the five performance obligations based on the relative standalone selling prices for each performance obligation. Each periodical has the same standalone selling price of \$4, therefore 20% percent of the transaction price is allocated to each periodical. Subscriptions are recorded as unearned subscription revenues at the gross subscription price at the time of sale and are recognized as revenues as the subscriptions are fulfilled.

## Reader's Digest Partners for Sight Foundation

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies *(continued)*

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

The Foundation considers all highly liquid debt instruments with a maturity of three months or less, at the time of purchase, to be cash equivalents

#### ***Investments and Investment Income***

The Foundation follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the "input" assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist. The fair value by input level of the Foundation's investments is included in Note 4 to the financial statements.

Mutual funds and exchange traded funds are valued based upon quoted prices provided by the Fund. Income from investments, including both realized and unrealized gains and losses, are treated as an increase in net assets without donor restrictions unless otherwise specified by donors.

#### ***Grants***

Grants are recorded when a commitment is made and approved by the Board of Directors provided the grant has no specific conditions to be met in a future period. For conditional grants, the grant expenditure and liability are recognized and recorded in the accounting period when the Foundation determines that the specified conditions are met.

#### ***Functional Allocation of Expenses***

The financial statements report certain categories of expenses that attributable to one or more program and supporting services of the Foundation. Therefore, expenses require allocation on a reasonable and consistent basis. Expenses which can be identified with a specific program or supporting activity are allocated directly to that activity. The more significant expense allocations include salaries and related personnel costs which have been allocated based on estimates of time and effort.

#### ***Tax Status***

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is considered a public charity as described in section 509(a)(2) of the IRC.

The Foundation recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Foundation has no uncertain tax positions that would require financial statement recognition or disclosure. The Foundation is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to June 30, 2019.

## Reader's Digest Partners for Sight Foundation

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 3, 2022.

### 3. Concentration of Credit Risk

The Foundation's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and investments. The Foundation's cash balances may from time to time exceed federally insured limits. The Foundation does not believe a significant risk of loss due to the failure of a financial institution presently exists. The Foundation routinely assesses the diversification and financial strength of its investment portfolio. As a consequence, concentrations of credit risk are limited.

### 4. Investments

Investments, categorized by the fair value hierarchy for those investments measured at fair value consist of the following at June 30:

	2022	2021
Level 1 (Quoted Prices in Active Markets)		
Mutual Funds/Exchange Traded Funds		
Global Fixed Income	\$ 640,561	\$ 2,454,080
Short Term Fixed Income	785,639	-
US Equity	5,251,840	7,253,389
Non-US Equity	3,321,505	4,526,144
Private Debt	586,474	-
Real Estate	450,356	-
Other Funds	1,199,061	1,109,113
Total Level 1 Investments	12,235,436	15,342,726
Cash held for investment	16,698	71,627
Total Investments	\$ 12,252,134	\$ 15,414,353

Investment income (loss) for the years ended June 30, consists of the following:

	2022	2021
Interest and dividends	\$ 190,817	\$ 168,460
Net realized gain	1,156,287	1,729,071
Unrealized (loss) gain	(3,589,273)	1,693,667
Investment expenses	(50,724)	(50,030)
	\$ (2,292,893)	\$ 3,541,168

## Reader's Digest Partners for Sight Foundation

Notes to Financial Statements  
June 30, 2022 and 2021

### 5. Liquidity and Availability

Financial assets available for general expenditure, that is, without restrictions limiting their use, within one year of June 30, are as follows:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 337,762	\$ 307,776
Receivables	41,054	5,439
Investments	<u>12,252,134</u>	<u>15,414,353</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 12,630,950</u>	<u>\$ 15,727,568</u>

The Foundation's working capital and cash flows are driven by contributions and subscription revenue. The Foundation manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due.

### 6. Lease Commitments

The Foundation is renting on a month to month basis for office space in 118 N. Bedford Road, Mount Kisco, New York. Rent expense for the years ended June 30, 2022 and 2021 is \$3,101 and \$13,144.

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