

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

Financial Statements

June 30, 2024 and 2023

## **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, 2024 and 2023, 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, 2024 and 2023, 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 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*

Newburgh, New York  
October 10, 2024

# Reader's Digest Partners for Sight Foundation

## Statements of Financial Position

	June 30,	
	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 103,243	\$ 338,304
Investments	13,626,077	12,701,868
Subscriptions receivable	6,439	14,423
Prepaid expenses	7,773	45,162
Security deposit	270	270
	<u>\$ 13,743,802</u>	<u>\$ 13,100,027</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 13,150	\$ 69,754
Accrued expenses	24,950	42,635
Unearned subscription revenue	<u>550,266</u>	<u>559,376</u>
Total Liabilities	588,366	671,765
Net Assets		
Without donor restrictions	<u>13,155,436</u>	<u>12,428,262</u>
	<u>\$ 13,743,802</u>	<u>\$ 13,100,027</u>

See notes to financial statements

# Reader's Digest Partners for Sight Foundation

## Statements of Activities

	Year Ended June 30,	
	2024	2023
<b>REVENUE, OTHER INCOME AND PUBLIC SUPPORT</b>		
Fiction Favorites Large Print (FFLP) subscription revenues	\$ 663,258	\$ 827,345
Investment income, net	1,482,057	1,344,416
Contributions	39,567	46,314
Other revenue	1,992	735
Total Revenue, Other Income and Public Support	2,186,874	2,218,810
<b>EXPENSES</b>		
Program Services		
FFLP publication	714,531	954,846
Grant making	566,227	407,780
Total Program Services	1,280,758	1,362,626
Management and general	178,942	223,910
Total Expenses	1,459,700	1,586,536
Change in Net Assets Without Donor Restriction	727,174	632,274
<b>NET ASSETS</b>		
Without Donor Restriction		
Beginning of year	12,428,262	11,795,988
Total Net Assets at End of Year	\$ 13,155,436	\$ 12,428,262

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

## Statement of Functional Expenses

Year ended June 30, 2024

	<u>Program Services</u>				
	<u>FFLP</u>	<u>Grant</u>	<u>Total</u>	<u>Management</u>	<u>Total</u>
	<u>Publication</u>	<u>Making</u>	<u>Program</u>	<u>and General</u>	<u>Expenses</u>
<b>PERSONNEL</b>					
Salaries	\$ 37,650	\$ 62,750	\$ 100,400	\$ 25,100	\$ 125,500
Employee benefits and payroll tax	<u>4,149</u>	<u>6,915</u>	<u>11,064</u>	<u>2,766</u>	<u>13,830</u>
Total Personnel Expense	41,799	69,665	111,464	27,866	139,330
<b>OTHER THAN PERSONNEL</b>					
Grants	-	495,610	495,610	-	495,610
Production Costs					
Printing	141,747	-	141,747	-	141,747
Paper	128,831	-	128,831	-	128,831
Postage and freight	67,460	-	67,460	-	67,460
Fulfillment Costs					
Tollfree telephone service	16,538	-	16,538	-	16,538
Postage and freight	35,296	-	35,296	-	35,296
Programming	37,663	-	37,663	-	37,663
Promotion and Billing					
Postage and freight	76,256	-	76,256	-	76,256
Materials and letters	85,027	-	85,027	-	85,027
List rentals	8,502	-	8,502	-	8,502
Editorial consultant	22,346	-	22,346	-	22,346
Professional fees	42,828	-	42,828	105,659	148,487
Rent	1,587	952	2,539	635	3,174
Bank fees	8,651	-	8,651	-	8,651
Insurance	-	-	-	2,902	2,902
Office expense	-	-	-	16,082	16,082
Office equipment	-	-	-	2,119	2,119
Subscriptions	-	-	-	1,817	1,817
Website	-	-	-	14,670	14,670
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,192</u>	<u>7,192</u>
Total Expenses	<u>\$ 714,531</u>	<u>\$ 566,227</u>	<u>\$ 1,280,758</u>	<u>\$ 178,942</u>	<u>\$ 1,459,700</u>

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

## Statement of Functional Expenses

Year ended June 30, 2023

	<u>Program Services</u>				
	<u>SELT</u>	<u>Grant</u>	<u>Total</u>	<u>Management</u>	<u>Total</u>
	<u>Publication</u>	<u>Making</u>	<u>Program</u>	<u>and General</u>	<u>Expenses</u>
<b>PERSONNEL</b>					
Salaries	\$ 81,643	\$ 136,072	\$ 217,715	\$ 54,429	\$ 272,144
Employee benefits and payroll tax	<u>12,537</u>	<u>20,895</u>	<u>33,432</u>	<u>8,358</u>	<u>41,790</u>
Total Personnel Expense	94,180	156,967	251,147	62,787	313,934
<b>OTHER THAN PERSONNEL</b>					
Grants	-	242,094	242,094	-	242,094
Production Costs					
Printing	166,563	-	166,563	-	166,563
Paper	151,655	-	151,655	-	151,655
Postage and freight	115,553	-	115,553	-	115,553
Fulfillment Costs					
Tollfree telephone service	66,917	-	66,917	-	66,917
Postage and freight	2,575	-	2,575	-	2,575
Programming	11,086	-	11,086	-	11,086
Promotion and Billing					
Postage and freight	115,852	-	115,852	-	115,852
Materials and letters	150,217	-	150,217	-	150,217
List rentals	6,950	-	6,950	-	6,950
Editorial consultant	14,748	-	14,748	-	14,748
Professional fees	42,308	-	42,308	121,397	163,705
Rent	1,532	919	2,451	613	3,064
Travel	-	7,800	7,800	-	7,800
Bank fees	14,710	-	14,710	-	14,710
Insurance	-	-	-	2,251	2,251
Office expense	-	-	-	16,597	16,597
Office equipment	-	-	-	4,428	4,428
Subscriptions	-	-	-	2,611	2,611
Website	-	-	-	4,269	4,269
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,957</u>	<u>8,957</u>
Total Expenses	<u>\$ 954,846</u>	<u>\$ 407,780</u>	<u>\$ 1,362,626</u>	<u>\$ 223,910</u>	<u>\$ 1,586,536</u>

See note to financial statements

# Reader's Digest Partners for Sight Foundation

## Statements of Cash Flows

	Year Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 727,174	\$ 632,274
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized gain on investments	(24,930)	(570,000)
Unrealized gain on investments	(1,129,323)	(561,753)
Changes in operating assets and liabilities		
Subscriptions receivable	7,984	26,631
Prepaid expenses	37,389	(16,858)
Grants payable	-	(100,000)
Accounts payable	(56,604)	(111,116)
Accrued expenses	(17,685)	12,285
Unearned subscription revenue	(9,110)	7,060
Net Cash from Operating Activities	<u>(465,105)</u>	<u>(681,477)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,018,483)	(5,459,602)
Proceeds from sale of investments	<u>3,248,527</u>	<u>6,141,621</u>
Net Cash from Investing Activities	<u>230,044</u>	<u>682,019</u>
Net Change in Cash and Cash Equivalents	(235,061)	542
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>338,304</u>	<u>337,762</u>
End of year	<u>\$ 103,243</u>	<u>\$ 338,304</u>

See notes to financial statements



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

Notes to Financial Statements  
June 30, 2024 and 2023

### **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, 2024 and 2023, 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 Fiction Favorites Large Print ("FFLP"), formerly known as Select Editions Large Type, subscription of five periodicals per year. For FFLP subscription revenue, the performance obligation is identified at the contract level which represents the Foundation's promise to publish five FFLP periodicals per year to subscribers at a price of \$20-\$25 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-\$5, therefore 20% 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, 2024 and 2023

### **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 changes 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 are attributable to one or more program and supporting service 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.

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

Notes to Financial Statements  
June 30, 2024 and 2023

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

#### ***Tax Status (continued)***

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, 2021.

#### ***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 October 10, 2024.

### **3. Concentration of Credit Risk**

Financial instruments that potentially subject the Foundation to concentrations of credit and market risk consist principally of cash, cash equivalents and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed the FDIC and/or the SIPC limit. The Foundation's brokerage firm has purchased additional insurance above the SIPC limit through private insurers. This insurance covers the Foundation's investments held at the brokerage firm for up to \$1 billion, with a \$1.9 million limit on the aggregated cash balances in all accounts held at the brokerage firm. As of June 30, 2024 and 2023, the Foundation's did not have uninsured FDIC cash and cash equivalents. As of June 30, 2024 and 2023, the Foundation did not have uninsured SIPC investment and cash holdings.

## Reader's Digest Partners for Sight Foundation

### Notes to Financial Statements June 30, 2024 and 2023

#### 4. Investments

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

	2024	2023
Level 1 (Quoted Prices in Active Markets)		
Mutual Funds/Exchange Traded Funds		
Global Fixed Income	\$ 1,782,593	\$ 870,796
Short Term Fixed Income	787,630	903,081
US Equity	6,243,460	5,940,024
Non-US Equity	2,882,662	2,773,626
Private Debt	1,383,416	1,215,132
Real Estate	-	441,400
Other Funds	530,386	532,607
Total Level 1 Investments	13,610,147	12,676,666
Cash held for investment	15,930	25,202
Total Investments	<u>\$ 13,626,077</u>	<u>\$ 12,701,868</u>

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

	2024	2023
Interest and dividends	\$ 377,804	\$ 262,663
Net realized gain	24,930	570,000
Unrealized gain	1,129,323	561,753
Investment expenses	(50,000)	(50,000)
	<u>\$ 1,482,057</u>	<u>\$ 1,344,416</u>

#### 5. Contract Liability

The following are the contract liability balances as of June 30:

	2024	2023	2022
Unearned subscription revenue	<u>\$ 550,266</u>	<u>\$ 559,376</u>	<u>\$ 552,316</u>

## Reader's Digest Partners for Sight Foundation

### Notes to Financial Statements June 30, 2024 and 2023

#### 6. 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:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 103,243	\$ 338,304
Investments	13,626,077	12,701,868
Subscriptions receivable	<u>6,439</u>	<u>14,423</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 13,735,759</u>	<u>\$ 13,054,595</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.

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