

STORYTELLING ARTS, INC.

June 30, 2021

STORYTELLING ARTS, INC.
For the Year Ended June 30, 2021

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Certified Public Accountants, PC

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Independent Auditors' Report

To the Board of Directors of
Storytelling Arts, Inc.
Stockton, New Jersey

Report on the Financial Statements

We have audited the accompanying Financial Statements of Storytelling Arts, Inc., (a non-profit organization), which comprise the Statement of Financial Position as of June 30, 2021, and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended, and the related Notes to the Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Storytelling Arts, Inc. as of June 30, 2021 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.



BKC, CPAs, PC

October 26, 2021
Flemington, New Jersey

STORYTELLING ARTS, INC.
Statement of Financial Position
June 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 145,595
Prepaid expenses	880
Total current assets	<u>146,475</u>
 Total assets	 <u><u>\$ 146,475</u></u>

LIABILITIES AND NET ASSETS

Net assets - without donor restrictions	<u>\$ 146,475</u>
 Total liabilities and net assets	 <u><u>\$ 146,475</u></u>

See accompanying notes to the financial statements.

STORYTELLING ARTS, INC.
Statement of Activities
For the Year Ended June 30, 2021

Change in net assets without donor restrictions	
Public support and revenue	
Contributions	\$ 157,007
Special events	2,216
Total public support and revenue	<u>159,223</u>
Functional expenses	
Program	66,724
Management and general	35,374
Fundraising	4,774
Total functional expenses	<u>106,872</u>
Other income	
Investment income	135
Paycheck Protection Program loan forgiven	9,999
Total other income	<u>10,134</u>
Increase in net assets	62,485
Net assets without donor restrictions - beginning of year	<u>83,990</u>
Net assets without donor restrictions - end of year	<u><u>\$ 146,475</u></u>

See accompanying notes to the financial statements.

STORYTELLING ARTS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2021

	<u>Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salary, wages and benefits	\$ 58,562	\$ 18,810	\$ 4,774	\$ 82,146
Advertising and promotion	5	561	-	566
Occupancy and maintenance	558	1,224	-	1,782
Conferences and meetings	185	204	-	389
Information technology	-	4,916	-	4,916
Insurance	-	3,376	-	3,376
Staff development	-	1,519	-	1,519
Professional fees and services	6,266	2,906	-	9,172
Office supplies	1,148	1,858	-	3,006
	<u>1,148</u>	<u>1,858</u>	<u>-</u>	<u>3,006</u>
Total functional expenses	<u>\$ 66,724</u>	<u>\$ 35,374</u>	<u>\$ 4,774</u>	<u>\$ 106,872</u>

See accompanying notes to the financial statements.

STORYTELLING ARTS, INC.
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities	
Increase in net assets	\$ 62,485
Adjustment to reconcile increase in net assets to net cash provided by operating activities	
Forgiveness of Paycheck Protection Program loan	(9,999)
Change in assets and liabilities	
Prepaid expenses	1,118
Accounts payable and accrued expenses	(179)
Total adjustments	<u>(9,060)</u>
Net cash provided by operating activities	<u>53,425</u>
 Cash flows from financing activities	
Proceeds from Paycheck Protection Program loan	<u>5,000</u>
Net cash provided by financing activities	<u>5,000</u>
 Net increase in cash and cash equivalents	58,425
 Cash and cash equivalents - beginning of year	<u>87,170</u>
 Cash and cash equivalents - end of year	<u><u>\$ 145,595</u></u>

See accompanying notes to the financial statements.

STORYTELLING ARTS, INC.
Notes to the Financial Statements

Note 1 - Organization and summary of significant accounting policies

Nature of organization

Storytelling Arts, Inc. (the Organization), is a New Jersey non-profit organization founded in 1996 with the mission to build literacy and social-emotional development skills to help students succeed in school and the outside world. The Organization has served over 30,000 students through powerful storytelling programs and events in schools, homeless shelters, juvenile detention centers, and community organizations in under-resourced communities in Passaic, Bergen, Essex, Mercer, Morris, Warren, and Burlington Counties. In addition, the Organization has also developed important professional development services for schoolteachers.

Organization status

The Organization has been notified by the Internal Revenue Service that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is further classified as an Organization that is not a private organization under Section 509(a)(3) of the Code. The most significant tax positions of the Organization are its assertions that it is exempt from income taxes and its determination that no amounts are subject to unrelated business income tax (UBIT). Income generated by activities that would be considered unrelated to the Organization's mission would be subject to income tax.

The Organization follows the guidance of FASB's Accounting Standards Codification (ASC) Topic 740, *Accounting for Income Taxes*, related to uncertain income tax provisions, which prescribes a threshold of more likely than not, for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management has determined that it is more likely than not, that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

The Organization files a Form 990, Return of Organization Exempt from Tax, annually with the Internal Revenue Service, as well as a State equivalent filing. Both filings are subject to audit by the appropriate authority. The Organization's returns prior to 2017 are no longer subject to examination by Federal or State authorities due to the statute of limitations.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

STORYTELLING ARTS, INC.
Notes to the Financial Statements

Note 1 - Organization and summary of significant accounting policies (continued)

Cash and cash equivalents

The Organization considers cash equivalents to be all highly liquid debt instruments with an initial maturity of three months or less.

Net asset classification

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are defined as follows:

Net assets without donor restrictions - net assets not subject to donor-imposed stipulations, and therefore, are expendable for operating purposes.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or by the passage of time.

Contributions, support, and revenue recognition

Contributions of cash and other assets, including unconditional promises to give, are considered to be available for unrestricted use, unless specifically restricted by the donor and are recognized as support in the period the unconditional promise is given. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as without restrictions.

Functional allocation of expenses

Special events and conference revenue are recognized when the event or conference occurs. The Organization considers the exchange value to be de minimis, as such all treated as unconditional promises to give.

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and services benefited. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization. Indirect expenses have been allocated based on total direct expenses.

Advertising expenses

All advertising costs are expensed as incurred. Advertising expense for the year ended June 30, 2021 was \$566.

Donated services

Volunteers have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services.

STORYTELLING ARTS, INC.
Notes to the Financial Statements

Note 2 - Concentration of risks and uncertainties

Cash

The Organization maintains its cash and cash equivalents in bank deposit accounts which are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2021, the Organization had no uninsured cash.

Revenue sources

Approximately 99% of the Organization's revenue comes from private foundations, corporations and individual donors. There were three donors that represented approximately 78% for the year ended June 30, 2021.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The "COVID-19 outbreak") and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year 2021.

Note 3 - Availability of financial assets

Financial assets at June 30, 2021:

Cash and cash equivalents	\$ 145,595
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 145,595</u>

In addition to financial assets available to meet general expenditures over the year, the Organization monitors its liquidity on a monthly basis so that it is able to meet its operating needs.

Note 4 - Paycheck Protection Program loan

The Organization received a \$4,999 Paycheck Protection Program Loan in April 2020. The full amount of the loan has been forgiven as of the report date and it has been recognized as other income for the year ended June 30, 2021.

STORYTELLING ARTS, INC.
Notes to the Financial Statements

- Note 4 - Paycheck Protection Program loan (continued)
The Organization received a second Paycheck Protection Program loan in the amount of \$5,000 in February 2021. The loan accrues interest at a rate of 1%. The Organization expects the full amount of the loan to be forgiven and has recognized it as other income for the year ended June 30, 2021.
- Note 5 - Change in accounting standards
ASU 2014-09: The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers. This ASU was modified by ASU 2015-14, changes the timing of recording revenue for services performed. This ASU was effective to the Organization in the year ending June 30, 2021. Management has determined the Organization's method of recording revenue did not require a material change in order to be compliant with this standard.
- Note 6 - Subsequent events
The Organization's management has determined that no material events or transactions occurred subsequent to June 30, 2021 and through October 26, 2021, the date of the Organization's financial statements issuance, which require additional disclosure in the Organization's financial statements.