



## Financial Report

June 30, 2023 and 2022

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## Nonprofit Accounting & Consulting Specialists

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### Independent Auditors' Report

Board of Directors  
The Telling Room  
Portland, Maine

#### Opinion

We have audited the accompanying financial statements of The Telling Room (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and 2022 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 The Telling Room as of June 30, 2023 and 2022, 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 The Telling Room 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 The Telling Room'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, including omissions, 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 The Telling Room'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 The Telling Room's ability to continue as a going concern for a reasonable period of time.
- Issue the required communication to 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.

As stated in the opinion section of this report, the financial statements of The Telling Room present fairly, in all material respects, the financial position of The Telling Room as of June 30, 2023 and 2022 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.

*PGM, LLC*  
Biddeford, Maine  
May 9, 2024

## Statements of Financial Position

June 30,

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 887,669	\$ 1,001,111
Accounts receivable	6,895	3,549
Contributions receivable	50,000	
Inventory	6,924	3,137
Prepays	4,192	
<b>Total Current Assets</b>	<u>955,680</u>	<u>1,007,797</u>
<b>Other Assets</b>		
Security deposits	863	863
<b>Total Other Assets</b>	<u>863</u>	<u>863</u>
<b>Total Assets</b>	<u>\$ 956,543</u>	<u>\$ 1,008,660</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 12,226	\$ 936
Accrued expenses	23,834	49,588
<b>Total Liabilities</b>	<u>36,060</u>	<u>50,524</u>
<b>Net Assets</b>		
Without donor restrictions	665,758	886,136
With donor restrictions	254,725	72,000
<b>Total Net Assets</b>	<u>920,483</u>	<u>958,136</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 956,543</u>	<u>\$ 1,008,660</u>

## Statement of Activities

Year Ended June 30, 2023

	Without donor restrictions	With donor restrictions	Total
<b>Revenue:</b>			
Donations	\$ 256,340		\$ 256,340
Grants	132,000	\$ 314,725	446,725
Program fees	144,322		144,322
Special events	103,841		103,841
In-kind revenue	28,080		28,080
Other	33,093		33,093
Interest			5,899
Net assets released from restriction	132,000	(132,000)	
<b>Total Revenue</b>	<u>829,676</u>	<u>182,725</u>	<u>1,018,300</u>
<b>Expenses:</b>			
Program services	695,411		695,411
Management and general	160,212		160,212
Fundraising	200,330		200,330
<b>Total Expenses</b>	<u>1,055,953</u>		<u>1,055,953</u>
<b>Change in Net Assets</b>	(226,277)	182,725	(37,653)
<b>Net Assets, Beginning of Year</b>	<u>886,136</u>	<u>72,000</u>	<u>958,136</u>
<b>Net Assets, End of Year</b>	<u>\$ 659,859</u>	<u>\$ 254,725</u>	<u>\$ 920,483</u>

## Statement of Activities

Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
<b>Revenue:</b>			
Donations	\$ 323,332		\$ 323,332
Grants	57,500	\$ 213,500	271,000
Program fees	128,027		128,027
PPP loan forgiveness	90,000		90,000
Special events	88,247		88,247
In-kind revenue	28,080		28,080
Other	25,562		25,562
Interest	340		340
Net assets released from restriction	241,500	(241,500)	
<b>Total Revenue</b>	<u>982,588</u>	<u>(28,000)</u>	<u>954,588</u>
<b>Expenses:</b>			
Program services	606,961		606,961
Management and general	136,671		136,671
Fundraising	172,808		172,808
<b>Total Expenses</b>	<u>916,440</u>		<u>916,440</u>
<b>Change in Net Assets</b>	66,148	(28,000)	38,148
<b>Net Assets, Beginning of Year</b>	<u>819,988</u>	<u>100,000</u>	<u>919,988</u>
<b>Net Assets, End of Year</b>	<u>\$ 886,136</u>	<u>\$ 72,000</u>	<u>\$ 958,136</u>

## Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total Expenses
Expenses:				
Personnel	\$ 507,414	\$ 75,032	\$ 134,226	\$ 716,672
Program expense	102,217	2,103	347	104,667
Employee benefits	23,855	11,260	2,627	37,742
Insurance		5,803		5,803
Travel and meetings	11,727	1,692	45	13,464
Telephone		1,655		1,655
Professional fees		32,646	5,000	37,646
Office expense	13,262	22,455	2,077	37,794
Bank and paypal fees	787	308		1,095
Advertising	487	4,477	799	5,763
Website		467		467
Development expense	44	2,314	55,209	57,567
In-kind expenses	28,080			28,080
Occupancy	7,538			7,538
<b>Total Expenses</b>	<b>\$ 695,411</b>	<b>\$ 160,212</b>	<b>\$ 200,330</b>	<b>\$ 1,055,953</b>

## Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Expenses:				
Personnel	\$ 449,389	\$ 59,601	\$ 118,946	\$ 627,936
Program expense	73,853	1,344	1,462	76,659
Employee benefits	16,772	13,372	5,405	35,549
Insurance	569	8,217		8,786
Travel and meetings	5,921			5,921
Telephone		1,393		1,393
Professional fees	19,511	33,594	2,854	55,959
Office expense	10,983	12,589	4,183	27,755
Bank and paypal fees	75	2,184	293	2,552
Advertising	300	1,834	502	2,636
Website		431		431
Development expense		2,112	39,163	41,275
In-kind expenses	28,080			28,080
Occupancy	1,508			1,508
<b>Total Expenses</b>	<b>\$ 606,961</b>	<b>\$ 136,671</b>	<b>\$ 172,808</b>	<b>\$ 916,440</b>

## Statement of Cash Flows

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	<u>\$ (37,653)</u>	<u>\$ 38,148</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
PPP Loan forgiveness		(90,000)
(Increase) decrease in:		
Accounts receivable	(3,346)	(1,649)
Contributions receivable	(50,000)	
Inventory	(3,787)	(623)
Prepays	(4,192)	
Increase (decrease) in:		
Accounts payable	11,290	(6,415)
Accrued expenses	(25,754)	42,158
Total adjustments	<u>(75,789)</u>	<u>(56,529)</u>
<b>Net cash flows from operating activities</b>	<u>(113,442)</u>	<u>(18,381)</u>
<b>Net change in cash and cash equivalents</b>	(113,442)	(18,381)
<b>Cash and cash equivalents at beginning of year</b>	<u>1,001,111</u>	<u>1,019,492</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 887,669</u>	<u>\$ 1,001,111</u>

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

The Telling Room (the Organization) is a non-profit corporation organized to provide a writing program for young writers and storytellers between the ages of six and eighteen. The Telling Room was formed in 2005. The Organization's mission is to empower youth through writing and share their voices with the world. The Organization seeks to build confidence, strengthen literacy skills and provide audiences for students. The Organization believes that the power of creative expression can change communities and prepares youth for future success.

#### Basis of Presentation

The Organization's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization, and changes therein, are classified and reported, as follows:

##### Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and can be used for any purpose designated by the board.

##### Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end, all to be received within one year. Based on management's assessment of outstanding balances, no allowance was deemed needed at June 30, 2023 or 2022.

#### Contributions Receivable

Contributions receivable are recorded in the statement of activities in the year pledged and stated on the statement of financial position at the amount management expects to collect. The Organization uses an allowance method to account for uncollectible pledges. Management determined no allowance was necessary for the year ended June 30, 2023. There were no outstanding pledges at June 30, 2022.

#### Cash and Cash Equivalents

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

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Inventory

Inventory is valued at the lower of cost or market with cost determined on the first-in, first-out (FIFO) basis. Inventory consists of books available for sale.

#### Revenue and Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received. Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Fee-for-service revenue for workshops and camp sessions is recognized on an accrual basis when the performance obligations have been met.

Grant and contract revenue is recognized on an accrual basis and at the expected realization amount during the period in which services are provided.

Other revenue includes investment income from dividends and interest.

#### In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the good or services received. In addition to non-financial assets, volunteers contribute significant amounts of time to program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by general accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### Property and Equipment

Furniture and equipment are stated at cost and are depreciated by the straight-line method over useful lives ranging from five to seven years. Acquisitions of property and equipment are recorded at cost or fair value if donated. Expenditures for repair and maintenance are expensed when incurred. Items with an estimated useful life greater than one year and a cost of \$1,000 or greater are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related depreciation allowances, and any gain or loss is recognized. Assets were fully depreciated as of the years ending June 30, 2023 and 2022 and there was no depreciation expense.

#### Advertising

The Organization expenses advertising as incurred. Advertising expense for the years ending June 30, 2023 and 2022 was \$5,763 and \$2,636, respectively.

#### Income Taxes

The Organization is organized and operated exclusively for charitable and educational purposes. Income related to its charitable purpose is exempt from federal and state income taxes under the provisions of Section 501(c) (3) of the Internal Revenue Code. Any unrelated business income is taxable according to applicable Internal Revenue Code sections. These filings are subject to review by tax authorities generally for three years after they are filed.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

### NOTE 2 – CONCENTRATION OF CASH

The Organization maintains cash financial institutions located in Maine. At times, the balance may exceed federally insured limits of \$250,000. The Organization has not experienced losses in such deposits, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. The uninsured balance as of June 30, 2023 is \$642,026.

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:  
Amounts not available include net assets with donor restrictions.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 682,944	\$ 929,111
Accounts receivable	6,895	3,549
Contributions receivable	<u>25,000</u>	
	<u>\$ 689,839</u>	<u>\$ 932,660</u>

### NOTE 4 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 25,000	\$ -
In one to five years	<u>25,000</u>	
	<u>\$ 50,000</u>	<u>\$ -</u>

### NOTE 5 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets for the years ended June 30, are as follows:

2023

<u>Donation</u>	<u>Revenue Recognized</u>	<u>Utilization in Program</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques</u>
Rent	\$ 28,080	General program	None	Estimated fair value on basis of estimates of other similar space in Portland Maine.

2022

<u>Donation</u>	<u>Revenue Recognized</u>	<u>Utilization in Program</u>	<u>Donor Restrictions</u>	<u>Valuation Techniques</u>
Rent	\$ 28,080	General program	None	Estimated fair value on basis of estimates of other similar space in Portland Maine.

## Notes to Financial Statements

June 30, 2023 and 2022

### NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30,

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Afterschool Programs	\$ 110,725	\$ -
Rockland/Midcoast Region	2,000	
Summer camp scholarships	5,000	5,000
Young Writers/Leaders program		25,000
Anthology project		5,000
Capacity Building		12,000
Donations restricted for future year expenditures	<u>137,000</u>	<u>25,000</u>
Total net assets with donor restrictions	<u>\$ 254,725</u>	<u>\$ 72,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30,

	<u>2023</u>	<u>2022</u>
Expiration of time restrictions:	<u>\$ 37,000</u>	<u>\$ -</u>
Satisfaction of purpose restrictions:		
Anthology project	\$ 21,500	\$ 41,500
Rockland/Midcoast Region	10,000	10,000
Tech Update Hardware	12,000	25,000
Young Writer/Leaders program	35,000	97,500
After School Programs	5,000	5,000
Summer Camp Scholarships	5,000	5,000
DEI	6,500	
Greater Portland Programs		5,000
Second Story program		10,000
Young Emerging Authors program		20,000
Salaries-Art Jobs		15,000
Youth Publishing/Voices of the Future		7,500
Total releases from net assets with restrictions	<u>\$ 132,000</u>	<u>\$ 241,500</u>

## **Notes to Financial Statements**

**June 30, 2023 and 2022**

### **NOTE 7 – LEASES**

The Organization has an operating lease agreement through June 30, 2023 for office space in Portland. Cash rent payments for the years ending June 30, 2023 and 2022 were waived by The Telling Room's landlord due to the financial effects of the Covid-19 pandemic, and reported as an in-kind donation. The total of the in-kind donation to meet rent payments is \$28,080 annually.

The Organization also leases copier equipment under a non-cancelable lease. Lease expense for June 30, 2023 and 2022 was \$1,059 and \$2,142, respectively. There were no estimated future lease payments for the year ended June 30, 2023.

### **NOTE 8 – SEP IRA**

During the fiscal year ending June 30, 2017, the Organization established a Simple IRA that covers all employees who have met the age and length of service requirements. The Telling Room contributes 2% of salary for all eligible employees regardless of whether or not they elect to make their own contributions. For the years ended June 30, 2023 and 2022, Simple IRA expense was \$8,825 and \$7,781, respectively.

### **NOTE 9 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 9, 2024, the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.