

**Booklyn, Inc.**

**Financial Statements**

**December 31, 2017 and 2016**

**Booklyn, Inc.**  
Financial Statements  
December 31, 2017 and 2016

**Table of Contents**

<b>Independent Accountant's Review Report</b>	1
<b>Financial Statements:</b>	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Cash Flows	5
Notes to the Financial Statements	6 - 9
<b>Supplementary Information:</b>	
Schedules of General and Administrative Expenses	10

# **BERNSTEIN ROSEN & COMPANY, PC**

**CERTIFIED PUBLIC ACCOUNTANTS**

## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
Booklyn, Inc.

We have reviewed the accompanying financial statements of Booklyn, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material misstatements that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Supplementary Information**

The supplementary information included in the accompanying Schedules on Page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

*Bernstein Rosen & Company, CPAs, PC*

NEW YORK, NEW YORK  
JULY 17, 2018

Booklyn, Inc.

Statements of Financial Position

December 31,

	<u>2017</u>	<u>2016</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 30,430	\$ 26,774
Prepaid expenses	4,115	5,894
Accounts receivable	217,490	64,911
Grants receivable	<u>20,739</u>	<u>13,600</u>
Total Current Assets	<u>272,774</u>	<u>111,179</u>
Property and Equipment (net of accumulated depreciation of \$21,482 and \$19,870, respectively)	<u>712</u>	<u>2,324</u>
Other Assets:		
Book making equipment and artist book collections	5,328	5,328
Security deposit	<u>1,576</u>	<u>1,576</u>
Total Other Assets	<u>6,904</u>	<u>6,904</u>
Total Assets	<u>\$ 280,390</u>	<u>\$ 120,407</u>
<b><u>Liabilities and Net Assets</u></b>		
Liabilities:		
Accounts payable	\$ 390,369	\$ 289,054
Accrued expenses	<u>31,951</u>	<u>2,850</u>
Total Liabilities	<u>422,320</u>	<u>291,904</u>
Net Assets:		
Unrestricted assets	(141,930)	(178,297)
Temporarily restricted	<u>-</u>	<u>6,800</u>
Total Net Assets	<u>(141,930)</u>	<u>(171,497)</u>
Total Liabilities and Net Assets	<u>\$ 280,390</u>	<u>\$ 120,407</u>

See Independent Accountant's Review Report and accompanying notes to the financial statements

Booklyn, Inc.

Statement of Activities

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support and Revenue:</b>			
Book sales	\$ 645,864	\$ -	\$ 645,864
Printing, design and exhibition income	9,250	-	9,250
Contributions	49,213	-	49,213
Teaching and lectures	300	-	300
Net assets released from restrictions	<u>6,800</u>	<u>(6,800)</u>	<u>-</u>
Total Public Support and Revenue	<u>711,427</u>	<u>(6,800)</u>	<u>704,627</u>
<b>Expenses:</b>			
<b>Book Program Expenses:</b>			
Payroll and related expenses	155,076	-	155,076
Artist payments	309,311	-	309,311
Art related fees and expenses	64,940	-	64,940
Rent and occupancy costs	27,202	-	27,202
Travel expenses	32,586	-	32,586
Insurance	17,188	-	17,188
Production expenses	1,085	-	1,085
Event fees	<u>302</u>	<u>-</u>	<u>302</u>
Total Book Program Expenses	607,690	-	607,690
General and Administrative Expenses	<u>67,370</u>	<u>-</u>	<u>67,370</u>
Total Expenses	<u>675,060</u>	<u>-</u>	<u>675,060</u>
Change in Net Assets	36,367	(6,800)	29,567
Net Assets - beginning of year	<u>(178,297)</u>	<u>6,800</u>	<u>(171,497)</u>
Net Assets - end of year	<u>\$ (141,930)</u>	<u>\$ -</u>	<u>\$ (141,930)</u>

Booklyn, Inc.

Statement of Activities

For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support and Revenue:</b>			
Book sales	\$ 413,446	\$ -	\$ 413,446
Printing, design and exhibition income	6,705	-	6,705
Contributions	33,937	6,800	40,737
Teaching and lectures	678	-	678
Net assets released from restrictions	<u>6,000</u>	<u>(6,000)</u>	<u>-</u>
 Total Public Support and Revenue	 <u>460,766</u>	 <u>800</u>	 <u>461,566</u>
 <b>Expenses:</b>			
Book Program Expenses:			
Payroll and related expenses	217,468	-	217,468
Artist payments	186,977	-	186,977
Art related fees and expenses	57,228	-	57,228
Rent and occupancy costs	28,078	-	28,078
Travel expenses	28,457	-	28,457
Insurance	17,705	-	17,705
Production expenses	21,902	-	21,902
Event fees	<u>200</u>	<u>-</u>	<u>200</u>
 Total Book Program Expenses	 558,015	 -	 558,015
General and Administrative Expenses	<u>20,277</u>	<u>-</u>	<u>20,277</u>
 Total Expenses	 <u>578,292</u>	 <u>-</u>	 <u>578,292</u>
 Change in Net Assets	 (117,526)	 800	 (116,726)
Net Assets - beginning of year	<u>(60,771)</u>	<u>6,000</u>	<u>(54,771)</u>
Net Assets - end of year	<u>\$ (178,297)</u>	<u>\$ 6,800</u>	<u>\$ (171,497)</u>

See Independent Accountant's Review Report and accompanying notes to the financial statements

Booklyn, Inc.

Statements of Cash Flows

For the Years Ended December 31,

	<u>2017</u>	<u>2016</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Changes in net assets	\$ 29,567	\$ (116,726)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,612	2,051
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(152,579)	126,616
(Increase) in grants receivable	(7,139)	(13,600)
Decrease (increase) in prepaid expenses	1,779	(139)
(Increase) in other assets	-	(264)
Increase in accounts payable	101,315	13,141
Increase (decrease) in accrued expenses	<u>29,101</u>	<u>(5,788)</u>
Net Cash Flows provided by Operating Activities	<u>3,656</u>	<u>5,291</u>
Net Increase in Cash and Cash Equivalents	3,656	5,291
Cash and Cash Equivalents - beginning of year	<u>26,774</u>	<u>21,483</u>
Cash and Cash Equivalents - end of year	<u>\$ 30,430</u>	<u>\$ 26,774</u>

## Booklyn, Inc.

### Notes to the Financial Statements

December 31, 2017 and 2016

#### Note 1. Formation and Description of Organization

Booklyn, Inc. (the "Organization") was formed in 1999 and determined to be tax-exempt under section 501(c)(3) of the Internal Revenue Code by letter dated April 30, 2003.

The Organization's mission is to promote artists' books as art and research material and to assist artists and organizations in documenting, exhibiting, and distributing their artworks and archives.

#### Note 2. Summary of Significant Accounting Policies

##### Basis of Accounting and Presentation

The Financial Statements of the Organization are maintained on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP), as applicable to not-for-profit organizations.

Financial statement presentation follows the recommendations of ASC 958-205, *Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based on designation of restriction.

##### Net Assets

Unrestricted net assets include funds having no restrictions as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Permanently restricted net assets are subject to donor-imposed stipulation that they be maintained permanently by the organization. Generally, the donors permit the organization to use all of the income earned on only related investments. As of December 31, 2017, there were no temporarily restricted net assets and no permanently restricted assets.

##### Use of Estimates

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

##### Cash and Cash Equivalents

Cash consists of demand deposit accounts held at major financial institutions. The Organization considers all highly liquid debt instruments with original maturities of three months or less when purchased to be cash equivalents.

##### Cash Credit Risk Concentration

The Organization maintains balances in banks which may exceed the limits covered by Federal Deposit Insurance Corporation ("FDIC") at certain times during the year.

Booklyn, Inc.

Notes to the Financial Statements (Continued)

December 31, 2017 and 2016

**Note 2. Summary of Significant Accounting Policies (Continued)**

Property and Equipment

Property and equipment is recorded at cost or the fair market value of the property and equipment on the date of donation. The Organization capitalizes all acquisitions in excess of \$1,000. Depreciation has been provided in the financial statements utilizing the straight-line method over the estimated useful lives of the property and equipment. Expenditures for maintenance and repairs are charged to operations as incurred.

Website	5 years
Computer Equipment	5 years

Grants Receivable

Grants received are recorded as unrestricted or temporarily restricted depending on the existence and/or nature of any donor restrictions. Grants not subject to donor restrictions are reported as unrestricted support. Temporarily restricted support represents grants that are restricted by the donor for various programs or time periods. Net assets restricted for programs are released from temporarily restricted net assets when programs costs are paid. Grants received with temporary restrictions that are met in the same reporting period are reported as unrestricted support.

Contributions of donated noncash assets and services that meet the criteria for recognition in the financial statements are reflected as in-kind donations and are recorded at their fair values at the date of the receipt. In-kind donations are reflected as contributions on the statement of activities.

Contributions related to special events are recognized in the period that the event occurs.

Income Taxes and Uncertainties

The Organization is exempt from federal and state income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been recorded in the accompanying financial statements. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax, except for book sales in California. Management believes that the Organization will continue to be exempted from tax.

The Organization's policy is to record interest expense and penalties in operating expenses. For the years ended December 31, 2017 and 2016, there was no interest and penalties expense recorded and no accrued interest and penalties. The Organization's federal and state exempt status tax returns are open for examination for the years 2014, 2015 and 2016.

The Organization follows the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*, which addresses the accounting for, and disclosure of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

Booklyn, Inc.

Notes to the Financial Statements (Continued)

December 31, 2017 and 2016

**Note 2. Summary of Significant Accounting Policies (Continued)**

Accounts Receivable

Accounts receivable are stated at unpaid balances, less any allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of the artists/museums to meet their obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Functional Allocation of Expenses

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

Program Service

The Organization provides program service to promote artist books as an art form and an educational resource, to provide the general public and educational institutions with services and programming involving contemporary artist books, and to assist artists in exhibiting, distributing and publishing artist books.

Reclassification

Certain 2016 amounts have been reclassified to conform to the 2017 presentation.

**Note 3. Property and Equipment**

The following is a summary of property and equipment at cost less accumulated depreciation:

	<u>2017</u>	<u>2016</u>
Website	\$ 12,723	\$ 12,723
Computer equipment	<u>9,471</u>	<u>9,471</u>
Total, at cost	22,194	22,194
Less: Accumulated depreciation	<u>(21,482)</u>	<u>(19,870)</u>
Net Carrying Value	\$ <u>712</u>	\$ <u>2,324</u>

For the years ended December 31, 2017 and 2016, depreciation expense was \$1,612 and \$2,051, respectively.

**Note 4. Temporarily Restricted Net Assets**

As of December 31, 2017 and 2016, temporarily restricted net assets were \$0 and \$6,800, respectively. These assets were time restricted.

**Booklyn, Inc.**

Notes to the Financial Statements (Continued)

December 31, 2017 and 2016

**Note 5. Commitments**

On May 1, 2015, the Organization signed a three-year lease for premises located in Brooklyn, New York. The lease provides for a minimum annual rent of \$27,984, plus a proportionate share of increases in the lessor's real estate taxes and escalation (3% annually) based on operating costs.

On February 2, 2018, the Organization signed a new 8-year lease for premises located in Brooklyn, New York. The lease provides for a minimum annual rent of \$33,410 plus a proportionate share of utility, maintenance and management costs plus a 3.5% escalation annually.

As of December 31, 2017, the future minimum lease payments for the next five (5) years and thereafter are as follows:

Year ending December 31,

2018	\$ 33,410
2019	34,579
2020	35,789
2021	37,042
2022	38,339
Thereafter	<u>167,250</u>
Total	<u>\$ 346,409</u>

For the years ended December 31, 2017 and 2016, rent expense was \$27,202 and \$28,078, respectively.

**Note 6. Subsequent Events**

The Organization has evaluated subsequent events and transactions for potential recognition of disclosure in the financial statements through July 17, 2018, the day the financial statements were available to be issued. No material subsequent events were identified.

Booklyn, Inc.

Schedules of General and Administrative Expenses

For the Years Ended December 31,

	<u>2017</u>	<u>2016</u>
<u>General and Administrative Expenses:</u>		
Consultants	\$ 41,525	\$ 8,180
Professional fees	13,080	50
Telephone	4,328	2,864
Website	2,442	1,459
Office expenses and supplies	1,870	1,964
Bank fees	1,209	1,083
California sales tax	770	-
Promotion	534	2,626
Depreciation	<u>1,612</u>	<u>2,051</u>
Total General and Administrative Expenses	<u>\$ 67,370</u>	<u>\$ 20,277</u>