

BOOKLYN, INC.

FINANCIAL STATEMENTS
(Together with Independent Accountant's Review Report)

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors and Management of

Booklyn, Inc.
140 58th Street, Building B-7G
Brooklyn, NY 11220

We have reviewed the accompanying financial statements of Booklyn, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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. 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 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 modifications 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.

We are required to be independent of Friends of +Pool, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

A handwritten signature in cursive script that reads "Zelin & Associates CPA LLC".

Zelin & Associates CPA LLC

New York, New York

September 30, 2022

BOOKLYN, INC.
(A Not-For-Profit Organization)
Statement of Financial Position
As of December 31, 2021

Assets:	
Cash	\$ 95,726
Accounts receivable	199,406
Equipment & leasehold improvements, net	3,100
Other assets	13,753
TOTAL ASSETS	\$ 311,985
Liabilities and Net Assets:	
Liabilities:	
Accounts payable and accrued expenses	\$ 270,064
Tax payable	5,623
PPP loan payable	39,250
SBA loan payable	156,818
TOTAL LIABILITIES	471,755
Net Assets:	
Without donor restrictions	(159,770)
TOTAL NET ASSETS	(159,770)
TOTAL LIABILITIES AND NET ASSETS	\$ 311,985

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

BOOKLYN, INC.
(A Not-For-Profit Organization)
Statement of Activities
For The Year Ended December 31, 2021

	Without Donor Restrictions	Total
Support and Revenue:		
Book sales and other sales	\$ 527,264	\$ 527,264
Contributions	57,968	57,968
Government grants	39,250	39,250
Fundraising	16,376	16,376
Production income	7,984	7,984
Memberships	3,433	3,433
In-kind contribution income	500	500
Teaching and lectures	150	150
Other miscellaneous revenue	110,973	110,973
TOTAL SUPPORT AND REVENUE	763,898	763,898
Expenses:		
Program services	483,745	483,745
Management and general	100,328	100,328
Fundraising	46,389	46,389
TOTAL EXPENSES	630,462	630,462
CHANGE IN NET ASSETS	133,436	133,436
Net Assets (Deficit), beginning of year	(293,206)	(293,206)
Net Assets (Deficit), end of year	\$ (159,770)	\$ (159,770)

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

BOOKLYN, INC.
(A Not-For-Profit Organization)
Statement of Functional Expenses
For The Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 73,979	\$ 33,627	\$ 26,902	\$ 134,508
Payroll taxes & employee benefits	21,318	9,690	7,752	38,760
	<u>95,297</u>	<u>43,317</u>	<u>34,654</u>	<u>173,268</u>
				-
Artist payments	289,769	-	-	289,769
Professional fees	12,051	21,306	117	33,474
Postage, website and supplies	12,524	8,766	3,757	25,047
Sponsorship expenses	24,900	-	-	24,900
Occupancy & rent	10,057	4,571	3,657	18,285
Book production	16,213	-	-	16,213
Insurance	6,791	3,087	2,469	12,347
Other expenses	2,215	4,431	738	7,384
Interest expenses	-	6,818	-	6,818
Travel	5,078	-	-	5,078
Education expenses	2,920	-	-	2,920
Telephone & internet	935	1,336	400	2,671
Bank & merchant fees	786	1,573	262	2,621
Maintenance & repairs	-	2,323	-	2,323
Bad debt expense	2,179	-	-	2,179
Depreciation	-	1,829	-	1,829
Marketing	1,344	-	335	1,679
Payroll processing fees	-	736	-	736
Exhibition fees & supplies	686	-	-	686
Fines & penalties	-	235	-	235
TOTAL EXPENSES	<u>\$ 483,745</u>	<u>\$ 100,328</u>	<u>\$ 46,389</u>	<u>\$ 630,462</u>

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

BOOKLYN, INC.
(A Not-For-Profit Organization)
Statement of Cash Flows
For The Year Ended December 31, 2021

Cash Flows From Operating Activities	
Change in net assets	\$ 133,436
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	1,829
Interest expense	6,818
Changes in operating assets and liabilities:	
Increase in accounts receivable	(135,827)
Decrease in fixed assets	678
Increase in other assets	(840)
Decrease in prepaid expenses	2,920
Decrease in accounts payable & accrued expenses	(126,863)
Decrease in sales tax payable	(2,318)
Net cash used in operating activities	(120,167)
Net change in cash	(120,167)
Cash, beginning of year	215,893
Cash, end of year	\$ 95,726

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

Booklyn, Inc.
(A Nonprofit Organization)
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1. Organization and Nature of Activities

Booklyn, Inc. (the "Organization") was formed in 1999 and was granted 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

A. 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 ("US GAAP"), as applicable to not-for-profit organizations.

B. Financial Statement Presentation

The Organization reports its financial position and operating activities according to two classes of net assets:

Net assets without donor restrictions - represents resources available for support of the Organization's operation over which the Board of Directors has discretionary control.

Net assets with donor restrictions – represents net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be maintained intact in perpetuity by the Organization.

As of December 31, 2021, there were no net assets with donor restrictions.

C. 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.

D. Accounts and Contributions Receivable

The Organization's accounts and contributions receivable balances at December 31, 2021 do not include an allowance for doubtful accounts. The Organization considers all contributions to be fully collectible. Such estimate is based on management's assessment of the creditworthiness of its funding sources, current economic conditions and historical information.

Note 2. Summary of Significant Accounting Policies (Continued)

E. Equipment & leasehold improvements

Equipment and leasehold improvements are stated at cost, less accumulated depreciation. Depreciation are provided for on the straight-line basis over the estimated useful lives of the assets. Maintenance and repair costs are charged to expenses as incurred, and cost of renewals and improvements are capitalized. When equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any resulting gain or loss is included in operations. The Organization capitalizes property and equipment with a useful life of two years or more and a cost of \$1,000 or more, unless such property and equipment is funded by a grantor, and the grantor retains title to the property and equipment.

F. Functional Allocation of Expenses

The costs of providing the Organization's 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.

G. Program Services

The Organization provides program services 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.

H. Accounting for Uncertainty in Income Taxes

The Organization applies the provisions pertaining to uncertain tax positions (FASB ASC Topic 740) and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 3. Property and Equipment

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

	<u>2021</u>
Leasehold improvements	\$ 16,150
Equipment	15,205
Less: Accumulated depreciation	<u>(28,255)</u>
Net Carrying Value	<u>\$ 3,100</u>

Booklyn, Inc.
(A Nonprofit Organization)
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4. Commitments

On February 15, 2021, the Organization moved to a new space in the same location and committed into a new lease that expired on December 31, 2026. The lease provides for a minimum annual rent of \$16,032 plus a proportionate share of utility, maintenance and management costs plus a 3.5% escalation annually.

The monthly rent expense does not include the monthly maintenance fees.

As of December 31, 2021, the future minimum lease payments for the next four (5) years are as follows:

Year ending December 31,

2022	\$ 16,593
2023	17,174
2024	17,775
2025	18,397
2026	<u>19,041</u>
Total	<u>\$ 88,980</u>

For the year ended December 31, 2021, total rent expense was \$18,285.

Note 5. Accounts Payable and Accrued Expenses

The balance of accounts payable and accrued expenses is mostly made up of royalty payments payable to artists, with no specific repayment terms. The artists may demand payment at any time.

Note 6. Loans Payable

- a) The Organization applied for and, in May 2020, received loan proceeds of \$39,250 under the Paycheck Protection Program (“PPP”). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) and is administered by the U.S. Small Business Administration. The Organization granted forgiveness for the first PPP in March 2021. The Organization applied for Second round of the Paycheck Protection Program (“PPP”) and received loan proceeds of \$39,250 in Feb 2021. At December 31, 2021, the outstanding balance of the loan was \$39,250. The second-round of PPP loan was forgiven on April 20, 2022.
- b) In June, 2020, the Organization entered into a loan agreement for \$150,000 with the U.S. Small Business Administration to fund the Organization’s operating needs. The Organization is responsible for monthly payments of \$641 including principal and interest. The first monthly payment is deferred to Nov 2022. The balance of principal and interest will be payable 30 years from the date of the promissory note. Interest is charged at a rate of 2.75% per annum. The loan balance due to the U.S. Small Business Administration was \$156,818 as of December 31, 2021.

Booklyn, Inc.
(A Nonprofit Organization)
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7. Financial Assets and Liquidity Resources

The Organization manages its liquidity and reserves by operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity monthly.

Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash. The following represents the Organization's financial assets available within one year of the statement of financial position date for general expenditure:

Cash	\$ 95,726
Accounts Receivable	<u>199,406</u>
Total	<u>\$ 295,132</u>

Note 8. Date of Management's Review

The Organization has evaluated subsequent events and transactions for potential recognition of disclosure in the financial statements through September 30, 2022 the day the financial statements were available to be issued. Except as noted below, no material subsequent events were identified that would require disclosure in the financial statements.

Note 9. COVID-19 Pandemic

In March 2020, the World Health Organization ("WHO") declared the coronavirus (COVID 19), a global pandemic and public health emergency. The WHO has recommended containment and mitigation measures worldwide and domestically, self-isolation and shelter-in-place requirements have been or are being put in place.

At this point, the Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which this disruption may impact the Organization's financial statements and future results of operations. The Organization will continue to monitor and evaluate the nature and extent of the impact on the ongoing activities and the potential effect on future contributions or funding and expenses, financial condition, and liquidity.