

BOOKLYN, INC.
FINANCIAL STATEMENTS
(Together with Independent Accountant's Review Report)
YEAR ENDED DECEMBER 31, 2023

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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, 2023, 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 Booklyn, 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

October 31, 2024

BOOKLYN, INC.
(A Not-For-Profit Organization)
Statement of Financial Position
As of December 31, 2023

Assets:	
Cash	\$ 32,906
Accounts receivable	89,180
Prepaid expenses and other assets	20,959
Equipment & leasehold improvements, net	5,664
TOTAL ASSETS	\$ 148,709
Liabilities and Net Assets:	
Liabilities:	
Accounts payable and accrued expenses	\$ 99,722
Deferred revenue	2,370
Sales tax payable	4,436
SBA loan payable	154,975
TOTAL LIABILITIES	261,503
Net Assets:	
Without donor restrictions	(112,794)
TOTAL NET ASSETS	(112,794)
TOTAL LIABILITIES AND NET ASSETS	\$ 148,709

The accompanying notes are an integral part of these financial statements.

BOOKLYN, INC.
(A Not-For-Profit Organization)
Statement of Activities
For The Year Ended December 31, 2023

	Without Donor Restrictions	Total
Support and Revenue:		
Book sales and other sales	\$ 857,583	\$ 857,583
Government grants	51,970	51,970
Tuition	18,419	18,419
Production income	10,288	10,288
Contributions	9,224	9,224
Memberships	6,826	6,826
Consultation and lectures	2,250	2,250
Fundraising	1,964	1,964
In-kind donations	1,400	1,400
Other income	1,169	1,169
Interest income	8	8
TOTAL SUPPORT AND REVENUE	961,101	961,101
Expenses:		
Program services	766,742	766,742
Management and general	100,588	100,588
Fundraising	66,863	66,863
TOTAL EXPENSES	934,193	934,193
CHANGE IN NET ASSETS	26,908	26,908
Net Assets (Deficit), beginning of year	(139,702)	(139,702)
Net Assets (Deficit), end of year	\$ (112,794)	\$ (112,794)

The accompanying notes are an integral part of these financial statements.

BOOKLYN, INC.
(A Not-For-Profit Organization)
Statement of Functional Expenses
For The Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 151,599	\$ 58,113	\$ 42,953	\$ 252,665
Payroll taxes & employee benefits	30,382	11,646	8,608	50,636
	<u>181,981</u>	<u>69,759</u>	<u>51,561</u>	<u>303,301</u>
				-
Artist payments	477,143	-	-	477,143
Professional fees	21,582	8,273	6,115	35,970
Occupancy & rent	13,497	5,624	3,374	22,495
Education expenses	17,906	-	-	17,906
Postage, website and supplies	10,393	4,330	2,598	17,321
Book production	15,298	-	-	15,298
Travel	13,815	-	-	13,815
Insurance	3,736	1,868	623	6,227
Office expenses	2,722	1,044	771	4,537
Marketing	3,429	-	857	4,286
Interest expense	-	3,696	-	3,696
Bank & merchant fees	1,983	760	562	3,305
Telephone & internet	1,418	544	402	2,364
Maintenance & repairs	-	2,200	-	2,200
Payroll processing fees	-	1,473	-	1,473
Exhibition fees & supplies	1,352	-	-	1,352
Depreciation	-	1,017	-	1,017
Bad debt expense	487	-	-	487
TOTAL EXPENSES	<u><u>\$ 766,742</u></u>	<u><u>\$ 100,588</u></u>	<u><u>\$ 66,863</u></u>	<u><u>\$ 934,193</u></u>

The accompanying notes are an integral part of these financial statements.

BOOKLYN, INC.
(A Not-For-Profit Organization)
Statement of Cash Flows
For The Year Ended December 31, 2023

Cash Flows From Operating Activities

Change in net assets	\$ 26,908
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,017
Interest expense	(4,929)
Changes in operating assets and liabilities:	
Decrease in accounts receivable	63,191
Decrease in other assets	10
Increase in prepaid expenses	(5,944)
Decrease in accounts payable & accrued expenses	(244,029)
Increase in deferred revenue	99,722
Decrease in sales tax payable	(4,297)
Net cash used in operating activities	(68,351)
Net change in cash	(68,351)
Cash, beginning of year	101,257
Cash, end of year	\$ 32,906

Supplementary Disclosures of Cash Flow Information:

Cash paid during the year for:	
Interest expense	\$ 8,625

The accompanying notes are an integral part of these financial statements.

Booklyn, Inc.
(A Nonprofit Organization)
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1. Organization and Nature of Activities

Booklyn, Inc. (the "Organization") was formed in 1999 and was granted tax-exemption 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, 2023, there were no net assets with donor restrictions.

C. Cash

Cash that potentially subjects the Organization to a concentration of credit risk consist of cash accounts with banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits. The FDIC insures deposits up to \$250,000 per depositor per insured bank. During the year ended December 31, 2023, the Organization's cash account balances did not exceed the FDIC coverage limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash.

D. Accounts and Contributions Receivable

The Organization's accounts and contributions receivable balances at December 31, 2023 do not include an allowance for doubtful accounts. The Organization writes off accounts receivable when the balance is deemed uncollectible. At December 31, 2023, there was no allowance for doubtful accounts.

Booklyn, Inc.
(A Nonprofit Organization)
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

E. 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.

F. Revenue Recognition

Revenue is recognized when earned. Program service fees, memberships and grant payments received in advance are deferred to the applicable period in which the related services are performed. Contributions are recognized when unconditional promises to give are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09" or "ASC 606") to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP that would: 1) remove inconsistencies and weakness in revenue requirements; 2) provide a more robust framework for addressing revenue issues; 3) improve comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets; 4) provide more useful information to users of financial statements through improved disclosure requirements; 5) simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer. The main difference between previous guidance and ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for fiscal years beginning after December 15, 2019. The Organization adopted the ASC 606 and there had been no material impact to the financial statements.

G. Donated Materials

Donated materials and services are reflected as in-kind support in the accompanying statement of activities at their estimated values at the date of receipt. Donated services of specialized skill that would be purchased in the absence of this donation are recorded at the estimated market rate for the corresponding hours spent. Booklyn received donated supplies of \$1,400 for the year ended December 31, 2023.

H. 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.

Booklyn, Inc.
(A Nonprofit Organization)
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2. Summary of Significant Accounting Policies (Continued)

I. Equipment & leasehold improvements

Equipment and leasehold improvements are stated at cost, less accumulated depreciation. Depreciation is 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.

J. 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.

K. 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>2023</u>
Leasehold improvements	\$ 16,150
Equipment	19,203
Less: Accumulated depreciation	<u>(29,689)</u>
Net Carrying Value	<u>\$ 5,664</u>

Booklyn, Inc.
(A Nonprofit Organization)
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4. Commitments

The Organization committed to a license agreement that expired on December 31, 2026. The license agreement provides for a minimum annual rent 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, 2023, the future minimum lease payments due under the lease are as follows:

Year ending December 31,

2024	17,778
2025	18,400
2026	<u>19,044</u>
Total	<u>\$ 55,222</u>

For the year ended December 31, 2023, total rent expense was \$22,495.

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

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 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 \$154,975 as of December 31, 2023.

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	\$ 32,906
Accounts Receivable	<u>89,180</u>
Total	<u>\$ 122,086</u>

Booklyn, Inc.
(A Nonprofit Organization)
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8. Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition of disclosure in the financial statements through Oct 31, 2024 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.