

RESTLESS BOOKS, INC.
FINANCIAL STATEMENTS
AND
ACCOUNTANTS' REPORT
DECEMBER 31, 2022 AND 2021

RESTLESS BOOKS, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To: The Board of Directors of
Restless Books, Inc.

We have reviewed the accompanying statements of financial position of Restless Books, Inc., a not-for-profit organization, as of December 31, 2022 and 2021, and the related statements of activities, expenses 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 organization's 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 the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. 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 Restless Books, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our reviews.

Accountants' Conclusion

Based on our reviews, 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.

Skody Scot & Company, CPAs, PC

New York, NY
November 8, 2023

RESTLESS BOOKS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash	\$ 148,861	\$ 14,827
Program service revenue receivable	3,500	-
Prepaid expenses	-	2,565
Inventory	253,371	230,153
Property and equipment, net	980	2,669
Security deposit	230	-
	\$ 406,942	\$ 250,214
Total assets		

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 87,499	\$ 17,601
Total liabilities	87,499	17,601
Net Assets:		
Without donor restrictions	249,648	227,613
With donor restrictions	69,795	5,000
Total net assets	319,443	232,613
Total liabilities and net assets	\$ 406,942	\$ 250,214

**See independent accountants' review report
and accompanying notes.**

RESTLESS BOOKS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:						
Contributions	\$ 341,679	\$ 69,795	\$ 411,474	\$ 355,265	\$ 5,000	\$ 360,265
Program service revenue	108,014	-	108,014	220,496	-	220,496
Government grants	105,184	-	105,184	218,847	-	218,847
Sale of intangible	150,000	-	150,000	-	-	-
Interest income	1,058	-	1,058	1,263	-	1,263
Net assets released from restriction:						
Satisfaction of purpose restriction	5,000	(5,000)	-	11,010	(11,010)	-
Total support and revenues	<u>710,935</u>	<u>64,795</u>	<u>775,730</u>	<u>806,881</u>	<u>(6,010)</u>	<u>800,871</u>
Expenses:						
Program services	402,400	-	402,400	347,270	-	347,270
Supporting services:						
Management and general	207,793	-	207,793	268,573	-	268,573
Fundraising	78,707	-	78,707	140,066	-	140,066
Total expenses	<u>688,900</u>	<u>-</u>	<u>688,900</u>	<u>755,909</u>	<u>-</u>	<u>755,909</u>
Increase/(decrease) in net assets	22,035	64,795	86,830	50,972	(6,010)	44,962
Net assets, beginning of year	227,613	5,000	232,613	176,641	11,010	187,651
Net assets, end of year	<u>\$ 249,648</u>	<u>\$ 69,795</u>	<u>\$ 319,443</u>	<u>\$ 227,613</u>	<u>\$ 5,000</u>	<u>\$ 232,613</u>

**See independent accountants' review report
and accompanying notes.**

RESTLESS BOOKS, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Supporting Services</u>			Total Expenses
	Program Services	Management and General	Fundraising	
Personnel costs:				
Salaries	\$ 174,266	\$ 109,142	\$ 70,064	\$ 353,472
Payroll taxes and benefits	23,191	9,048	8,141	40,380
Total personnel costs	<u>197,457</u>	<u>118,190</u>	<u>78,205</u>	<u>393,852</u>
Direct expenses:				
Advances	31,110	-	-	31,110
Book expenses	81,132	-	-	81,132
Consultants and outside contractors	6,876	-	-	6,876
Depreciation	-	1,689	-	1,689
Insurance	-	2,574	-	2,574
Marketing	16,088	-	-	16,088
Meals	1,972	3,574	97	5,643
Office supplies and expenses	8,912	21,997	405	31,314
Postage and shipping	13,880	-	-	13,880
Professional fees	413	31,959	-	32,372
Rent and utilities	-	23,306	-	23,306
Royalties	37,218	-	-	37,218
Travel, meetings and conferences	7,342	4,504	-	11,846
Total direct expenses	<u>204,943</u>	<u>89,603</u>	<u>502</u>	<u>295,048</u>
Total expenses	<u>\$ 402,400</u>	<u>\$ 207,793</u>	<u>\$ 78,707</u>	<u>\$ 688,900</u>

**See independent accountants' review report
and accompanying notes.**

RESTLESS BOOKS, INC.
STATEMENT OF EXPENSES
YEAR ENDED DECEMBER 31, 2021

	<u>Supporting Services</u>			Total Expenses
	Program Services	Management and General	Fundraising	
Personnel costs:				
Salaries	\$ 144,493	\$ 147,497	\$ 115,339	\$ 407,329
Payroll taxes and benefits	18,681	19,344	16,170	54,195
Total personnel costs	<u>163,174</u>	<u>166,841</u>	<u>131,509</u>	<u>461,524</u>
Direct expenses:				
Advances	40,594	-	-	40,594
Book expenses	90,618	594	-	91,212
Consultants and outside contractors	10,221	9,800	2,180	22,201
Depreciation	-	1,699	-	1,699
Grants	4,096	-	-	4,096
Insurance	-	1,299	-	1,299
Marketing	2,005	1,333	-	3,338
Meals and entertainment	-	1,306	128	1,434
Office supplies and expenses	8,494	23,537	6,030	38,061
Postage and shipping	-	18,673	-	18,673
Professional fees	1,200	23,784	-	24,984
Rent and utilities	3,215	18,426	219	21,860
Royalties	23,563	-	-	23,563
Travel, meetings and conferences	90	1,281	-	1,371
Total direct expenses	<u>184,096</u>	<u>101,732</u>	<u>8,557</u>	<u>294,385</u>
Total expenses	<u>\$ 347,270</u>	<u>\$ 268,573</u>	<u>\$ 140,066</u>	<u>\$ 755,909</u>

**See independent accountants' review report
and accompanying notes.**

RESTLESS BOOKS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Increase in net assets	\$ 86,830	\$ 44,962
Adjustments for non-cash items included in operating activities:		
Depreciation	1,689	1,699
(Increase)/decrease in assets:		
Program service revenue receivable	(3,500)	-
Prepaid expenses	2,565	(693)
Inventory	(23,218)	(51,453)
Security deposit	(230)	-
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	69,898	7,441
Net cash provided by operating activities	134,034	1,956
Cash flows from investing activities:		
Purchase of property and equipment	-	(2,667)
Net cash used by investing activities	-	(2,667)
Cash flows from financing activities	-	-
Net increase/(decrease) in cash	134,034	(711)
Cash, beginning of year	14,827	15,538
Cash, end of year	\$ 148,861	\$ 14,827

**See independent accountants' review report
and accompanying notes.**

RESTLESS BOOKS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The Organization

Restless Books, Inc. (Organization), a not-for-profit organization, was incorporated in the State of New York on December 21, 2016. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements include any uncertain tax positions. The Organization primarily receives its support from contributions, program service revenue and government grants.

The Organization's mission is to facilitate in readers a greater understanding of and appreciation for different cultures. The Organization accomplishes its mission by seeking out literary works written in languages other than English that speak to immigrant and refugee experiences of dislocation and transformation. The Organization translates these literary works into English, then makes further edits to and publishes these literary works. Appreciation for and understanding of different cultures is also developed through book fairs, library and community center discussions, and other events, including readings and presentations by authors.

Basis of Accounting

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

Inventory

Inventory consists of books and other literary works. Inventory is stated at the lower of cost or market and is determined using the periodic inventory method.

RESTLESS BOOKS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment

The Organization capitalizes certain property and equipment with estimated useful lives of two years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of the Organization's equipment is computed by the straight-line method over estimated useful lives of three years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor (which may include certain grantors) restrictions. Accordingly, net assets 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 restrictions. This classification includes net assets designated by the board or management for a specified purpose.

Net Assets With Donor Restrictions - Net assets subject to donor restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses are allocated based on estimated time and effort. Meals, office supplies and expenses, and travel, meetings and conferences are allocated based on usage. The remaining expenses are directly classified to functional areas. The Organization classifies expenses which are not directly related to a specific program as management and general expenses.

RESTLESS BOOKS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization recognizes contributions when cash, nonfinancial assets or services, or unconditional promises to give are received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as refundable advances in the statements of financial position. As of December 31, 2022 and 2021, the Organization did not have any conditional contributions that have not been recognized in the accompanying statements of activities.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as revenue with donor restrictions and increases in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as revenue without donor restrictions and increases in net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to the sale and licensing of books. Revenue from consignment sales through distributors is recognized, net of any expenses incurred by the distributors, when the monthly payment is received from the distributors. Revenue from sales of books directly to consumers is recognized at the time that the books are shipped to the consumer. Revenue from the sale of books is reported in the statements of activities net of cost of goods sold. The selling prices of books are determined based on production cost and market rates for books of similar length and genre. Revenue received from licensing is recognized at the time that the contract goes into effect. Licensing rates are based on negotiations between the Organization and the purchasing party and center around perceived value and expected sales of the intellectual property being licensed.

The Organization receives grants from governmental agencies. Depending upon the terms of the grant, the grant can be either an exchange transaction or a contribution. In accordance with grant provisions, the grant can be an expense reimbursement grant which requires that approved expenses be incurred prior to reimbursement by the grantor. Other grants permit advances of grant funds or full payment of grant funds at the start of the grant. If the grant is an exchange type grant, all unreimbursed expenses for approved purposes as of year-end are recorded as receivables and any unexpended advances are recorded as refundable advances. If the grant is a contribution, it is recognized in accordance with the contribution recognition policy described above.

RESTLESS BOOKS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

During the year ended December 31, 2022, the Organization entered into a contract to sell a registered trademark owned exclusively by the Organization. The revenue from the sale of the trademark is recognized at the signing of the contract and the receipt of the contract consideration by the Organization, which are to occur simultaneously per contract terms. All terms of the contract were satisfied during the year ended December 31, 2022 and the related revenue is reported as sale of intangible in the accompanying statement of activities.

During the years ended December 31, 2022 and 2021, the Organization received \$19,834 and \$98,000, respectively, of Employee Retention Credit (ERC) funds from the Federal government through the Coronavirus Aid, Relief, and Economic Security Act (CARES). Management has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the grants were met by the respective year-ends. Therefore, the full amounts have been recognized during the years ended December 31, 2022 and 2021, respectively, as government grants in the accompanying statements of activities.

During the year ended December 31, 2021, the Organization received \$75,847 of second round Paycheck Protection Program (PPP) funds from the U.S. Small Business Administration. Management has determined that the correct model to follow is the grant model and that the purpose-related conditions imposed on the grant were met by year-end. Therefore, the full amount has been recognized during the year ended December 31, 2021. The amount is reported with government grants in the accompanying statement of activities for the year ended December 31, 2021.

Note 2 - Inventory

Inventory consists of books that are in the possession of the Organization as well as books that are held on consignment by distributors. Detail of inventory as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Inventory held by the Organization	\$ 8,235	\$ 7,480
Inventory on consignment	<u>245,136</u>	<u>222,673</u>
	<u>\$ 253,371</u>	<u>\$ 230,153</u>

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 5,710	\$ 5,710
Less: accumulated depreciation	<u>(4,730)</u>	<u>(3,041)</u>
	<u>\$ 980</u>	<u>\$ 2,669</u>

RESTLESS BOOKS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4 - Net Assets With Donor Restrictions

As of December 31, 2022 and 2021, net assets with donor restrictions are available as follows:

	<u>2022</u>	<u>2021</u>
Book expenses	\$ 12,295	\$ 5,000
2023 activities	<u>57,500</u>	<u>-</u>
	<u>\$ 69,795</u>	<u>\$ 5,000</u>

Note 5 - Government Grants and Contracts

During the years ended December 31, 2022 and 2021, the Organization was awarded various grants and contracts by governmental agencies to further the Organization's exempt purpose. Total amounts recognized under the grants and contracts amounted to:

	<u>2022</u>	<u>2021</u>
Federal - PPP	\$ -	\$ 75,847
Federal - ERC	19,834	98,000
Federal - other	30,000	20,000
New York State	<u>55,350</u>	<u>25,000</u>
	<u>\$ 105,184</u>	<u>\$ 218,847</u>

Note 6 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Book sales:		
Consignment book sales	\$ 227,666	\$ 225,785
Direct book sales	41,639	63,010
Less: cost of goods sold	<u>(184,893)</u>	<u>(100,472)</u>
Total book sales	84,412	188,323
Licensing	<u>23,602</u>	<u>32,173</u>
	<u>\$ 108,014</u>	<u>\$ 220,496</u>

For the years ended December 31, 2022 and 2021, all revenue received from contracts with customers was earned in the same year received. As of December 31, 2022, a program service revenue receivable in the amount of \$3,500 is reported in the accompanying statement of financial position for licensing revenue earned but not received during the year ended December 31, 2022.

RESTLESS BOOKS, INC.
NOTES TO FINANCIAL STATEMENTS

Note 7 - Concentrations

The Organization maintains its cash accounts with a major financial institution. The Federal Deposit Insurance Corporation insures bank deposits up to \$250,000 per financial institution. At times, the balances of the accounts may have exceeded the insured limits during the years ended December 31, 2022 and 2021.

For the year ended December 31, 2022, approximately 39% of the Organization's total support was provided by one major contributor. For the year ended December 31, 2021, approximately 69% of the Organization's total support was provided by one major contributor. It is always possible that benefactors, grantors, or contributors might be lost in the near term. In the event funding is terminated or significantly reduced, the Organization's ability to continue providing their programs at the same level of service would be greatly diminished.

Note 8 - Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers most expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor restricted amounts that are available for ongoing programmatic and support expenditures. Net assets that are restricted for a specific book are not considered available for general expenditures.

The following reflects the Organization's financial assets, as of December 31, 2022 and 2021, reduced by amounts not available for general use within one year because of contractual, donor or internal restrictions and designations:

	2022	2021
Financial assets:		
Cash	\$ 148,861	\$ 14,827
Receivables	3,500	-
Total financial assets	152,361	14,827
Less those unavailable for general expenditures within one year:		
Restricted for specific books	(12,295)	(5,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 140,066	\$ 9,827

Note 9 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures through November 8, 2023, which is the date the financial statements were available to be issued.