Financial Report

June 30, 2022 and 2021

CONTENTS

Independent Auditors' Report	**1**
Statements of Financial Position	**3**
Statements of Activities	**4**
Statements of Functional Expenses	**6**
Statements of Cash Flows	**8**
Notes to Financial Statements	**9**

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, 2022, and the related statements of activities, functional expenses and cash flows for the year 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2021 financial statements of The Telling Room were reviewed by PGM, LLC and our report thereon, dated March 17, 2022, and expressed an unmodified opinion on those financial statements.

PGM, LLC
Biddeford, Maine
October 31, 2022

Statements of Financial Position

June 30, 2022 and 2021

	Audited 2022	Unaudited 2021
ASSETS		
Current Assets		
Cash and cash equivalents	**1,001,111**	1,019,492
Accounts receivable	**3,549**	1,900
Inventory	**3,137**	2,514
Total Current Assets	**1,007,797**	1,023,906
Other Assets		
Security deposits	**863**	863
Total Other Assets	**863**	863
Total Assets	**$ 1,008,660**	$ 1,024,769
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	**$ 936**	$ 7,351
Accrued expenses	**49,588**	7,430
PPP loan		90,000
Total Liabilities	**50,524**	104,781
Net Assets		
Without donor restrictions	**886,136**	819,988
With donor restrictions	**72,000**	100,000
Total Net Assets	**958,136**	919,988
Total Liabilities and Net Assets	**$ 1,008,660**	$ 1,024,769

Statement of Activities - Audited

Year Ended June 30, 2022

	Without donor restrictions	With donor restrictions	Total
Revenue:			
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)	
Total Revenue	982,588	(28,000)	954,588
Expenses:			
Program services	606,961		606,961
Management and general	136,671		136,671
Fundraising	172,808		172,808
Total Expenses	916,440		916,440
Change in Net Assets	66,148	(28,000)	38,148
Net Assets, Beginning of Year	819,988	100,000	919,988
Net Assets, End of Year	$ 886,136	$ 72,000	$ 958,136

Statement of Activities - Unaudited

Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue:			
Donations	$ 57,489		322,989
Grants	338,125	$ 265,500	338,125
Program fees	79,764		79,764
PPP loan forgiveness	107,400		107,400
Special events	54,633		54,633
In-kind revenue	28,080		28,080
Other	14,185		14,185
Interest	526		526
Net assets released from restriction	210,500	(210,500)	
Total Revenue	890,702	55,000	945,702
Expenses:			
Program services	438,575		438,575
Management and general	153,929		153,929
Fundraising	130,116		130,116
Total Expenses	722,620		722,620
Change in Net Assets	168,082	55,000	223,082
Net Assets, Beginning of Year	651,906	45,000	696,906
Net Assets, End of Year	$ 819,988	$ 100,000	$ 919,988

Statement of Functional Expenses - Audited

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	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
Total Expenses	$ 606,961	$ 136,671	$ 172,808	$ 916,440

Statement of Functional Expenses - Unaudited

Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total Expenses
Expenses:				
Personnel	$ 333,615	$ 50,991	$ 98,540	$ 483,146
Program expense	46,377	1,287	89	47,753
Employee benefits	16,657	11,472	5,951	34,080
Insurance		6,130		6,130
Travel	138			138
Telephone		1,273		1,273
Professional fees	8,386	43,571	3,888	55,845
Office expense	2,900	23,268	2,317	28,485
Bank and paypal fees	805	441	160	1,406
Advertising	750	229	500	1,479
Website	566	11,898		12,464
Development expense		1,295	18,671	19,966
Depreciation		1,700		1,700
In-kind expenses	28,080			28,080
Miscellaneous	301	374		675
Total Expenses	$ 438,575	$ 153,929	$ 130,116	$ 722,620

Statement of Cash Flows

For the Years Ended June 30, 2022 and 2021

	Audited 2022	Unaudited 2021
Cash flows from operating activities:		
Change in net assets	**$ 38,148**	$ 223,082
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation		1,700
PPP Loan forgiveness	**(90,000)**	(107,400)
(Increase) decrease in:		
Accounts receivable	**(1,649)**	(1,600)
Inventory	**(623)**	(1,101)
Increase (decrease) in:		
Accounts payable	**(6,415)**	7,325
Accrued expenses	**42,158**	1,150
Total adjustments	**(56,529)**	(99,926)
Net cash flows from operating activities	**(18,381)**	123,156
Cash flows from financing activities:		
Proceeds from forgivable PPP loan		90,000
Net cash flows from financing activities		90,000
Net change in cash and cash equivalents	**(18,381)**	213,156
Cash and cash equivalents at beginning of year	**1,019,492**	806,336
Cash and cash equivalents at end of year	**$ 1,001,111**	$ 1,019,492

Notes to Financial Statements

June 30, 2022(Audited) and 2021 (Unaudited)

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, 2022 or 2021.

Cash and Cash Equivalents

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

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.

Notes to Financial Statements

June 30, 2022(Audited) and 2021 (Unaudited)

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

Grant and Contract Revenue Recognition

Revenues are recognized as earned or attributable to the period in which specific terms of the funding agreement are satisfied and to the extent that expenses have been incurred for the purposes specified by the funding source.

Contributions

Contributions are recognized when cash, securities or other assets, an unconditional pledge receivable, or notification of a beneficial interest is received. Conditional pledges receivable are not recognized until the conditions on which they depend have been substantially met.

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.

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. Depreciation expense for the years ending June 30, 2022 and 2021 was - and$1,700, respectively.

Advertising

The Organization expenses advertising as incurred. Advertising expense for the years ending June 30, 2022 was $2,636 and $1,479, 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.

Notes to Financial Statements

June 30, 2022(Audited) and 2021 (Unaudited)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Recent Accounting Pronouncements

Leasing

In February 2016, the FASB issued ASU 2016-2, *Leases.* This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of entities that lease. The standard is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both would be reported on the balance sheet of the entity for leases with a term exceeding 12 months. For nonpublic companies, the new leasing standard would apply for fiscal years beginning after December 15, 2021. The standard requires retroactive application to previously issued financial statements if presented. Management is currently evaluating the impact of adoption on its financial statements.

Adopted Accounting Pronouncements

Contributed Nonfinancial Assets

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This new standard will increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The amendments provide specific presentation requirements which include qualitative information about how the nonfinancial assets were either monetized or utilized during the reporting period. The new standard would apply for annual periods beginning after June 15, 2021. The standard requires retroactive application and early adoption is permitted. Management has adopted on its financial statements.

NOTE 2 – CONCENTRATION OF CASH

The Organization maintains cash at two 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.

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:

	2022	2021
Cash and cash equivalents	**$ 929,111**	$ 919,492
Accounts Receivable	**3,549**	1,900
	$ 932,660	$ 921,392

Amounts not available include net assets with donor restrictions.

Notes to Financial Statements

June 30, 2022(Audited) and 2021 (Unaudited)

NOTE 4 – LEASES

The Organization has an operating lease agreement through June 30, 2022 for office space in Portland. Cash rent payments for the years ending June 30, 2022 and 2021 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, 2022 and 2021 were $2,142 and $1,479. There were no estimated future lease payments for the year ended June 30, 2022.

NOTE 5 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

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

2022

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

2021

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

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2022

		2022		2021
Subject to expenditure for specified purpose:				
Anthology project	**$**	**5,000**	$	10,000
Young Writers/Leaders program		**25,000**		50,000
Summer camp scholarships		**5,000**		5,000
Capacity Building		**12,000**		
Donations restricted for 2022 expenditures		**25,000**		35,000
Total net assets with donor restrictions	**$**	**72,000**	$	100,000

Notes to Financial Statements

June 30, 2022(Audited) and 2021 (Unaudited)

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS- CONTINUED

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,

	2022	2021
Expiration of time restrictions:		$ 10,000
Satisfaction of purpose restrictions:		
Anthology project	**$ 41,500**	5,000
Rockland/Midcoast Region	**10,000**	3,000
Youth Publishing/Voices of the Future	**7,500**	6,000
Young Writer/Leaders program	**97,500**	40,000
After School Programs	**5,000**	
Greater Portland Programs	**5,000**	
Second Story program	**10,000**	5,000
Young Emerging Authors program	**20,000**	17,000
Tech Update Hardware	**25,000**	
Salaries-Art Jobs	**15,000**	
Summer Camp Scholarships	**5,000**	
Anti-racism training		5,000
Staff development		1,000
SWARM program		16,000
Arts Learning programs		2,500
Southern Maine programs		10,000
Remote Learning programs		40,000
Salaries for key staff		50,000
Total releases from net assets with restrictions	**$ 241,500**	$ 210,500

NOTE 7 – 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. During the fiscal year ending June 30, 2021, the Organization further defined eligibility to employees who earn compensation of at least $5,000 annually. 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, 2022 and 2021, Simple IRA expense was $7,781 and $8,410.

Notes to Financial Statements

June 30, 2022(Audited) and 2021 (Unaudited)

NOTE 8 – FORGIVABLE PPP LOAN

The Organization received two loans in the amounts of approximately $107,400 in April 2020 and $90,000 in January 2021 under the Paycheck Protection Program ("PPP"). The first loan in the amount of $107,400 was fully forgiven as of May 20, 2021 and recognized in revenue in 2021. The second loan of $90,000 was fully forgiven as of October 6, 2021 and recognized in revenue in 2022. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The loan forgiveness is subject to audit by the Small Business Administration for six years from the date of forgiveness.

NOTE 9 – RESTATEMENT

Net assets at the beginning of the year June 30, 2021 has been restated by decreasing net assets without restrictions by $8,180. The June 30, 2020 financial statements were not fully accrual basis which is required under generally accepted accounting principles.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 28, 2022, 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.