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Poets & Writers

Audited Financial Statements

June 30, 2021

Independent Auditor's Report

To the Board of Directors of
Poets & Writers, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Poets & Writers, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 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.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

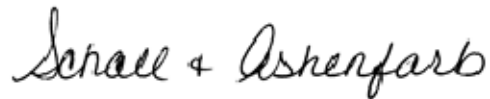
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 27, 2021

POETS & WRITERS, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2021
(With comparative totals at June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Assets		
Cash and cash equivalents	\$732,521	\$1,090,238
Investments (Note 3)	1,519,401	960,025
Government grants receivable	17,921	23,701
Contributions receivable	269,200	824,550
Accounts receivable, net	85,451	235,302
Prepaid expenses and other assets	47,903	92,767
Fixed assets, net (Note 4)	29,834	18,618
Restricted cash (Note 5)	78,006	78,006
Investments held for endowment (Note 3)	<u>7,043,639</u>	<u>6,038,604</u>
Total assets	<u><u>\$9,823,876</u></u>	<u><u>\$9,361,811</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$243,645	\$330,181
Deferred revenue	656,316	676,410
Paycheck Protection Program loan (Note 6)	0	408,545
Deferred rent	<u>233,517</u>	<u>204,349</u>
Total liabilities	<u>1,133,478</u>	<u>1,619,485</u>
Net assets:		
Without donor restrictions:		
Operating	923,509	559,410
Board designated endowment	<u>500,000</u>	<u>500,000</u>
Total net assets without donor restrictions	<u>1,423,509</u>	<u>1,059,410</u>
With donor restrictions:		
Future programs and periods (Note 7)	223,250	644,312
Donor restricted endowment (Note 8)	<u>7,043,639</u>	<u>6,038,604</u>
Total net assets with donor restrictions	<u>7,266,889</u>	<u>6,682,916</u>
Total net assets	<u>8,690,398</u>	<u>7,742,326</u>
Total liabilities and net assets	<u><u>\$9,823,876</u></u>	<u><u>\$9,361,811</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

POETS & WRITERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions		Total 6/30/21	Total 6/30/20
		Future Programs and Periods	Donor Restricted Endowment		
Public support and revenue:					
Contributions	\$567,370	\$20,000		\$20,000	\$587,370
Paycheck Protection Program forgiveness (Note 6)	408,545			0	408,545
Government grants	287,967			0	287,967
Special event income	862,293			0	862,293
Subscriptions	598,365			0	598,365
Mailing list rental	17,565			0	17,565
Advertising	1,400,019			0	1,400,019
Interest and dividend income	12,738		\$122,972	122,972	135,710
Book income	0			0	0
Other income	27,203			0	27,203
In-kind services (Note 2i)	68,218			0	68,218
Net assets released from restrictions	673,062	(441,062)	(232,000)	(673,062)	0
Total public support and revenue	<u>4,923,345</u>	<u>(421,062)</u>	<u>(109,028)</u>	<u>(530,090)</u>	<u>4,393,255</u>
Expenses:					
Program services	3,487,733			0	3,487,733
Supporting services:					
Management and general	846,854			0	846,854
Fundraising	291,260			0	291,260
Total supporting services	<u>1,138,114</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,138,114</u>
Total expenses	<u>4,625,847</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,625,847</u>
Change in net assets from operations	<u>297,498</u>	<u>(421,062)</u>	<u>(109,028)</u>	<u>(530,090)</u>	<u>(232,592)</u>
Non-operating activity:					
Net gain on investments (Note 3)	66,601		1,114,063	1,114,063	1,180,664
Total non-operating activity	<u>66,601</u>	<u>0</u>	<u>1,114,063</u>	<u>1,114,063</u>	<u>1,180,664</u>
Change in net assets	364,099	(421,062)	1,005,035	583,973	948,072
Net assets - beginning of year	<u>1,059,410</u>	<u>644,312</u>	<u>6,038,604</u>	<u>6,682,916</u>	<u>7,742,326</u>
Net assets - end of year	<u>\$1,423,509</u>	<u>\$223,250</u>	<u>\$7,043,639</u>	<u>\$7,266,889</u>	<u>\$8,690,398</u>

The attached notes and auditor's report are an integral part of these financial statements.

POETS & WRITERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for the year ended June 30, 2020)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/21	Total Expenses 6/30/20
	Program Services	Management and General	Fundraising			
Wages	\$1,176,652	\$333,436	\$174,429	\$507,865	\$1,684,517	\$1,680,620
Payroll taxes and benefits	259,741	92,698	38,505	131,203	390,944	381,373
Professional fees (including in-kind) (Note 2i)	349,774	185,288	11,445	196,733	546,507	516,705
Occupancy	290,788	82,402	43,107	125,509	416,297	414,552
Travel, conferences, and meetings	75	3,215	200	3,415	3,490	38,909
Publicity and promotion	386,327	5,549		5,549	391,876	375,379
Office supplies and maintenance	14,564	8,877	640	9,517	24,081	31,420
Postage and shipping	2,984	16,913	1,061	17,974	20,958	22,777
Telephone	6,647	1,884	985	2,869	9,516	12,057
Insurance	4,027	3,765	1,056	4,821	8,848	15,223
Printing and production	390,679	2,515		2,515	393,194	344,546
Magazine distribution	191,099			0	191,099	153,477
Computer and IT expenses	31,792	15,680	3,775	19,455	51,247	51,807
Reading & Workshops writers' fees	281,155			0	281,155	333,930
Prizes and honoraria	83,000			0	83,000	72,240
Annual dinner			15,314	15,314	15,314	21,863
Depreciation expense	5,010	1,419	743	2,162	7,172	30,464
Credit card fees and other expenses	13,419	50,071		50,071	63,490	64,290
Bad debt		43,142		43,142	43,142	30,000
Total expenses	3,487,733	846,854	291,260	1,138,114	4,625,847	4,591,632

The attached notes and auditor's report are an integral part of these financial statements.

POETS & WRITERS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

(With comparative totals for the year ended June 30, 2020)

	<u>6/30/21</u>	<u>6/30/20</u>
Cash flows from operating activities:		
Change in net assets	\$948,072	\$902,524
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Donated stock	0	(59,662)
Net realized and unrealized gain on investments	(1,247,344)	(246,420)
Depreciation expense	7,172	30,464
Changes in assets and liabilities:		
Government grants receivable	5,780	(5,590)
Contributions receivable	555,350	(802,123)
Accounts receivable	149,851	(15,492)
Prepaid expenses and other assets	44,864	11,820
Accounts payable and accrued expenses	(86,536)	(1,233)
Deferred revenue	(20,094)	85,810
Paycheck Protection Program loan	(408,545)	408,545
Deferred rent	29,168	37,598
Total adjustments	<u>(970,334)</u>	<u>(556,283)</u>
Net cash (used for)/provided by operating activities	<u>(22,262)</u>	<u>346,241</u>
Cash flows from investing activities:		
Purchases of investments (including reinvestment of investment income)	(69,009)	(78,901)
Transfers from cash account	(486,750)	(85,869)
Transfers to cash account	238,692	540,350
Purchase of fixed assets	(18,388)	(12,230)
Net cash (used for)/provided by investing activities	<u>(335,455)</u>	<u>363,350</u>
Net (decrease)/increase in cash and cash equivalents	(357,717)	709,591
Cash, cash equivalents and restricted cash - beginning of year	<u>1,168,244</u>	<u>458,653</u>
Cash, cash equivalents and restricted cash - end of year	<u><u>\$810,527</u></u>	<u><u>\$1,168,244</u></u>
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$732,521	\$1,090,238
Restricted cash	<u>78,006</u>	<u>78,006</u>
Cash, cash equivalents and restricted cash - end of year	<u><u>\$810,527</u></u>	<u><u>\$1,168,244</u></u>
Supplemental information:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements .

POETS & WRITERS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 - Organization

Poets & Writers, Inc. (the "Organization") is a not-for-profit organization that has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is sustained by contributions from individuals, foundations, corporations, and public funding agencies. Its mission is to foster the professional development of poets and writers, to promote communication throughout the literary community, and to help create an environment in which literature can be appreciated by the widest possible public. The primary sources of funding are public support and advertising in and subscriptions to Poets & Writers Magazine.

The Organization fulfills its mission through the following programs and publications:

Poets & Writers Magazine delivers to its readers profiles of noted authors and publishing professionals, practical how-to articles, a comprehensive listing of grants and awards for writers, and special sections ranging from self-publishing to writers' conferences.

The Poets & Writers website includes concise answers to the questions asked most frequently by writers. Popular features include databases of literary magazines, small presses, MFA programs, and literary agents, along with a directory of more than 11,000 authors, including contact information and publication credits. The directory makes it easier for writers to stay in touch with one another and for reading series coordinators, editors, and agents to find writers.

The Reading Workshop Program provides fees to writers who participate in public literary events and provides technical assistance to event organizers. The program supports literary events taking place in New York and California, as well as in Atlanta, Chicago, Detroit, Houston, New Orleans, Seattle, Tucson, and Washington, D.C.

Poets & Writers Live employs live events to offer the information, advice, and inspiration Poets & Writers provides to writers in print and online.

The Jackson Poetry Prize honors an American poet of exceptional talent who deserves wider recognition.

The Maureen Egen Writers Exchange Award introduces emerging writers to the New York City literary community and provides them with a network for professional advancement.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation

Information regarding financial position and activities is reported according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents all activity without donor-imposed restrictions. In October 2004, the Board of Directors put aside \$500,000 as a separate board designated endowment.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors for specific purposes or the passage of time and/or must remain intact, in perpetuity.

c. Revenue Recognition

The Organization follows the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-606 for recognizing revenue from contracts with customers. The Organization has subscriptions, mailing list rental, advertising and book income revenue that falls under Topic 606 and has been included in the statement of activities. The Organization analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete. Payments received in advance of the completion of the earning process are reported as deferred revenue.

Subscriptions revenue, advertising, and book income proceeds are recognized based on the publication of the magazine or when the sale of an edition or book takes place, and the products are delivered to the customers. Fees that have not been collected at year end are reflected as accounts receivable. Amounts collected in advance of publishing the magazine are recognized as deferred revenue.

Mailing list rental is recognized when the sale of the use of the Organization's list takes place and the list is provided to the customer.

The Organization follows FASB ASC 958-605 for recording contributions, which are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified in the class of net assets without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met.

The Organization's government grants are primarily conditional, non-exchange transactions and fall under Topic 605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Unconditional promises to give that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value which is calculated using risk adjusted present value techniques. Long-term promises to give are treated as time restricted until the period they are due, at which time they will be released from restriction and counted towards operations.

At year end, all receivables are due in less than one year. Management reviews outstanding receivables for collectability using specific identification and analyzing historical trends. Based on this review, a reserve has been established for potential uncollectible receivables in the amount of \$90,000 and \$68,000 for the years ended June 30, 2021 and 2020, respectively.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes. Restricted cash and cash equivalents are included as components of total cash and cash equivalents as presented on the statement of cash flows.

e. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash, money market accounts, and investment securities, which are placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes the investment policy is prudent for the long-term welfare of the Organization. At year end and at various times throughout the year, balances were in excess of insured amounts. The Organization did not suffer any losses due to bank failure.

f. Property and Equipment

Purchases of leasehold improvements, equipment, furniture, and fixtures that exceed \$1,500 are capitalized at cost or at fair value, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Computers and equipment – 5 years

Furniture and fixtures – 7 years

Leasehold improvements – life of the lease

Website – 3 years

g. Investments

Investments are recorded at fair value. Unrealized and realized gains and losses are included in non-operating activity on the statement of activities.

h. Fair Value Measurement

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

i. Donated Services and Assets

Donated services are recognized if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind. The Organization received contributions of in-kind legal services in the amount of \$68,218 and \$39,070 during the years ended June 30, 2021 and 2020, respectively. This amount has been reflected in supporting services on the statement of functional expenses.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the above criteria and have not been recorded in the financial statements.

j. Deferred Rent

The Organization recognizes rent expense evenly over the life of the lease using the straight-line method and records deferred rent for the cumulative amount that expenses exceed actual payments. In latter stages of the lease, deferred rent will be reduced as the payments exceed the expense recorded.

k. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Expense Allocation

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

The following costs are allocated by time and effort:

- Wages
- Payroll taxes and benefits
- Occupancy
- Telephone
- Insurance

All other expenses have been charged directly to the applicable program or supporting services.

m. Prior Year Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

n. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2018 and later are subject to examination by applicable taxing authorities.

o. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2023 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Investments

The following summarizes the composition of investments:

	<u>June 30, 2021</u>		
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash	\$1,446,990	\$1,446,990	\$0
Certificates of deposit	210,055	0	210,055
US Treasury securities	1,607,449	0	1,607,449
US Bond funds	408,682	408,682	0
Foreign corporate bonds	81,674	0	81,674
US Equities	3,942,755	3,942,755	0
Foreign equities	<u>865,435</u>	<u>865,435</u>	<u>0</u>
Total	<u>\$8,563,040</u>	<u>\$6,663,862</u>	<u>\$1,899,178</u>

June 30, 2020

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash	\$909,438	\$909,438	\$0
Certificates of deposit	329,390	0	329,390
US Treasury securities	902,130	0	902,130
US Bond funds	724,326	724,326	0
US Corporate bonds	275,552	275,552	0
Foreign corporate bonds	58,772	0	58,772
US Equities	3,172,551	3,172,551	0
Foreign equities	<u>626,470</u>	<u>626,470</u>	<u>0</u>
Total	<u>\$6,998,629</u>	<u>\$5,708,337</u>	<u>\$1,290,292</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Net gain on investments consists of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Unrealized gain	\$796,896	\$95,926
Realized gain	450,448	150,494
Investment fees	<u>(66,680)</u>	<u>(57,632)</u>
Net gain on investments	<u>\$1,180,664</u>	<u>\$188,788</u>

Note 4 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Computers and equipment	\$95,580	\$78,988
Furniture and fixtures	42,784	42,784
Leasehold improvements	93,995	92,199
Website	<u>155,190</u>	<u>155,190</u>
	387,549	369,161
Less: accumulated depreciation	<u>(357,715)</u>	<u>(350,543)</u>
Total fixed assets, net	<u>\$29,834</u>	<u>\$18,618</u>

Note 5 - Restricted Cash

The Organization has a certificate of deposit with a bank which it pledges as collateral for its leased property.

Note 6 - Paycheck Protection Program Loan

During the year ended June 30, 2020, the Organization obtained a loan from the SBA in the amount of \$408,545 through the Paycheck Protection Program. Terms of the loan indicated that if certain conditions were met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are not less than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven.

The Organization accounts for the PPP loan in accordance with Topic 605 as a conditional grant. The conditions for forgiveness on this loan were met during the year ended June 30, 2021 and the full amount has been recognized as revenue during the year then ended.

Note 7 - Net Assets With Donor Restrictions

The following summarizes the nature of net assets with donor restrictions:

	<u>6/30/21</u>	<u>6/30/20</u>
Programs:		
United States of Writing	\$20,000	\$62,500
Literary Network	0	26,706
Office equipment	0	10,000
Writers Exchange Award	0	15,000
Reading/Workshops Program	<u>0</u>	<u>1,094</u>
Total programs	20,000	115,300
Time restricted	<u>203,250</u>	<u>529,012</u>
Total for future programs and periods	<u>223,250</u>	<u>644,312</u>
Endowment:		
Corpus:		
General endowment	1,136,991	1,136,991
Frances Abbey endowment	265,000	265,000
Galen Williams endowment	266,750	266,750
Jackson Prize endowment	<u>2,277,014</u>	<u>2,277,014</u>
Total corpus	<u>3,945,755</u>	<u>3,945,755</u>
Endowment earnings:		
General endowment	674,245	435,478
Frances Abbey endowment	150,900	96,075
Galen Williams endowment	101,556	53,005
Jackson Prize endowment	<u>2,171,183</u>	<u>1,508,291</u>
Total endowment earnings	<u>3,097,884</u>	<u>2,092,849</u>
Total endowment	<u>7,043,639</u>	<u>6,038,604</u>
Total net assets with donor restrictions	<u>\$7,266,889</u>	<u>\$6,682,916</u>

Net assets were released from donor restrictions by satisfying the following purposes:

	<u>6/30/21</u>	<u>6/30/20</u>
Programs and time periods:		
United States of Writing	\$62,500	\$75,000
Literary Network	26,706	13,594
Office Equipment	10,000	0
Writers Exchange Award	15,000	0
Reading/Workshops Program	1,094	1,375
Galen Williams Fellowships	<u>0</u>	<u>26,782</u>
Total programs	115,300	116,751
Time restricted	<u>325,762</u>	<u>283,685</u>
Total future programs and time periods	<u>441,062</u>	<u>400,436</u>
Endowment:		
General endowment income	85,138	82,974
Frances Abbey endowment income	19,550	19,053
Galen Williams endowment income	17,312	16,873
Jackson Prize endowment income	<u>110,000</u>	<u>91,500</u>
Total endowment	<u>232,000</u>	<u>210,400</u>
Total	<u>\$673,062</u>	<u>\$610,836</u>

Note 8 - Investments Held for Endowment

The Organization’s endowment includes one general fund, three individual funds to be held indefinitely and board designated funds for the growth of the endowment. The income from these investments can be used to support specific activities and provide fellowships.

Interpretation of Relevant Law

The Organization follows New York Prudent Management of Institutional Funds Act (“NYPMIFA”), which the Board of Directors has interpreted as requiring certain amounts to be retained in perpetuity. Absent explicit donor stipulations to the contrary, the Organization will preserve the fair value of the original gift as of the gift date for all donor-restricted endowment funds. However, under certain circumstances, the Organization has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, the Organization classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditure; therefore, they have been classified in the class of net assets with donor restrictions.

Spending Policies

In accordance with NYPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization;
- (7) The investment policies of the Organization;
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Organization.

The Organization has a policy of appropriating for distribution each year, 5% of its endowment funds, calculated on the basis of market values determined at least quarterly, and averaged over a period of five years, immediately preceding the year in which the appropriation for expenditure is made.

Changes in endowment net assets consisted of:

	<u>June 30, 2021</u>		
	Endowment <u>Earnings</u>	Endowment <u>Corpus</u>	<u>Total</u>
Endowment assets, beginning of year	\$2,092,849	\$3,945,755	\$6,038,604
Interest and dividend income	122,972	0	122,972
Net gain on investments	1,114,063	0	1,114,063
Appropriation of endowment assets for expenditure	<u>(232,000)</u>	<u>0</u>	<u>(232,000)</u>
Endowment net assets, end of year	<u>\$3,097,884</u>	<u>\$3,945,755</u>	<u>\$7,043,639</u>
	<u>June 30, 2020</u>		
	Endowment <u>Earnings</u>	Endowment <u>Corpus</u>	<u>Total</u>
Endowment assets, beginning of year	\$2,010,331	\$3,945,755	\$5,956,086
Interest and dividend income	121,461	0	121,461
Net gain on investments	171,457	0	171,457
Appropriation of endowment assets for expenditure	<u>(210,400)</u>	<u>0</u>	<u>(210,400)</u>
Endowment net assets, end of year	<u>\$2,092,849</u>	<u>\$3,945,755</u>	<u>\$6,038,604</u>

Endowment net asset composition by type of fund consisted of:

	<u>June 30, 2021</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment assets:			
General endowment	\$674,245	\$1,136,991	\$1,811,236
Frances Abbey	150,900	265,000	415,900
Galen Williams	101,556	266,750	368,306
Jackson Prize	<u>2,171,183</u>	<u>2,277,014</u>	<u>4,448,197</u>
	<u>\$3,097,884</u>	<u>\$3,945,755</u>	<u>\$7,043,639</u>
	<u>June 30, 2020</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment assets:			
General endowment	\$435,477	\$1,136,991	\$1,572,468
Frances Abbey	96,075	265,000	361,075
Galen Williams	53,005	266,750	319,755
Jackson Prize	<u>1,508,292</u>	<u>2,277,014</u>	<u>3,785,306</u>
	<u>\$2,092,849</u>	<u>\$3,945,755</u>	<u>\$6,038,604</u>

Endowment Investment Policies

The Organization has adopted an investment policy for endowment assets that relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

At various times throughout the year, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021 and 2020.

Note 9 - Program Services Expenses

The costs of providing the Organization's services have been summarized on a functional basis and have been allocated among the programs and supporting services. Program services expenses consist of the following:

	<u>6/30/21</u>	<u>6/30/20</u>
Publications	\$2,349,176	\$2,250,798
Poets & Writers Online	415,016	374,837
Readings/Workshops and other	<u>723,541</u>	<u>761,062</u>
Total program services expenses	<u>\$3,487,733</u>	<u>\$3,386,697</u>

Note 10 - Commitments

Office space in New York is occupied under a non-cancelable lease for specified base rents plus certain escalations including real estate taxes. The initial lease period covered the period through March 2018 but was extended through July 31, 2028.

Minimum future obligations are as follows:

	<u>Amount</u>
Year ending: June 30, 2022	354,228
June 30, 2023	371,057
June 30, 2024	404,252
June 30, 2025	414,359
June 30, 2026	424,718
Thereafter	<u>919,433</u>
Total	<u>\$2,888,047</u>

Rent expense was approximately \$375,000 and \$362,000 for the years ended June 30, 2021 and 2020, respectively.

Note 11 - Pension Plan

The Organization offers a 403(b) thrift-savings plan covering full-time employees who have completed at least one year of service. Employees who participate in the plan may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. The Organization can make a discretionary annual employer contribution for each participating employee equal to 2% of their annual salary. There were no discretionary employer contributions for the year ended June 30, 2021 and 2020.

Note 12 - Availability and Liquidity

Financial assets that are available for general expenditure within one year of the date of the statement of financial position can be summarized as follows:

Cash and cash equivalents	\$732,521	
Investments	1,519,401	
Government grants receivable	17,921	
Contributions receivable	269,200	
Accounts receivable	<u>85,451</u>	
Total financial assets		\$2,624,494
Less amounts not available for general expenditures:		
Board designated reserve	(500,000)	
Donor restrictions for future programs not appropriated for spending	<u>(20,000)</u>	
Total amounts not available for general expenditures		(520,000)
Amounts appropriated by the Board of of Directors for fiscal year 2022 operations		<u>126,000</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$2,230,494</u>

The Organization's endowment funds are held for long term purposes and consist of a donor-restricted endowment and a board designated endowment. While these assets are not considered available for general expenditures by management, the board restricted endowment can be made available if the need arises.

Note 13 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of the financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact cannot be quantified.

Note 14 - Subsequent Events

Subsequent events have been evaluated through October 27, 2021, the date the financial statements were issued. The Organization has concluded that no other material events have occurred that are not accounted for in the accompanying financial statements or disclosed in the accompanying notes.