

THE PORCH WRITERS' COLLECTIVE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2019



BELLENFANT
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

THE PORCH WRITERS' COLLECTIVE, INC.

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**BELLENFANT**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Porch Writers' Collective, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of The Porch Writers' Collective, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities 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 Porch Writers' Collective, Inc. as of June 30, 2019, 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.

Bellenfant, PLLC

August 30, 2019

THE PORCH WRITERS' COLLECTIVE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash	\$ 63,331
Accounts Receivable	<u>9,426</u>
Total Current Assets	<u>72,757</u>

FIXED ASSETS

Furniture and Fixtures, at cost, net of accumulated depreciation	<u>2,833</u>
Total Fixed Assets	<u>2,833</u>

Total Assets	<u><u>75,590</u></u>
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LIABILITIES AND NET ASSETS

LIABILITIES

Total Liabilities	<u>-</u>
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NET ASSETS

Net Assets Without Donor Restrictions	<u>75,590</u>
Total Net Assets Without Donor Restrictions	<u>75,590</u>
Total Liabilities and Net Assets	<u><u>\$ 75,590</u></u>

The accompanying notes are an integral part of these statements.

THE PORCH WRITERS' COLLECTIVE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

REVENUE

Public Support:

Contributions	\$ 29,647
Program Grants	28,128
Fundraisers	26,009
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Total Public Support	83,784
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Program Revenue:

Membership	17,669
Workshops	81,167
Retreats	2,672
Editorial Services	8,861
SLANT	10,600
Versify	5,700
NAZA	3,420
OZ	2,958
Other Events	15,213
Miscellaneous Revenue	731
Interest	45
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Total Program Revenue	149,036
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Total Revenue	232,820
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EXPENSES

Program Services	182,996
Management and General	37,592
Fundraising	7,427
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Total Expenses	228,015
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Change in Net Assets	4,805
Net Assets, beginning of the year	70,785
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Net Assets, end of the year	\$ 75,590
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The accompanying notes are an integral part of these statements.

THE PORCH WRITERS' COLLECTIVE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 93,387	\$ -	\$ -	\$ 93,387
Payroll Taxes	7,609	-	-	7,609
Occupancy	-	18,072	-	18,072
Marketing and Advertising	1,855	-	-	1,855
Meetings and Events	878	440	-	1,318
Memberships	152	-	-	152
Workshops	27,551	-	-	27,551
Retreats	1,685	-	-	1,685
Editorial Services	7,794	-	-	7,794
SLANT	8,236	-	-	8,236
Versify	2,475	-	-	2,475
NAZA	2,940	-	-	2,940
OZ	3,749	-	-	3,749
Whitsitt	5,502	-	-	5,502
Immigrant and Refugee	3,538	-	-	3,538
Other Events	13,990	-	-	13,990
Annual Fundraiser	-	-	7,427	7,427
Travel, Meals, and Entertainment	763	-	-	763
Accounting	-	3,985	-	3,985
Credit Card Processing Fees	-	2,845	-	2,845
Insurance	-	804	-	804
Licenses and Taxes	-	320	-	320
Depreciation	-	235	-	235
Office Expenses	-	933	-	933
Information Technology	-	1,736	-	1,736
Utilities	-	3,029	-	3,029
Building Maintenance and Supplies	-	4,763	-	4,763
Miscellaneous	892	430	-	1,322
Total Expenses	<u>\$ 182,996</u>	<u>\$ 37,592</u>	<u>\$ 7,427</u>	<u>\$ 228,015</u>

The accompanying notes are an integral part of these statements.

THE PORCH WRITERS' COLLECTIVE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 4,805
Depreciation	235
Adjustments to reconcile change in net assets to net cash provided by operations	
(Increase) Decrease in: Accounts Receivable	<u>(2,811)</u>
Net Cash Provided (Used) by Operating Activities	<u>2,229</u>

CASH FLOWS FROM FINANCING ACTIVITIES

(Increase) Decrease in: Fixed Assets	<u>(3,068)</u>
Net Cash Provided (Used) by Financing Activities	<u>(3,068)</u>
Net Increase (Decrease) in Cash	(839)
Cash, beginning of the year	<u>64,170</u>
Cash, end of the year	<u><u>\$ 63,331</u></u>

The accompanying notes are an integral part of these statements.

THE PORCH WRITERS' COLLECTIVE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The Porch Writers' Collective, Inc. inspires, educates, and connects writers and readers of all ages and stages through classes and literary events.

Program Services:

The Porch Writers' Collective, Inc. ("The Organization") offers writing workshops, literary events, editorial and manuscript coaching services, writing retreats, youth programming, and writing workshops for immigrants and refugees. The Organization also partners with other nonprofit organizations for events and outreach programs.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Organization had \$75,590 of net assets without donor restrictions as of June 30, 2019.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes. The Organization had no net assets with donor restrictions as of June 30, 2019.

THE PORCH WRITERS' COLLECTIVE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents. The cash accounts are held by financial institutions, the balances do not currently exceed the insurance coverage of the Federal Deposit Insurance Corporation (FDIC).

Accounts Receivable and Allowance for Doubtful Accounts

It is the policy of the Organization to record accounts receivable when the amount to be received becomes known. Management considers all receivables as of June 30, 2019 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Fixed Assets

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$500. Property and equipment is recorded at cost at the date of purchase. Donated property and equipment are recorded at their fair value at the date of the donation. Certain property and equipment have been purchased in part or in full with grant funds, and to that extent, the State of Tennessee retains a reversionary interest in these assets in the event of their disposition. Depreciation is calculated by the straight-line method over the useful lives of the respective assets as follows:

Furniture and Fixtures	7 years
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Income Taxes

The Organization has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

The Organization has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Organization believes that it has taken no uncertain tax positions.

The Organization files a U.S. Federal Form 990-*Return of Organization Exempt from Income Tax*. The Organization's returns for the years prior to the year ended June 30, 2015 are no longer open for examination.

THE PORCH WRITERS' COLLECTIVE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reported amounts and disclosures. Accordingly, actual results could differ from estimates.

Contributions

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As of June 30, 2019, all contributions are considered unrestricted.

Expense Allocation

The costs of providing program services, supporting services and fundraising have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among programs, supporting services and fundraising based on actual or estimated time employees spent on each function.

2. FIXED ASSETS

The components of fixed assets are categorized for the year ended June 30, 2019 as follows:

Furniture and Fixtures	<u>\$ 3,068</u>
Less: Accumulated Depreciation	<u>(235)</u>
Fixed Assets, net	<u><u>\$ 2,833</u></u>

THE PORCH WRITERS' COLLECTIVE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019

3. LEASES

Beginning December 5, 2018, the Organization leased a new location under a 2 year lease.

Future minimum lease payments are as follows:

Year ended June 30,	
2020	\$ 22,800
2021	<u>11,400</u>
Total minimum lease payments	<u>\$ 34,200</u>

4. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use:

Cash and Cash Equivalents	<u>\$ 63,331</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 63,331</u>

There is an adequate amount of financial assets available as of June 30, 2019. The Organization effectively manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.

5. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 30, 2019 which is the date the financial statements were available to be issued.