

THE PORCH WRITERS' COLLECTIVE, INC.

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

JUNE 30, 2023



BELLENFANT
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

THE PORCH WRITERS' COLLECTIVE, INC.

TABLE OF CONTENTS

Independent Auditor's Report	3
Financial Statements:	
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9



BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 which comprise 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 Porch Writers' Collective, Inc. as of June 30, 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Porch Writers' Collective, Inc. 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 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.

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 Porch Writers' Collective, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 Porch Writers' Collective, Inc.'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 Porch Writers' Collective, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with 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.

Bellenfant, PLLC

Nashville, Tennessee
March 18, 2024

THE PORCH WRITERS' COLLECTIVE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 111,557
Grants Receivable	<u>9,057</u>
Total Current Assets	<u>120,614</u>
Fixed Assets	3,068
Accumulated Depreciation	<u>(1,987)</u>
Fixed Assets, net of accumulated depreciation	<u>1,081</u>
Total Assets	<u><u>121,695</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	<u>5,440</u>
Total Current Liabilities	<u>5,440</u>

NET ASSETS

Net Assets Without Donor Restrictions	113,166
Net Assets With Donor Restrictions	<u>3,089</u>
Total Net Assets	<u>116,255</u>
Total Liabilities and Net Assets	<u><u>\$ 121,695</u></u>

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

THE PORCH WRITERS' COLLECTIVE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Direct Contributions	\$ 110,597	\$ 1,350	\$ 111,947
Governmental Grants	106,389	-	106,389
Non-Governmental Grants	38,257	-	38,257
			-
Adult Programming	148,328	-	148,328
Youth Programming	8,603	-	8,603
Merchandise Sales	1,370	-	1,370
Interest Income	452	-	452
Miscellaneous Event Revenue	2,413	-	2,413
Net Assets Released From Restrictions	1,034	(1,034)	-
	<u>417,443</u>	<u>316</u>	<u>417,759</u>
EXPENSES			
Program Services	359,052	-	359,052
Management and General	42,244	-	42,244
Fundraising	36,427	.	36,427
	<u>437,723</u>	<u>-</u>	<u>437,723</u>
Change in Net Assets	(20,280)	316	(19,964)
Net Assets, Beginning of Year	<u>133,446</u>	<u>2,773.00</u>	<u>136,219</u>
Net Assets, End of Year	<u><u>\$ 113,166</u></u>	<u><u>\$ 3,089</u></u>	<u><u>\$ 116,255</u></u>

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

THE PORCH WRITERS' COLLECTIVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Supporting Services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	185,852	21,865	10,932	218,649
Payroll Tax	14,010	1,648	824	16,482
Rent	19,380	2,280	1,140	22,800
Consulting and Professional Fees	16,565	1,949	974	19,488
Annual Fundraising	-	-	15,307	15,307
Adult Events	88,452	10,406	5,203	104,061
Youth Events	9,178	1,080	540	10,798
Membership Expenses	453	53	27	533
Merchandise	1,110	131	65	1,306
Advertising	2,019	238	119	2,376
Travel	2,311	272	136	2,719
Insurance	667	79	39	785
Professional Memberships	213	25	13	251
Taxes and Licenses	312	37	18	367
IT and Computer Expenses	9,588	1,128	564	11,280
Bank and Credit Card Processing	2,922	344	172	3,438
Miscellaneous	936	110	56	1,102
Office Supplies and Equipment	1,512	178	89	1,779
Utilities	2,557	301	150	3,008
Depreciation	373	44	21	438
Maintenance	642	76	38	756
Total Expenses	<u>\$ 359,052</u>	<u>\$ 42,244</u>	<u>\$ 36,427</u>	<u>\$ 437,723</u>

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

THE PORCH WRITERS' COLLECTIVE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (19,964)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	438
(Increase) Decrease in:	
Grants Receivable	26,522
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	<u>2,021</u>
Net Cash Provided (Used) by Operating Activities	<u>9,017</u>
Net Increase (Decrease) in Cash	9,017
Cash and Cash Equivalents, Beginning of Year	<u>102,540</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 111,557</u></u>

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

THE PORCH WRITERS' COLLECTIVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose

The Porch Writers' Collective, Inc. ("the Organization") was incorporated in 2014 as a Not-for-Profit Organization in Tennessee. Its primary purpose is to inspire, educate, and connect writers and readers of all ages and stages through classes and literary events. The main programs used by The Porch Writers' Collective are 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 Accounting

The financial statements of The Porch Writers' Collective are maintained and presented on the Accrual Basis of Accounting. Revenues are generally recognized when earned and expenses are generally recorded when incurred.

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 \$113,166 of net assets without donor restrictions as of June 30, 2023.

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 \$3,089 of net assets with donor restrictions as of June 30, 2023.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the The Porch Writers' Collective, Inc. considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. As of June 30, 2023 the Organization had no cash equivalents.

THE PORCH WRITERS' COLLECTIVE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Grants Receivable

Grants receivable are reported at their estimated collectible amounts. They are periodically evaluated for collectability based on management's assessment of each account. An allowance for doubtful accounts is established as losses are estimated to have occurred through recognition of bad debt expense. Management considers all receivable as of June 30, 2023 to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Fixed Assets

Fixed assets consist of Furniture and Fixtures. Purchases above \$1,000 are recorded at cost. Depreciation is provided in amounts necessary to allocate the cost of assets over their estimated useful lives using the straight-line method. The estimated useful lives of all major classes of fixed assets are as follows:

Furniture and fixtures	7 years
------------------------	---------

Revenue and Revenue Recognition

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's revenue within the scope of ASC 606 consists of membership dues and literary events. The contract obligations related to these services are satisfied when the membership period has passed.

In general, the Organization's agreements have an expected duration of one year or less and the consideration from the members is an amount that corresponds directly with the value received by the members to date.

Advertising

Advertising costs are expensed as incurred. Advertising expenses for the year ended June 30, 2023 totaled \$2,376.

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 those estimates.

THE PORCH WRITERS' COLLECTIVE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Donated Services and Goods

Donated services are recognized if they create or enhance non-financial assets, or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased if not donated. Such services are recognized at fair values as support and expenses in the period the services are performed.

Members of the Board of Directors have provided substantial assistance by donation of time and services. The value of this contribution is not reflected in the financial statements since it is not susceptible to objective measurement or valuation.

Functional Allocation of Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Accordingly, certain costs have been categorized based on specific identification of costs incurred or allocated as determined by management.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and Effort
Annual Fundraiser	Time and Effort
Adult and Youth Events	Time and Effort
Rent	Square Footage
Insurance	Policy Coverage

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these costs when actually paid.

THE PORCH WRITERS' COLLECTIVE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

Leases

The Organization adopted ASU 2016-02, Leases (Topic 842) during the year ended June 30, 2022. The Organization made an accounting policy election available under Topic 842 not to recognize right-of use ("ROU") assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or June 30, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization used the discount rate implicit in the lease agreement. If not readily determinable, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

The Organization also elected the available practical expedients. These included transition elections that permitted it to not reassess its prior conclusions about lease identification, lease classification, and initial direct costs for existing or expired leases. In addition, it adopted ongoing accounting policies to not separate lease and non-lease components for all classes of underlying assets other than transportation equipment.

2. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date:

Financial Assets	\$ 111,557
Grants Receivable	<u>9,057</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 120,614</u></u>

There is an adequate amount of financial assets available as of June 30, 2023. The Organization effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

THE PORCH WRITERS' COLLECTIVE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

3. CONCENTRATION OF CREDIT RISK

The Organization invests its available cash with major financial institutions. As of June 30, 2023, the cash accounts do not exceed Federal Deposit Insurance Corporation limit of \$250,000. Cash in banks will at times exceed federal insurance limits. Management considers this to be a normal business risk, mitigated by the underlying quality of the financial institutions used by the Organization.

4. STATE AND LOCAL GRANTS

Grant funds received from the Tennessee Arts Commission, Metro Nashville Arts Commission and multiple Foundations are to be primarily used for Adult and Youth literary education. As of June 30, 2023, grants receivable was composed of the following:

Governmental Grants	<u>\$ 9,057</u>
Total Grants Receivable	<u><u>\$ 9,057</u></u>

5. OPERATING LEASE COMMITMENT

The Porch Writers' Collective, Inc. leases office space under a non-cancelable lease which expires July 15, 2024. Future minimum lease payments required are as follows:

	<u>Occupancy Rent</u>
For the year ended June 30, 2024	<u>\$ 22,800</u>
Total	<u><u>\$ 22,800</u></u>

6. INCOME TAXES

The Porch Writers' Collective, Inc. 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 files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Organization's returns for the years prior to fiscal year 2020 are no longer open for examination.

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.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 18, 2024 which is the date the financial statements were available to be issued.