

MY OWN BOOK FUND INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

My Own Book Fund Inc.
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Year Ended June 30, 2020

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Independent Accountant's Review Report

To the Board of Directors
My Own Book Fund Inc.
New York, New York

We have reviewed the accompanying financial statements of My Own Book Fund Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Gettry Marcus CPA, P.C.

Gettry Marcus CPA, P.C.
New York, New York
November 6, 2020

My Own Book Fund Inc.
Statement of Financial Position
June 30, 2020

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Assets			
Current assets			
Cash	\$ 51,667	\$ 22,668	\$ 74,335
Short-term investments	<u>571,784</u>	<u>36,000</u>	<u>607,784</u>
Total assets	<u>\$ 623,451</u>	<u>\$ 58,668</u>	<u>\$ 682,119</u>
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	<u>\$ 11,500</u>	<u>\$ -</u>	<u>\$ 11,500</u>
Net assets			
Without donor restrictions	611,951	-	611,951
With donor restrictions	<u>-</u>	<u>58,668</u>	<u>58,668</u>
Total net assets	<u>611,951</u>	<u>58,668</u>	<u>670,619</u>
Total liabilities and net assets	<u>\$ 623,451</u>	<u>\$ 58,668</u>	<u>\$ 682,119</u>

My Own Book Fund Inc.
Statement of Activities
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions	\$ 80,073	\$ 52,367	\$ 132,440
Investment return, net	25,440	-	25,440
Net assets released from restrictions	49,435	(49,435)	-
Total support and revenue	<u>154,948</u>	<u>2,932</u>	<u>157,880</u>
Functional expenses			
Program services	84,753	-	84,753
Supporting services	36,349	-	36,349
Total functional expenses	<u>121,102</u>	<u>-</u>	<u>121,102</u>
Increase in net assets	33,846	2,932	36,778
Net assets - Beginning of year	<u>578,105</u>	<u>55,736</u>	<u>633,841</u>
Net assets - End of year	<u>\$ 611,951</u>	<u>\$ 58,668</u>	<u>\$ 670,619</u>

My Own Book Fund Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Functional Expenses</u>
	<u>Book Purchase Program</u>	<u>Administration</u>	
Book purchases	\$ 76,582	\$ -	\$ 76,582
Contract services	7,467	19,200	26,667
Professional fees	-	11,525	11,525
Occupancy	704	704	1,408
Insurance	-	1,053	1,053
Office expense	-	519	519
Taxes and fees	-	313	313
Travel and meetings	-	316	316
Grantwriting	-	448	448
Equipment rental & maintenance	-	891	891
Other expenses	-	884	884
Bank and credit card fees	-	496	496
Total expenses	<u>\$ 84,753</u>	<u>\$ 36,349</u>	<u>\$ 121,102</u>

**My Own Book Fund Inc.
Statement of Cash Flows
Year Ended June 30, 2020**

Cash flows from operating activities	
Increase in net assets	<u>\$ 36,778</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Unrealized gain on investments	(10,942)
Realized gain on sale of investments	<u>(1,320)</u>
Total adjustments	<u>(12,262)</u>
Net cash provided by operating activities	24,516
Cash flows from investing activities	
Purchases of investments	(13,178)
Proceeds from sale of investments	<u>9,025</u>
Net cash used by investing activities	<u>(4,153)</u>
Net increase in cash	20,363
Cash - Beginning of year	<u>53,972</u>
Cash - End of year	<u><u>\$ 74,335</u></u>

My Own Book Fund Inc.
Notes to Financial Statements
June 30, 2020

Note 1 – Summary of Organization and Nature of Activities

Organization and Nature of Activities

My Own Book Fund, Inc. (the “Organization”), was organized in the State of Delaware on July 19, 2012. Before forming its own independent nonprofit organization, the Organization operated for thirteen years under the umbrella of the New York City Fund for Public Schools, Inc. (FPS), the nonprofit partner to the NYC Department of Education. The FPS also acted as a custodian for funds solicited by the Organization’s volunteers. The Organization continues to play a pivotal role in improving public education in New York City by securing funding for critical public education initiatives. Driven by the belief that early child literacy begins with books in the home, the Organization fosters a love of reading by empowering children in need to select, purchase, and read their very own books.

In March 2020, the Organization entered into an affiliation agreement with the United Social Services of the Society for Ethical Culture, Inc. (“SSB”), a nonprofit organization and the philanthropic arm of The New York Society for Ethical Culture. The agreement secures the future of the Organization’s program and mission of having children in need purchase and own their very own books. Most importantly, it provides that when the Organization’s present leadership is no longer active, SSB will provide the needed management for many years to come. The Organization’s President and Executive Vice President have joined the SSB Board of Directors and two SSB Board members have joined the Organization’s Board of Directors. Those two new board members have become active and enthusiastic volunteers.

The Organization is supported primarily through donor contributions and grants.

Description of Program and Supporting Services

Book Purchase Program

The Program introduces children to bookstores to foster the love of reading and the joy of book ownership among New York City’s disadvantaged students. The focus is to promote child literacy through emphasis on choice and ownership. The program reflects the premise that book ownership and the act of choosing creates a vested interest in reading and in books that leads children to succeed academically and socially. The Organization is comprised of volunteers who organize trips to local book stores for under-privileged third grade children throughout the five boroughs of New York City. At the bookstore, the children have the opportunity to purchase fifty dollars worth of books, all of which is funded by the Organization. In addition to providing guidance to the children at the bookstore, the volunteers meet with the children in their classrooms to help prepare them for the bookstore visits and meet them again after the visits to give the children an opportunity to discuss the trip and the books that they have read.

Administration

Includes the functions necessary to ensure an adequate working environment and to manage the administrative, financial and budgetary responsibilities of the Organization.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

My Own Book Fund Inc.
Notes to Financial Statements
June 30, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

The Organization reports 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: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. When a restriction expires (when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Contributions and Expenditures

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give will be recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets will be reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities will be reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Uninsured Cash Balances

The Organization maintains cash balances at a bank in the New York metropolitan area. Cash accounts at the bank are insured by the Federal Deposit Insurance Corporation subject to certain limits. At times, such cash balances may be in excess of the insured limits. The Organization has not experienced any losses in these accounts and does not believe it its exposed to any significant credit risk on its cash.

Short-term Investments - Fair Value

Fair value measurements are segregated into those that are recurring and nonrecurring. Recurring fair value measurements of assets and liabilities are those that are required or permitted in the statement of financial position at the end of each reporting period related to assets such as trading securities, securities available for sale, and private and venture-capital equity investments. All of the Organization's fair value measurements are recurring.

My Own Book Fund Inc.
Notes to Financial Statements
June 30, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the gains and losses on investments bought and sold as well as held during the year.

Tax-Exempt Status

The Organization has been notified by the Internal Revenue Service that it is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code (“Code”). The Organization is further classified as an organization that is not a private foundation under Section 509(a)(3) of the Code. The Organization follows the guidance of Accounting Standards Codification 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by management. It has been determined that is more likely than not that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

In-Kind Donations

During the year ended June 30, 2020, the value of in-kind donations meeting the requirements for recognition in the financial statements was \$1,200, which is included in contributions on the statement of activities. The in-kind donation for the year ended June 30, 2020 was for the leasing of office space in New York City from a board member.

Functional Expenses and Allocation Method

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions. Accordingly, certain costs have been allocated among the programs and supporting services benefited, using appropriate measurement methodologies. The expenses that are being allocated include salaries and related expenses, which are allocated on the basis of estimates of time and effort.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Estimates are based on past experience and other assumptions that management believes are reasonable under the circumstances, and management evaluates these estimates on an ongoing basis. The significant estimates of the Organization include the estimated value of in-kind donations received during the year and the allocation of costs among program services and supporting services on the statement of functional expenses.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through November 6, 2020, the date the financial statements were available to be issued.

My Own Book Fund Inc.
Notes to Financial Statements
June 30, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Accounting Standards Updates (“ASU”)

The Organization has reviewed recently issued ASU’s by the Financial Accounting Standards Board (“FASB”) and based on that review, has determined that those pronouncements, with the exceptions below, will not have a significant effect on the Organization’s financial statements.

In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. The ASU addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and the information provided about expenses and investment return for Not-for-Profit entities. The Organization adopted the ASU retrospectively with effect to July 1, 2017. Accordingly, (i) net assets are presented in two categories (without donor restrictions and with donor restrictions) (ii) a liquidity footnote was added setting forth the information mandated by this ASU (iii) and, enhanced disclosures were provided in certain of the footnotes. The adoption of the ASU had no impact on the net assets (without donor restrictions or with donor restrictions) on the periods presented.

In May 2014, FASB issued Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, which has been amended several times, replaces most existing revenue recognition guidance in U.S. GAAP guidance on this topic and eliminates industry-specific guidance. The ASU requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This process includes identifying performance obligations in the contract, estimating any variable consideration to include in the transaction price, and allocation of the transaction to each performance obligation.

The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This ASU was to be effective for this reporting period of December 31, 2019 but such effective date was recently postponed by FASB until years beginning after December 15, 2019. The Organization is currently assessing the impact this ASU will have on its financial statements.

Note 3 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

My Own Book Fund Inc.
Notes to Financial Statements
June 30, 2020

Note 3 – Fair Value Measurements (continued)

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation techniques used for recurring fair value measurements of assets.

Mutual Fund Shares: Valued at the closing price reported by the funds. These funds are required to publish their net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

There have been no changes in the methodologies used at June 30, 2020.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its' valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value:

<u>Mutual Fund Shares:</u>	<u>Recurring Fair Value Measurements as of June 30, 2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 257,992	\$ -	\$ -	\$ 257,992
Fixed income	197,198	-	-	197,198
Alternatives	152,594	-	-	152,594
Total recurring fair value measurements	<u>\$ 607,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,784</u>

The amount of total gains or losses for the year ended June 30, 2020, included in earnings attributable to the change in unrealized gains or losses relating to assets still held at the reporting date, amount to \$25,440.

My Own Book Fund Inc.
Notes to Financial Statements
June 30, 2020

Note 4 – Net Assets - With Donor Restrictions

Donor restricted net assets as of June 30, 2020 are available to support the following:

Subject to expenditure for specified purpose:		
Administrative expenses	\$	22,668
Subject to the passage of time:		
Table 4 Writers Foundation		<u>36,000</u>
Total net assets with donor restrictions	\$	<u><u>58,668</u></u>

Net assets released from restrictions for the years ended June 30, 2020 were for the following:

Subject to expenditure for specified purpose:		
Administrative expenses	\$	40,435
Subject to the passage of time:		
Table 4 Writers Foundation		<u>9,000</u>
Total releases from restrictions	\$	<u><u>49,435</u></u>

Note 5 – Related Party Transactions

The Organization leases office space in New York City from a board member. No amounts are paid as the market value of the rent is donated by the board member and recorded as an in-kind contribution. The lease term is month-to-month and includes the cost of utilities, taxes, insurance and other costs of the leased property. The amount of rent expense incurred (not paid) for the year ended June 30, 2020 totaled \$1,200 and is included in the statements of activities.

The Organization recognized contributions from the president of the Organization and his foundation of \$82,367 in 2020 which accounted for 62% of total contributions for the year ended June 30, 2020.

Note 6 – Risks and Uncertainties

The Organization is dependent upon contributions from the public for its revenue. The ability of the Organization to continue to elicit this level of contribution is dependent upon current and future economic conditions as well as income tax efficiencies.

The coronavirus pandemic (“COVID-19”) has adversely impacted the United States and many other parts of the world. The Organization has already started to experience reductions in contributions and grants from donors and this reduction could potentially continue or possibly worsen. Further, the Organization could be subject to reduced demand for program services. It is impossible to predict the ongoing effect the coronavirus will have on the economy.

My Own Book Fund Inc.
Notes to Financial Statements
June 30, 2020

Note 6 – Risks and Uncertainties (continued)

In response to the COVID-19 outbreak, the Organization has implemented various short-term cost reductions and cash flow improvement actions. In addition, the Organization has started to transition to a more virtual based program whereby suspending all trips to the local bookstores and providing the students with online book purchasing options. Subsequent to year end, the Organization's investment portfolio has not incurred a decline in fair value and continues to perform positively. However, because the values of the individual investments fluctuate with the market conditions, the amount of losses that will be recognized, if any, cannot be determined. Given this uncertainty, the Organization is not able to estimate the potential effects of COVID-19 for near and long term purposes.

Note 7 – Liquidity

As part of its liquidity management, the Organization established a goal to maintain financial assets on hand to meet 90 days of normal operating expenses. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization does not have a line of credit available to assist with liquidity management.

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash	\$ 74,335
Short-term investments	<u>607,784</u>
Financial assets available within one year	\$ 682,119
Less: those unavailable for general expenditures within one year due to donor restrictions	<u>(58,668)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 623,451</u></u>

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance date.

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures through fundraising efforts, and by utilizing donor-restricted resources from current and prior years. The statement of cash flows identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for the year ended June 30, 2020.