

STORYCORPS, INC.

**Financial Statements
For the Years Ended
December 31, 2019
and
December 31, 2018**

Independent Auditor's Report

To the Board of Directors of
StoryCorps, Inc.

We have audited the accompanying financial statements of StoryCorps, Inc. which comprise the statement of financial position as of December 31, 2019 and December 31, 2018 and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 StoryCorps, Inc. as of December 31, 2019 and December 31, 2018 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

February 28, 2020

Condon O'Meara McGinty & Donnelly LLP

STORYCORPS, INC.

Statement of Financial Position

Assets

	December 31	
	2019	2018
Cash and cash equivalents	\$ 1,141,261	\$ 2,730,708
Investments, at fair value	2,446,138	2,531,329
Unconditional promises to give, net	2,256,552	3,193,673
Other receivables	649,700	315,552
Prepaid expenses and other assets	118,244	83,800
Property and equipment, net	329,735	416,859
Security deposits	77,644	77,644
Total assets	\$ 7,019,274	\$ 9,349,565

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 531,921	\$ 453,218
Deferred revenue	263,325	517,909
Loans payable	15,463	26,878
Promissory note payable	833,979	797,444
Total liabilities	1,644,688	1,795,449

Net assets

Without donor restrictions	2,566,854	2,399,621
With donor restrictions	2,807,732	5,154,495
Total net assets	5,374,586	7,554,116
Total liabilities and net assets	\$ 7,019,274	\$ 9,349,565

See notes to financial statements.

STORYCORPS, INC.

Statement of Activities Years Ended December 31, 2019 and December 31, 2018

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total	Total	Total	Total
Support and revenue				
Contributions				
Government	\$ 1,008,358	\$ 922,491	\$ 905,887	\$ 991,848
Foundations and major donors	1,401,780	1,580,000	1,104,226	1,768,262
Corporations	1,056,099	30,000	1,187,185	146,017
Individuals	252,766	-	241,299	-
Donated services	540,698	-	534,625	-
Fundraising benefits, net of direct expenses of \$104,179 in 2019 and \$108,287 in 2018	422,023	-	693,083	-
Fees	2,216,131	-	1,803,084	-
Book sales	8,944	-	8,156	-
Investment return	75,256	-	30,137	-
Net assets released from restrictions	4,879,254	(4,879,254)	4,236,070	(4,236,070)
Total support and revenue	11,861,309	(2,346,763)	10,743,752	(1,329,943)
Expenses				
Program services	8,829,372	-	7,620,126	-
Supporting activities				
Management and general	1,274,560	-	1,526,864	-
Fundraising	1,590,144	-	1,312,447	-
Total supporting activities	2,864,704	-	2,839,311	-
Total expenses	11,694,076	-	10,459,437	-
Increase (decrease) in net assets	167,233	(2,346,763)	284,315	(1,329,943)
Net assets, beginning of year	2,399,621	5,154,495	2,115,306	6,484,438
Net assets, end of year	\$ 2,566,854	\$ 2,807,732	\$ 2,399,621	\$ 5,154,495
				\$ 7,554,116

See notes to financial statements.

STORYCORPS, INC.

Statement of Functional Expenses Year Ended December 31, 2019 (with Summarized Comparative Information for 2018)

	2019			2018
	<u>Supporting Activities</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 4,296,326	\$ 592,971	\$ 972,436	\$ 5,861,733
Payroll taxes and employee benefits	995,211	154,786	222,453	1,372,450
Rent and utilities	291,236	48,185	47,581	387,002
Other consulting fees	771,712	43,097	88,010	902,819
Professional fees	933,589	225,700	25,206	1,184,495
Telephone and data	42,247	5,965	7,244	55,456
Information technology	171,231	40,586	29,186	241,003
Repairs and maintenance	42,298	6,503	6,536	55,337
Office and facility supplies	30,796	5,510	4,169	40,475
Travel	615,700	19,514	49,424	684,638
Postage and delivery	13,090	1,196	14,455	28,741
Advertising and promotion	282,197	27,393	67,869	377,459
Insurance	39,969	10,180	6,986	57,135
Other operating expenses	52,885	18,808	22,523	94,216
Vehicles and equipment	58,799	4,080	4,131	67,010
Interest and finance charges	-	52,301	-	52,301
Depreciation and amortization	192,086	17,785	5,044	214,915
Indirect fundraising benefit	-	-	16,891	16,891
Total	\$ 8,829,372	\$ 1,274,560	\$ 1,590,144	\$11,694,076
				\$10,459,437

See notes to financial statements.

STORYCORPS, INC.

Statement of Functional Expenses Year Ended December 31, 2018

		<u>Supporting Activities</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 3,755,777	\$ 730,188	\$ 731,063	\$ 5,217,028
Payroll taxes and employee benefits	820,450	199,609	159,315	1,179,374
Rent and utilities	274,217	42,776	39,044	356,037
Other consulting fees	584,234	83,324	179,534	847,092
Professional fees	589,291	259,481	29,406	878,178
Telephone and data	45,734	6,609	7,215	59,558
Information technology	149,706	38,545	30,408	218,659
Repairs and maintenance	40,256	4,797	4,483	49,536
Office and facility supplies	40,502	7,373	4,990	52,865
Travel	620,470	37,061	28,532	686,063
Postage and delivery	20,088	1,848	7,493	29,429
Advertising and promotion	246,676	27,029	40,640	314,345
Insurance	43,049	7,159	6,691	56,899
Other operating expenses	63,587	24,536	18,166	106,289
Vehicles and equipment	59,505	2,287	2,137	63,929
Interest and finance charges	-	48,932	-	48,932
Depreciation and amortization	266,584	5,310	4,680	276,574
Indirect fundraising benefit	-	-	18,650	18,650
Total	\$ 7,620,126	\$ 1,526,864	\$ 1,312,447	\$10,459,437

See notes to financial statements.

STORYCORPS, INC.

Statement of Cash Flows

	Year Ended December 31	
	2019	2018
Cash flows from operating activities		
(Decrease) in net assets	\$ (2,179,530)	\$ (1,045,628)
Adjustments to reconcile (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	214,915	276,574
Realized losses on investments	2	11,466
Unrealized (gains) on investments	(6,683)	(245)
Accretion of interest on promissory note payable	36,535	34,933
Donated stock	(22,765)	(100,516)
Proceeds from sale of donated stock	22,765	100,516
(Increase) decrease in assets		
Unconditional promises to give, net	937,121	2,640,577
Other receivables	(334,148)	190,455
Prepaid expenses and other assets	(34,444)	15,361
Security deposits	-	(13,827)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	78,703	90,593
Deferred revenue	(254,584)	402,326
Net cash provided by (used in) operating activities	<u>(1,542,113)</u>	<u>2,602,585</u>
Cash flows from investing activities		
Purchase of investments	(658,164)	(2,041,825)
Proceeds from sale of investments	750,036	509,551
Purchase of property and equipment	(127,791)	(56,484)
Net cash (used in) investing activities	<u>(35,919)</u>	<u>(1,588,758)</u>
Cash flows (used in) financing activities		
Repayment of loans payable	<u>(11,415)</u>	<u>(11,260)</u>
Net increase (decrease) in cash and cash equivalents	(1,589,447)	1,002,567
Cash and cash equivalents, beginning of year	<u>2,730,708</u>	<u>1,728,141</u>
Cash and cash equivalents, end of year	<u>\$ 1,141,261</u>	<u>\$ 2,730,708</u>

See notes to financial statements.

STORYCORPS, INC.**Notes to Financial Statements
December 31, 2019 and December 31, 2018****Note 1 - Nature of organization and summary of significant accounting policies**Nature of organization

StoryCorps, Inc. (the “Organization”) is America’s oral history project. Recordings are archived at the American Folklife Center at the Library of Congress so that future generations can hear the stories – and the voices – of today. We share stories online and through our weekly broadcasts, podcast, animated shorts and books.

Cash and cash equivalents

The Organization considers all short-term highly liquid investments, with original maturities of 90 days or less, to be cash equivalents.

Investments

The Organization reports investments at fair value in the statement of financial position. Unrealized gains and losses on the investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions.

Accounting principles generally accepted in the United States of America established a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad levels. All of the Organization’s investments are measured using Level 1 inputs, which are defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date.

Contributions and unconditional promises to give

Contributions, including unconditional promises to give, are recognized as revenue when pledged. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Allowance for doubtful accounts

The Organization deems all accounts receivable to be collectible and, accordingly, an allowance for doubtful accounts is not necessary. Such estimate is based on management’s experience, the aging of the receivables, subsequent receipts and current economic conditions.

Property and equipment

Expenditures for property and equipment over a nominal amount with a useful life greater than one year are recorded at cost. Depreciation and amortization are computed using the straight-line basis over the estimated useful life of the asset or term of the lease, whichever is shorter.

In the absence of explicit donor stipulations, the placed in-service approach is used to recognize the expiration of restrictions on contributions for the acquisition or construction of long-lived assets.

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

Note 1 – Nature of organization and summary of significant accounting policies (continued)Deferred revenue

Revenue from fees is recognized in the period the services take place. Amounts collected in advance of such revenue recognition are deferred.

Basis of presentation

Net assets consist of revenue and other support that are classified based on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions. Such philanthropic support includes gifts without restrictions and restricted gifts whose donor-imposed restrictions are met during the year.

With donor restrictions

Net assets subject to donor-imposed restrictions that will be met either by their use in specific programs or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions in the statement of activities.

Advertising costs

Advertising costs are charged to operations when the advertising takes place.

Functional allocation of expenses

The cost of providing the various program services and supporting activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques including time and effort spent, numbers of staff and office space usage.

Use of estimates

The preparation of financial statements in conformity 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. Accordingly, actual results could differ from those estimates.

STORYCORPS, INC.**Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018****Note 1 – Nature of organization and summary of significant accounting policies (continued)****Concentrations of credit risk**

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, investments and receivables. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, the Organization's bank balances were in excess of the FDIC insurance limit. The Organization has not experienced any losses in the accounts to date. The Organization's investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position as of December 31, 2019. The Organization monitors its cash, cash equivalents, investments and collectability of receivables. As a result, the Organization's management believes concentrations of credit risk are limited.

Reclassifications

Certain items in the 2018 financial statements have been reclassified for comparative purposes only.

Subsequent events

The Organization has evaluated subsequent events through February 28, 2020, the date that the financial statements are considered available to be issued.

Note 2 – Financial assets and liquidity resources

The Organization's working capital and cash flows vary due to timing of payments received under grants and a concentration of contributions received near calendar year-end.

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

Note 2 – Financial assets and liquidity resources (continued)

The following reflects the Organization's financial assets as of December 31, 2019 and December 31, 2018, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions:

	<u>2019</u>	<u>2018</u>
Financial assets		
Cash and cash equivalents	\$ 1,141,261	\$ 2,730,708
Investments, at fair value	2,446,138	2,531,329
Unconditional promises to give, net	2,256,552	3,193,673
Other receivables	<u>649,700</u>	<u>315,552</u>
Total financial assets	6,493,651	8,771,262
Less: Net assets with donor restrictions reduced by unconditional promises to give without program restrictions expected to be collected in the following year	<u>(1,323,565)</u>	<u>(3,557,065)</u>
Total	<u>\$ 5,170,086</u>	<u>\$ 5,214,197</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has an uncommitted line of credit in the amount of \$350,000, which it could draw upon as needed.

Note 3 – Unconditional promises to give

Unconditional promises to give consist of the following as of December 31, 2019 and December 31, 2018:

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Amounts expected to be collected in:		
Less than one year	\$ 2,061,582	\$ 3,069,507
One to two years	<u>200,000</u>	<u>130,000</u>
	2,261,582	3,199,507
Less discount to present value (2.58% for 2019 and 4.6% for 2018)	<u>5,030</u>	<u>5,834</u>
Total unconditional promises to give, net	<u>\$ 2,256,552</u>	<u>\$ 3,193,673</u>

At December 31, 2019 and December 31, 2018, two donors comprised approximately 67% and 61% of unconditional promises to give, respectively.

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

Note 4 – Investments, at fair value

Investments consist of the following as of December 31, 2019 and December 31, 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	\$ -	\$ -	\$ 5	\$ 5
Money market fund	1,393,105	1,393,105	1,512,734	1,512,734
Mutual funds – fixed income ⁽¹⁾	<u>1,048,461</u>	<u>1,053,033</u>	<u>1,020,701</u>	<u>1,018,590</u>
Total	<u>\$2,441,566</u>	<u>\$2,446,138</u>	<u>\$2,533,440</u>	<u>\$2,531,329</u>

⁽¹⁾ Mutual funds consist of short duration bond funds.

Note 5 – Property and equipment, net

Property and equipment, net, consist of the following as of December 31, 2019 and December 31, 2018:

	Estimated Useful		
	Life	<u>2019</u>	<u>2018</u>
StoryCorps booths and vehicles	2-5 years	\$1,003,676	\$ 967,780
Production equipment	5 years	310,252	309,288
Computers and software	3-5 years	1,734,610	1,708,065
Furniture and fixtures	5 years	127,157	119,618
Telephone equipment	5 years	-	30,425
Leasehold improvements	Term of lease	<u>231,193</u>	<u>174,345</u>
Sub-total		3,406,888	3,309,521
Less: accumulated depreciation and amortization		<u>3,077,153</u>	<u>2,892,662</u>
Property and equipment, net		<u>\$ 329,735</u>	<u>\$ 416,859</u>

During 2019, the Organization wrote-off fully depreciated property and equipment with an original cost basis of \$30,425.

Note 6 – Promissory note payable

On August 6, 2008, the Organization executed a zero coupon promissory note with an entity controlled by a substantial donor and received loan proceeds of \$500,098. The promissory note obligates the Organization to pay \$1,225,000 on August 6, 2028. Interest accrues on the note at a rate of 4.53% per annum. Accrued interest expense for the years ended December 31, 2019 and December 31, 2018 was \$36,535 and \$34,933, respectively.

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

Note 7 – Bank line of credit

The Organization has a revolving line of credit, due on demand, in the amount of \$350,000. Interest is due monthly at the banks' prime rate plus 2.0%. Any outstanding balance must be repaid for a period of 30 consecutive days in each year. The line of credit is secured by certain of the Organization's personal property and is due for renewal in December 2020. There were no borrowings under the line of credit during 2019 and 2018.

Note 8 – Loans payable

During 2016, the Organization obtained two loans to purchase two vehicles. The loans require total monthly principal and interest payments of \$976, with interest at the rates of .9% and 1.9% per annum. The loans mature in April 2021. The following is a summary of the future minimum annual principal payments as of December 31, 2019:

<u>Year</u>	<u>Amount</u>
2020	\$ 11,570
2021	<u>3,893</u>
Total	<u>\$ 15,463</u>

Note 9 – Commitments and contingency**Office lease**

The Organization is obligated under the terms of an operating lease for office space. The lease expires June 30, 2023 and provides for minimum monthly payments as well as payments for utilities and taxes with an option to extend the lease for an additional five years. Rent expense for the years ended December 31, 2019 and December 31, 2018 was approximately \$332,000 and \$321,000, respectively. The following is a summary of minimum rental payments as of December 31, 2019:

<u>Year</u>	<u>Amount</u>
2020	\$ 316,120
2021	325,603
2022	335,372
2023	<u>170,164</u>
Total	<u>\$ 1,147,259</u>

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

Note 9 – Commitments and contingency (continued)Government grants

Government supported projects are subject to audit by the applicable government granting agencies. The possible disallowances by the granting agencies of any item charged to the program cannot be determined until such time when and if an audit occurs. Therefore, no provision for any potential disallowances that may result from such audits has been made in the accompanying financial statements. The result of any potential disallowances is deemed to be immaterial.

403(b) plan

The Organization provides its eligible employees the option of deferring current earnings by participating in a tax deferred 403(b) plan. Beginning in 2018, the Organization elected to match each eligible employee's contribution up to 1% of salary. The Organization's contributions to the plan were approximately \$35,000 and \$21,000 in 2019 and 2018, respectively.

Note 10 – Net assets with donor restrictions

Net assets with donor restrictions consisted of the following as of December 31, 2019 and December 31, 2018:

	Balance at December 31, <u>2018</u>	<u>Contributions</u>	Net assets released from <u>restrictions</u>	Balance at December 31, <u>2019</u>
Government	\$ 1,158,515	\$ 922,491	\$ (1,158,515)	\$ 922,491
Corporations	146,017	30,000	(146,017)	30,000
Foundations and major donors	<u>3,849,963</u>	<u>1,580,000</u>	<u>(3,574,722)</u>	<u>1,855,241</u>
Total	<u>\$ 5,154,495</u>	<u>\$ 2,532,491</u>	<u>\$ (4,879,254)</u>	<u>\$ 2,807,732</u>
	Balance at December 31, <u>2017</u>	<u>Contributions</u>	Net assets released from <u>restrictions</u>	Balance at December 31, <u>2018</u>
Government	\$ 994,568	\$ 991,848	\$ (827,901)	\$ 1,158,515
Corporations	-	146,017	-	146,017
Foundations and major donors	<u>5,489,870</u>	<u>1,768,262</u>	<u>(3,408,169)</u>	<u>3,849,963</u>
Total	<u>\$ 6,484,438</u>	<u>\$ 2,906,127</u>	<u>\$ (4,236,070)</u>	<u>\$ 5,154,495</u>

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2019 and December 31, 2018

Note 11 – Donated services

Donated services consist of the following for the years ended December 31, 2019 and December 31, 2018:

	<u>2019</u>	<u>2018</u>
Legal services	\$ 187,479	\$ 276,966
Lodging - StoryCorps program	148,032	118,326
Advertising	<u>205,187</u>	<u>139,333</u>
	<u>\$ 540,698</u>	<u>\$ 534,625</u>

Note 12 – Tax status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, the Organization has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation within the meaning of Section 509(a)(1) of the Code. As a result, donors are able to receive the maximum charitable tax deduction available.