

STORYCORPS, INC.

**Financial Statements
For the Years Ended
December 31, 2016
and
December 31, 2015**

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, 2016 and December 31, 2015 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, 2016 and December 31, 2015 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.

Condon O'Meara McGinty & Donnelly LLP

February 24, 2017

STORYCORPS, INC.

Statement of Financial Position

Assets

	December 31	
	2016	2015
Cash and cash equivalents	\$ 2,674,207	\$ 2,675,567
Unconditional promises to give, net	4,203,709	3,209,612
Other receivables	123,003	299,928
Prepaid expenses and other assets	90,810	91,776
Property and equipment, net	654,676	503,567
Security deposits	63,817	41,033
Total assets	\$ 7,810,222	\$ 6,821,483

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 377,672	\$ 287,034
Deferred revenue	103,024	476,625
Loans payable	49,246	-
Promissory note payable	729,109	697,169
Total liabilities	1,259,051	1,460,828

Net assets

Unrestricted	2,052,880	1,238,234
Temporarily restricted	4,498,291	4,122,421
Total net assets	6,551,171	5,360,655
Total liabilities and net assets	\$ 7,810,222	\$ 6,821,483

See notes to financial statements.

STORYCORPS, INC.

Statement of Activities Years Ended December 31, 2016 and December 31, 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Contributions						
Government	\$ 1,067,547	\$ 764,732	\$ 1,832,279	\$ 1,416,335	\$ 346,867	\$ 1,763,202
Foundations and major donors	2,478,044	2,871,778	5,349,822	1,939,670	1,872,594	3,812,264
Corporations	1,586,734	-	1,586,734	1,504,146	300,000	1,804,146
Individuals	291,511	-	291,511	233,002	-	233,002
Donated services and materials	401,748	-	401,748	473,817	-	473,817
Fundraising benefits, net of direct expenses of \$112,906 in 2016 and \$86,819 in 2015	648,604	-	648,604	458,653	-	458,653
Fees	2,063,257	-	2,063,257	1,637,519	-	1,637,519
Book sales	54,150	-	54,150	67,732	-	67,732
Interest	2,402	-	2,402	2,274	-	2,274
Net assets released from restrictions	2,485,640	(2,485,640)	-	2,639,202	(2,639,202)	-
Total support and revenue	11,079,637	1,150,870	12,230,507	10,372,350	(119,741)	10,252,609
Expenses						
Program services	8,307,089	-	8,307,089	7,943,081	-	7,943,081
Supporting services						
Management and general	1,369,571	-	1,369,571	1,158,617	-	1,158,617
Fundraising	1,363,331	-	1,363,331	1,302,899	-	1,302,899
Total supporting services	2,732,902	-	2,732,902	2,461,516	-	2,461,516
Total expenses	11,039,991	-	11,039,991	10,404,597	-	10,404,597
Increase (decrease) in net assets before other item	39,646	1,150,870	1,190,516	(32,247)	(119,741)	(151,988)
Other item						
Release of restriction for cash reserve	775,000	(775,000)	-	-	-	-
Increase (decrease) in net assets	814,646	375,870	1,190,516	(32,247)	(119,741)	(151,988)
Net assets, beginning of year	1,238,234	4,122,421	5,360,655	1,270,481	4,242,162	5,512,643
Net assets, end of year	\$ 2,052,880	\$ 4,498,291	\$ 6,551,171	\$ 1,238,234	\$ 4,122,421	\$ 5,360,655

See notes to financial statements.

STORYCORPS, INC.

Statement of Functional Expenses Year Ended December 31, 2016 (with Summarized Comparative Information for 2015)

	2016			2015
	Supporting Services			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 4,527,616	\$ 731,577	\$ 844,857	\$ 6,104,050
Payroll taxes and employee benefits	890,473	206,062	169,454	1,265,989
Rent and utilities	232,990	35,061	37,983	306,034
Other consulting fees	341,584	111,785	47,029	500,398
Professional fees	732,923	118,700	17,420	869,043
Telephone and data	30,813	4,406	5,123	40,342
Repairs and maintenance	32,091	4,386	4,751	41,228
Office and facility supplies	101,546	12,680	10,351	124,577
Travel	660,871	24,104	52,838	737,813
Postage and delivery	19,437	2,903	18,169	40,509
Advertising and promotion	220,465	14,133	33,508	268,106
Insurance	46,309	7,409	8,027	61,745
Other operating expenses	114,516	37,403	58,017	209,936
Vehicles and equipment	27,314	2,285	2,590	32,189
Interest and finance charges	-	52,048	-	52,048
Depreciation and amortization	328,141	4,629	5,047	337,817
Indirect fundraising benefit expense	-	-	48,167	48,167
Total	\$ 8,307,089	\$1,369,571	\$ 1,363,331	\$11,039,991
				\$10,404,597

See notes to financial statements.

STORYCORPS, INC.

Statement of Functional Expenses Year Ended December 31, 2015

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 4,302,434	\$ 630,856	\$ 823,132	\$ 5,756,422
Payroll taxes and employee benefits	881,828	168,401	169,370	1,219,599
Rent and utilities	194,760	26,048	30,784	251,592
Other consulting fees	449,224	81,447	13,799	544,470
Professional fees	738,403	119,028	6,832	864,263
Telephone and data	32,053	4,289	4,624	40,966
Repairs and maintenance	45,384	3,610	4,266	53,260
Office and facility supplies	113,840	11,746	9,085	134,671
Travel	681,103	17,913	39,781	738,797
Postage and delivery	20,593	2,521	14,393	37,507
Advertising and promotion	176,761	10,153	55,567	242,481
Insurance	37,003	5,356	6,329	48,688
Other operating expenses	110,624	26,670	66,231	203,525
Vehicles and equipment	30,362	2,048	2,410	34,820
Interest and finance charges	-	46,086	-	46,086
Depreciation and amortization	128,709	2,445	3,033	134,187
Indirect fundraising benefit expense	-	-	53,263	53,263
Total	\$ 7,943,081	\$ 1,158,617	\$ 1,302,899	\$ 10,404,597

See notes to financial statements.

STORYCORPS, INC.

Statement of Cash Flows

	Year Ended December 31	
	2016	2015
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 1,190,516	\$ (151,988)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	337,817	134,187
Accretion of interest on promissory note payable	31,940	30,540
Donated stock	(135,500)	(141,100)
Proceeds from sale of donated stock	135,500	141,100
(Increase) decrease in assets		
Unconditional promises to give	(994,097)	508,696
Other receivables	176,925	(51,798)
Prepaid expenses and other assets	966	(33,364)
Security deposits	(22,784)	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	90,638	(9,597)
Deferred revenue	(373,601)	283,000
Book advance	-	(21,250)
Net cash provided by operating activities	<u>438,320</u>	<u>688,426</u>
Cash flows (used in) investing activities		
Purchase of property and equipment	<u>(432,358)</u>	<u>(427,562)</u>
Cash flows (used in) financing activities		
Repayment of loans payable	<u>(7,322)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(1,360)	260,864
Cash and cash equivalents, beginning of year	<u>2,675,567</u>	<u>2,414,703</u>
Cash and cash equivalents, end of year	<u>\$ 2,674,207</u>	<u>\$ 2,675,567</u>
Supplemental disclosure of cash flow information		
Equipment acquired under loans payable	<u>\$ 56,568</u>	<u>\$ -</u>

See notes to financial statements.

STORYCORPS, INC.**Notes to Financial Statements
December 31, 2016 and December 31, 2015****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

For purposes of the statement of cash flows, the Organization considers all short-term highly liquid investments, with original maturities of 90 days or less, to be cash equivalents.

Contributions and unconditional promises to give

Contributions, including unconditional promises to give, are recognized as revenue in the period received. The Organization reports contributions as temporarily restricted support if they are time restricted or received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. 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.

Contributions that must be used to acquire property and equipment are reported as restricted support and reflected in temporarily restricted net assets. This support is recognized as net assets released from restrictions as the acquired assets are depreciated.

Deferred revenue

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

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2016 and December 31, 2015**Note 1 – Nature of organization and summary of significant accounting policies (continued)**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:

Unrestricted net assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets

Temporarily restricted net assets are restricted for future programs and/or periods. Pursuant to the terms of the MacArthur Foundation's Creative and Effective Institutions Award grant recorded in 2012, the proceeds of which were received during January 2013, \$775,000 was designated as a cash reserve that was to be used to fund temporary shortfalls in cash flow. During 2016, the Organization satisfied the time restriction on the grant and recorded a release of restrictions from cash reserve from temporarily restricted net assets to unrestricted net assets as a 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 and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services in reasonable ratios determined by management.

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.

Concentrations of credit risk

The Organization's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, cash equivalents, and receivables. The Organization places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, cash and cash equivalents exceeded the FDIC insurance limit. The Organization has not experienced any losses with respect to its cash and cash equivalents. The Organization monitors its cash, cash equivalents, and collectability of receivables. As a result, the Organization's management believes concentrations of credit risk are limited.

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2016 and December 31, 2015

Note 1 – Nature of organization and summary of significant accounting policies (continued)**Subsequent events**

The Organization has evaluated subsequent events through February 24, 2017, the date that the financial statements are considered available to be issued.

Note 2 – Unconditional promises to give

Unconditional promises to give consist of the following as of December 31, 2016 and December 31, 2015:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Amounts expected to be collected in:		
Less than one year	\$ 3,099,096	\$ 2,804,623
One to two years	<u>1,186,261</u>	<u>430,000</u>
	4,285,357	3,234,623
Less discount to present value at 3%	<u>81,648</u>	<u>25,011</u>
Total unconditional promises to give, net	<u>\$ 4,203,709</u>	<u>\$ 3,209,612</u>

At December 31, 2016 and December 31, 2015, five and four donors comprised approximately 70% and 53%, respectively, of unconditional promises to give.

Note 3 – Property and equipment

Property and equipment consist of the following as of December 31, 2016 and December 31, 2015:

	<u>Life</u>	<u>2016</u>	<u>2015</u>
StoryCorps booths	5 years	\$ 516,969	\$ 509,872
StoryCorps mobile booths and vehicles	2-5 years	450,811	412,556
Production equipment	5 years	309,288	306,495
Computers and software	3-5 years	1,364,945	949,083
Furniture and fixtures	5 years	97,151	95,203
Telephone equipment	5 years	30,425	30,425
Leasehold improvements	Term of lease	146,583	146,583
Website development	3 years	<u>-</u>	<u>29,517</u>
		2,916,172	2,479,734
Less: accumulated depreciation and amortization		<u>2,261,496</u>	<u>1,976,167</u>
Property and equipment, net		<u>\$ 654,676</u>	<u>\$ 503,567</u>

During 2016, fully depreciated property and equipment, totaling \$52,488, were removed from the books and records of the Organization.

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2016 and December 31, 2015

Note 4 – 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, 2016 and December 31, 2015 was \$31,940 and \$30,540, respectively.

Note 5 – 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 on June 2, 2017. There were no borrowings under the line of credit during 2016 and 2015.

Note 6 – 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, 2016:

<u>Year</u>	<u>Amount</u>
2017	\$ 11,108
2018	11,260
2019	11,414
2020	11,571
2021	3,893
Total	<u>\$ 49,246</u>

Note 7 – Commitments and contingency

The Organization is obligated under the terms of operating leases for office space. The leases expire June 30, 2018 and provide for minimum monthly payments as well as payments for utilities and taxes. Rent expense for the years ended December 31, 2016 and December 31, 2015 was approximately \$284,000 and \$216,000, respectively. Approximate minimum rental payments for the remainder of the leases are \$282,000 and \$143,000 for the years ended December 31, 2017 and 2018, respectively.

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2016 and December 31, 2015

Note 7 – Commitments and contingency (continued)

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 Organization provides its eligible employees the option of deferring current earnings by participating in a tax deferred 403(b) retirement plan. The Organization does not make any contributions to the plan.

Note 8 – Temporarily restricted net assets

Temporarily restricted net assets consisted of the following as of December 31, 2016 and December 31, 2015:

	Balance at December 31, <u>2015</u>	<u>Contributions</u>	Net assets released from restrictions	Balance at December 31, <u>2016</u>
Government	\$ 445,867	\$ 764,732	\$ (425,867)	\$ 784,732
Foundations and major donors	3,376,554	2,871,778	(2,534,773)	3,713,559
Corporations	<u>300,000</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>
Total	<u>\$ 4,122,421</u>	<u>\$ 3,636,510</u>	<u>\$ (3,260,640)</u>	<u>\$ 4,498,291</u>

	Balance at December 31, <u>2014</u>	<u>Contributions</u>	Net assets released from restrictions	Balance at December 31, <u>2015</u>
Government	\$ 833,073	\$ 346,867	\$ (734,073)	\$ 445,867
Foundations and major donors	3,409,089	1,872,594	(1,905,129)	3,376,554
Corporations	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total	<u>\$ 4,242,162</u>	<u>\$ 2,519,461</u>	<u>\$ (2,639,202)</u>	<u>\$ 4,122,421</u>

STORYCORPS, INC.

Notes to Financial Statements (continued)
December 31, 2016 and December 31, 2015

Note 9 – Donated services and materials

Donated services and materials consist of the following for the years ended December 31, 2016 and December 31, 2015:

	<u>2016</u>	<u>2015</u>
Legal services	\$ 271,279	\$ 341,664
Lodging - StoryCorps program	130,469	131,901
Other	<u>-</u>	<u>252</u>
	<u>\$ 401,748</u>	<u>\$ 473,817</u>

Note 10 – 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.