

STORYCORPS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
StoryCorps, Inc.

We have audited the accompanying financial statements of StoryCorps, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities 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.

Auditors' 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lotz + Carr, LLP

New York, New York
June 2, 2015

STORYCORPS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents (Notes 1b and 3)	\$2,414,703	\$2,181,368
Unconditional promises to give (Notes 1c and 4)		
Unrestricted	1,235,315	1,546,422
Restricted to future programs and periods	2,482,993	1,443,122
Other receivables	248,130	690,444
Prepaid expenses and other assets	58,412	78,566
Property and equipment, at cost, net of accumulated depreciation (Notes 1d and 5)	210,192	165,433
Security deposits	41,033	39,683
	<u> </u>	<u> </u>
Total Assets	<u><u>\$6,690,778</u></u>	<u><u>\$6,145,038</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and other liabilities	\$ 296,631	\$ 397,643
Deferred revenue (Note 1e)	193,625	201,944
Book advance	21,250	21,250
Note payable (Note 6)	666,629	637,427
Total Liabilities	<u>1,178,135</u>	<u>1,258,264</u>
Commitments and Contingency (Notes 7 and 8)		
Net Assets		
Unrestricted		
Operating	1,060,289	1,277,518
Property and equipment	210,192	165,433
Total Unrestricted	<u>1,270,481</u>	<u>1,442,951</u>
Temporarily Restricted (Note 2)		
Cash reserve	775,000	775,000
Property and equipment	171,500	190,000
Other	3,295,662	2,478,823
Total Temporarily Restricted	<u>4,242,162</u>	<u>3,443,823</u>
Total Net Assets	<u>5,512,643</u>	<u>4,886,774</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u><u>\$6,690,778</u></u>	<u><u>\$6,145,038</u></u>

See notes to financial statements.

STORYCORPS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Changes in Unrestricted Net Assets		
Revenue and Other Support		
Contributions (Notes 1c and 4)		
Government	\$1,229,476	\$1,034,770
Foundations and major donors	1,435,132	1,161,721
Corporations	1,682,364	1,142,859
Individuals	232,683	174,781
Donated services and materials (Note 9)	279,629	194,299
Fundraising benefit	760,082	1,017,213
Less: Direct benefit expenses	(145,735)	(105,206)
Fee income	1,567,574	889,103
Book revenue	28,475	140,240
Interest	3,491	5,959
	<u>7,073,171</u>	<u>5,655,739</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>1,808,379</u>	<u>2,539,250</u>
Total Revenue and Other Support	<u>8,881,550</u>	<u>8,194,989</u>
Expenses		
Program Services		
StoryCorps	<u>6,736,153</u>	<u>6,146,235</u>
Supporting Services		
Management and general	1,047,397	802,563
Fundraising	<u>1,270,470</u>	<u>1,193,640</u>
Total Supporting Services	<u>2,317,867</u>	<u>1,996,203</u>
Total Expenses	<u>9,054,020</u>	<u>8,142,438</u>
Increase (Decrease) in Unrestricted Net Assets	<u>(172,470)</u>	<u>52,551</u>
Changes in Temporarily Restricted Net Assets		
Contributions (Notes 1c and 4)		
Government	833,073	700,374
Foundations and major donors	1,773,645	1,396,095
Net assets released from restrictions	<u>(1,808,379)</u>	<u>(2,539,250)</u>
Increase (Decrease) in Temporarily Restricted Net Assets	<u>798,339</u>	<u>(442,781)</u>
Increase (decrease) in net assets	625,869	(390,230)
Net assets, beginning of year	<u>4,886,774</u>	<u>5,277,004</u>
Net Assets, End of Year	<u><u>\$5,512,643</u></u>	<u><u>\$4,886,774</u></u>

See notes to financial statements.

STORYCORPS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 625,869	\$ (390,230)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	65,778	62,532
Interest on promissory note payable	29,202	27,923
(Increase) decrease in:		
Unconditional promises to give	(728,764)	635,422
Other receivables	442,314	(515,067)
Prepaid expenses and other assets	20,154	(19,496)
Security deposits	(1,350)	(4,186)
Increase (decrease) in:		
Accounts payable and other liabilities	(101,012)	159,045
Deferred revenue	(8,319)	82,069
Book advance	-	(42,500)
Net Cash Provided (Used) By Operating Activities	<u>343,872</u>	<u>(4,488)</u>
Cash Flows From Investing Activities		
Acquisition of property and equipment	<u>(110,537)</u>	<u>(149,580)</u>
Net increase (decrease) in cash and cash equivalents	233,335	(154,068)
Cash and cash equivalents, beginning of year	<u>2,181,368</u>	<u>2,335,436</u>
Cash and Cash Equivalents, End of Year	<u><u>\$2,414,703</u></u>	<u><u>\$2,181,368</u></u>

See notes to financial statements.

STORYCORPS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2014 AND 2013****Note 1 - Organization and Summary of Significant Accounting Policies****a - Organization**

The mission of StoryCorps is to provide people of all backgrounds and beliefs with the opportunity to record, share, and preserve the stories of our lives. Since 2003, StoryCorps has collected and archived more than 50,000 interviews from over 100,000 participants. StoryCorps is one of the largest oral history projects of its kind.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term highly liquid investments, such as money market funds, to be cash equivalents.

c - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions 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.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

d - Property and Equipment

Property and equipment are recorded at cost and depreciated and amortized on a straight-line basis over the estimated useful life of the asset or term of the lease.

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 the acquired assets are depreciated.

e - Deferred Revenue

Deferred revenue is recognized in the period the service takes place.

f - Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

STORYCORPS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2014 AND 2013****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****g - 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.

h - Tax Status

The Organization has been determined to be a not-for-profit corporation exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Organization has evaluated all income tax positions and concluded that no disclosures relating to uncertain tax positions are required in the financial statements. The Organization's tax returns are generally subject to examination by taxing authorities for a period of three years from the date of filing.

i - Advertising Costs

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

j - Subsequent Events

The Organization has evaluated subsequent events through June 2, 2015, the date that the financial statements are considered available to be issued.

Note 2 - Restrictions on Net Assets**Temporarily Restricted Net Assets**

Temporarily restricted net assets are restricted for future programs and periods. The property and equipment portion represents net assets restricted for the purchase of property and equipment. Pursuant to the terms of the MacArthur Foundation's Creative and Effective Institutions Award (MACEI) grant recorded in 2012, the proceeds of which were received during January 2013, \$775,000 is designated as a cash reserve that will be used to fund temporary shortfalls in cash flow. The Organization has adopted and implemented policies and procedures regarding the allocation and use of this cash reserve. If the cash reserve is to be used prior to December 31, 2016, the cash reserve must be replenished.

Note 3 - Concentration of Credit Risk

The Organization maintains all of its cash and cash equivalents at a single financial institution. The balances may exceed federally insured limits.

STORYCORPS, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

Note 4 - Unconditional Promises to Give

At December 31, 2014 and 2013, substantially all unconditional promises to give are due within one year.

Uncollectible promises are expected to be insignificant.

At December 31, 2014, two donors comprised approximately 60% of unconditional promises to give.

In 2014, the Organization recognized unrestricted and temporarily restricted contributions from the Corporation for Public Broadcasting, National Public Radio, Inc. and TED Conferences, LLC totaling approximately \$1,983,000, \$1,483,000 and \$1,000,000, respectively. In 2013, the Organization recognized unrestricted and temporarily restricted contributions from the Corporation for Public Broadcasting, and National Public Radio, Inc. totaling approximately \$1,664,000 and \$1,041,000, respectively.

Note 5 - Property and Equipment

Property and equipment consist of the following:

	<u>Life</u>	<u>2014</u>	<u>2013</u>
StoryCorps booths	5 years	\$ 502,530	\$ 476,680
StoryCorps mobile booths and vehicles	2-5 years	399,401	389,445
Production equipment	5 years	298,212	277,326
Computers and software	3-5 years	558,591	505,984
Furniture and fixtures	5 years	86,913	85,675
Telephone equipment	5 years	30,425	30,425
Leasehold improvements	Term of lease	146,583	146,583
Website development	3 years	<u>29,517</u>	<u>29,517</u>
		2,052,172	1,941,635
Less: Accumulated depreciation		<u>1,841,980</u>	<u>1,776,202</u>
		<u>\$ 210,192</u>	<u>\$ 165,433</u>

Depreciation expense for the years ended December 31, 2014 and 2013 was \$65,778 and \$62,532, respectively.

STORYCORPS, INC.**NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2014 AND 2013****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%. Interest expense for the years ended December 31, 2014 and 2013 was \$29,202 and \$27,923, respectively.

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 a rate of prime plus 2.0%.

There was no borrowings under the line of credit during the years ended December 31, 2014 and 2013.

Note 8 - Commitments and Contingency

a - The Organization is obligated under the terms of a lease for office space. The lease expires July 31, 2015 and provides for minimum monthly payments as well as payments for utilities. Approximate minimum rental payments for the remainder of the lease are \$93,000.

Rent expense for the years ended December 31, 2014 and 2013 was \$169,322 and \$152,426, respectively.

b - Government supported projects are subject to audit by the applicable government granting agencies.

c - The Organization provides its 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 this plan.

STORYCORPS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

Note 9 - Donated Services and Materials

Donated services and materials consist of the following:

	<u>2014</u>	<u>2013</u>
Legal services	\$157,717	\$118,354
Lodging - StoryCorps program	118,912	75,423
Other	<u>3,000</u>	<u>522</u>
	<u>\$279,629</u>	<u>\$194,299</u>

Note 10 - 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.