

# **The Book Fairies, Inc.**

**Financial Statements**  
Years Ended December 31, 2018  
and December 31, 2017





# **The Book Fairies, Inc.**

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**Financial Statements**  
Years Ended December 31, 2018 and December 31, 2017



# The Book Fairies, Inc.

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**The Book Fairies, Inc.**  
**Statements of Financial Position**

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<i>December 31,</i>	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
<b>Current:</b>		
Cash and cash equivalents	114,536	73,446
Donated book inventory	200	200
Prepaid expenses	250	250
<b>Total Assets</b>	<b>114,986</b>	<b>73,896</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Other payables	1,000	1,000
<b>Total Current Liabilities</b>	<b>1,000</b>	<b>1,000</b>
<b>Total Liabilities</b>	<b>1,000</b>	<b>1,000</b>
<b>Commitments and Contingencies</b>		
<b>Net Assets:</b>		
Unrestricted	113,986	72,896
Temporarily restricted	-	-
<b>Total Net Assets</b>	<b>113,986</b>	<b>72,896</b>
<b>Total Liabilities and Net Assets</b>	<b>113,986</b>	<b>73,896</b>

*See accompanying notes to financial statements.*





# The Book Fairies, Inc.

## Statements of Activities

*Year ended December 31, 2018*

	Unrestricted	Temporarily Restricted	Total
<b>Revenues:</b>			
Donated Books	97,828	-	97,828
Contributions	159,945	-	159,945
Interest income	-	-	-
Donated services	30,600	-	30,600
<b>Total Revenues</b>	<b>288,373</b>	<b>-</b>	<b>288,373</b>
<b>Expenses:</b>			
Contribution of Books	97,828	-	97,828
Donated general and administrative expenses	30,600	-	30,600
Functional General and administrative expenses	118,855	-	118,855
<b>Total Expenses</b>	<b>247,283</b>	<b>-</b>	<b>247,283</b>
<b>Change in Net Assets</b>	<b>41,090</b>	<b>-</b>	<b>41,090</b>
<b>Net Assets, Beginning of Year</b>	<b>72,896</b>	<b>-</b>	<b>72,896</b>
<b>Net Assets, End of Year</b>	<b>113,986</b>	<b>-</b>	<b>113,986</b>

*See accompanying notes to financial statements.*

*Year ended December 31, 2017*

	Unrestricted	Temporarily Restricted	Total
<b>Revenues:</b>			
Donated Books (Notes 2, 3 and 5)	80,476	-	80,476
Contributions (Notes 2, 3 and 4)	91,051	-	91,051
Interest income	-	-	-
Donated services (Note 3)	18,600	-	15,000
<b>Total Revenues</b>	<b>190,126</b>	<b>-</b>	<b>186,527</b>
<b>Expenses:</b>			
Contribution of Books (Notes 2, 3 and 5)	80,476	-	80,476
Donated general and administrative expenses (Notes 2 and 3)	18,600	-	15,000
Functional General and administrative expenses (Note 5)	38,865	-	38,865
<b>Total Expenses</b>	<b>137,941</b>	<b>-</b>	<b>134,341</b>
<b>Change in Net Assets</b>	<b>52,185</b>	<b>-</b>	<b>52,185</b>
<b>Net Assets, Beginning of Year</b>	<b>20,711</b>	<b>-</b>	<b>20,711</b>
<b>Net Assets, End of Year</b>	<b>72,896</b>	<b>-</b>	<b>72,896</b>

*See accompanying notes to financial statements.*



# The Book Fairies, Inc.

## Statement of Cash Flows

<i>Year ended December 31,</i>	<b>2018</b>	<b>2017</b>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	<b>\$41,090</b>	\$ 52,185
Increase or decrease in certain assets and liabilities:		
Donated book inventory	-	(200)
Prepaid expenses	-	(250)
Other payables	-	1,000
<b>Net Cash Provided by Operating Activities</b>	<b>\$41,090</b>	52,735
<b>Cash Flows From Investing Activities:</b>	-	-
<b>Net Increase in Cash and Cash Equivalents</b>	<b>41,090</b>	52,735
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>73,446</b>	20,711
<b>Cash and Cash Equivalents, End of Year</b>	<b>114,536</b>	73,446

*See accompanying notes to financial statements.*



# The Book Fairies, Inc.

## Notes to Financial Statement

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### 1. Nature of Organization

The Book Fairies, Inc. (the “Book Fairies”) collects reading materials for people in need throughout metropolitan New York. The reading materials foster literacy and academic success, provide a respite from personal struggles, and nurture a love of reading across age groups.

The Book Fairies’ major programs include Community Initiatives, Children’s Education Events, and the Global Literacy Partnership. Community Initiatives supplies, maintains and refreshes books for shelves in various sites in underserved communities to improve access to books and encourage reading through varied and high-interest selections. Children’s Education programs provide literacy programming to students in high-need districts through community book fairs, free school book fairs, summer totes, and specialty giveaways. The Global Literacy Partnership involved partnering with organizations that provide much-needed school supplies to disadvantaged schools in Africa.

### 2. Summary of Significant Accounting Policies

#### (a) *Basis of Presentation*

The financial statements of The Book Fairies have been prepared on the accrual basis of accounting. Certain prior period amounts have been reclassified to conform to the current period presentation.

#### (b) *Financial Statement Presentation*

The classification of a not-for-profit organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

- (i) **Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by The Book Fairies is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of The Book Fairies.
- (ii) **Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by The Book Fairies is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of The Book Fairies pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reflected accordingly in the statement of activities.
- (iii) **Unrestricted** - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

#### (c) *Cash and Cash Equivalents*

The Book Fairies considers all money market accounts and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

#### (d) *Allowance for Doubtful Accounts*

Periodically, the contributions receivables are reviewed and evaluated as to their collectability. A receivable balance is considered past due once it has not been received by its scheduled due date. If necessary, an allowance is recorded based on these evaluations. As of December 31, 2018 and December 31, 2017, there was no allowance deemed necessary to be recorded.



# The Book Fairies, Inc.

## Notes to Financial Statement

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### **(e) Revenue and Expenses**

Revenue is recognized when contributions are received or grant services are performed. Revenue includes cash contributions for the Book Fairies various programs and donations of books. Donations of books are reflected at fair value. As of December 31, 2018 and December 31, 2017, the Book Fairies did not have any long-term unconditional promises to give and as such, there were no applicable discounts included in contributions revenue.

Operating costs are recorded as expenses when incurred. The Book Fairies' expenses include book contributions and other administrative expenses.

### **(f) Donated Book Inventory**

Purchased inventory is recorded at cost on the date of purchase. Donated inventory is recorded at fair value at the time of the donation. The Book Fairies reviews the carrying value of its inventory for possible impairment whenever events or changes in circumstances indicate that the fair value may have declined since it was originally acquired. An impairment loss would be recognized when the fair value of the inventory is lower than the carrying amount, in which case a write-down is recorded to reduce the related asset to its estimated fair value.

### **(g) Income Taxes**

The Book Fairies was incorporated in the State of New York and is exempt from Federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, The Book Fairies has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code. There was no unrelated business income for the years ended December 31, 2017.

The Book Fairies have not taken an uncertain tax position that would require provision of a liability under Accounting Standards Codification ("ASC") 740, "Income Taxes." Under ASC 740, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Book Fairies does not believe there are any material uncertain tax positions and, accordingly, it will not recognize the financial statement effects for unrecognized tax positions for the periods ended December 31, 2017. The Book Fairies has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Book Fairies has filed Internal Revenue Service Form 990 tax returns, and all other applicable returns in jurisdictions where it is required. For the years ended December 31, 201, there were no interest or penalties recorded or included in the financial statements. The Book Fairies is subject to routine audits by taxing authorities. As of December 31, 2017 The Book Fairies is aware it remains subject to income tax examinations for the years 2014 and forward.

### **(h) 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.





# The Book Fairies, Inc.

## Notes to Financial Statement

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### (i) *Concentration of Credit Risk*

Financial instruments which potentially subject The Book Fairies to concentration of credit risk consist primarily of cash and cash equivalents.

### (j) *Recent Accounting Pronouncements*

#### (i) *Revenue From Contracts With Customers (Topic 606)*

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)," which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised 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. The FASB also issued ASU 2015-14, which deferred the effective date for The Book Fairies until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

### 3. Donated Services and Facilities

Certain individuals provided managerial and administrative services to the Book Fairies. The value of the managerial and administrative services received by The Book Fairies for the years ended December 31, 2018 and 2017 was \$30,600 and \$18,600, respectively.

### 4. Functional Expenses

The Book Fairies, Inc. (the "Book Fairies") collects reading materials for people in need throughout metropolitan New York. Expenses related to providing these services included in the accompanying statement of activities for the year end December 31, 2018 and December 31, 2017, are as follows:

<i>December 31,</i>	<b>2018</b>	<b>2017</b>
Payroll	<b>\$98,403</b>	<b>\$ 26,959</b>
Programs	<b>2,054</b>	<b>2,312</b>
Fundraising	<b>3,817</b>	<b>3,343</b>
Other	<b>14,581</b>	<b>6,251</b>
	<b>\$118,855</b>	<b>\$38,865</b>

### 5. Donated Book Inventory

For 2018 and 2017, the Book Fairies' donated book inventory is comprised of donated books for our various programs.

The Book Fairies has evaluated the current level of inventory and, based on its evaluation, no impairment reserve was considered necessary for the year ended December 31, 2018 or December 31, 2017.



**The Book Fairies, Inc.**  
**Notes to Financial Statement**

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**6. Subsequent Events**

The Book Fairies management has performed subsequent event procedures through May 15, 2019, which is the date the financial statements were available to be issued and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

