

ACCESS BOOKS
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

ACCESS BOOKS
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WERNER & COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Access Books
Los Angeles, CA

Opinion

We have audited the accompanying financial statements of Access Books (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access Books as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted for audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards , we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Access Books' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Access Books' ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Werner & Company Inc.
Werner & Company Inc. CPA'S
February 10, 2025

ACCESS BOOKS
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 508,534
Inventory	160,000
Total Current Assets	<u>668,534</u>

PROPERTY AND EQUIPMENT

Furniture	1,330
Office equipment	8,739
Less accumulated depreciation	<u>(6,738)</u>
Total Property and Equipment	<u>3,331</u>

TOTAL ASSETS

\$ 671,865

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Credit cards payable	\$ 8,833
Accounts payable	12,732
Payroll payable	<u>4,987</u>

TOTAL CURENT LIABILITIES

26,552

NET ASSETS

Net assets without restriction	<u>645,313</u>
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TOTAL LIABILITIES AND NET ASSETS

\$ 671,865

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FIANCIAL STATEMENTS

**ACCESS BOOKS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

REVENUES AND SUPPORT

Contributions	\$ 661,239
Grants	366,150
Interest income	1,538
Other income	9,723
Total Revenues and Support	<u>1,038,650</u>

EXPENSES

Program Services	893,136
Management and General	24,689
Fundraising	4,576
Total Expenses	<u>922,401</u>

CHANGE IN NET ASSETS 116,249

NET ASSETS, BEGINNING OF YEAR 529,064

NET ASSETS, END OF YEAR \$ 645,313

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ACCESS BOOKS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 144,976	\$ 16,375	\$ 2,400	\$ 163,751
Payroll taxes	12,492	1,412	212	14,116
Employee benefits	39,267	4,437	665	44,369
Books	448,612			448,612
Warehouse and delivery	92,400			92,400
Professional fees	5,463	607		6,070
Advertising	812	90		902
Office	2,373	264		2,637
Depreciation	284	32		316
Insurance	4,887	543		5,430
Contract labor	43,417			43,417
Paint and equipment	14,079			14,079
Carpet and furnishings	34,804			34,804
Dues	1,123	125		1,248
Postage	1,238	138		1,376
Printing	1,323	147		1,470
Telephone	1,913	213		2,126
Coding fees	15,628			15,628
Catalog supplies	10,139			10,139
Storage rental	13,200			13,200
Author workshops	1,553			1,553
Fundraising			1,100	1,100
Travel	595			595
Other	2,558	306	199	3,063
Total	<u>\$ 893,136</u>	<u>\$ 24,689</u>	<u>\$ 4,576</u>	<u>\$ 922,401</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ACCESS BOOKS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 116,249
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	316
(Increase) in inventory	(78,250)
Decrease in other receivables	274
(Decrease) in credit cards payable	(9,669)
Increase in accounts payable	10,349
(Decrease) in payroll liability	(1,588)
Net cash provided by operating activities	<u>37,681</u>
INCREASE IN CASH	37,681
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>470,853</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 508,534</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**ACCESS BOOKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 ORGANIZATION

ENTITY

Access Books (the “Organization”) is a non-profit California Corporation organized to provide high-interest reading material to underserved children and youth by providing a myriad of literacy opportunities and access to high-interest books. Revenues are received from private contributions and grants.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial records of the Organization are maintained and the accompanying financial statements have been prepared on the accrual basis.

CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property, and equipment are originally recorded at the cost of acquisition or fair market value at the date of gift if donated to the Organization. Repairs, maintenance, and minor replacements costing less than \$500 are expensed as incurred. Depreciation is computed by the straight-line method over lives ranging from three years for furnishings to seven years for equipment

FINANCIAL STATEMENT PRESENTATION

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Net assets, revenues and support are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and are not subject to donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

**ACCESS BOOKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments including cash, accounts receivables, accounts payable, and other accrued liabilities approximate their respective book values at December 31, 2022.

TAXES

The Organization is exempt from Federal and State income taxes as a California non-profit Corporation under Section 501 (c) (3) of the Internal Revenue Code, except for amounts representing unrelated business income. The Organization had no unrelated business income for the year. Generally accepted accounting principles provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state tax returns are more likely than not to be sustained upon examination. The Organization's tax returns are subject to examination by federal taxing authorities for a period of three years from the date they are filed and for a period of four years for California taxing authorities.

ADVERTISING

Advertising costs are expensed as incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses for salaries, payroll taxes and employee benefits and other operating expenses are allocated based on estimates of time and effort.

**ACCESS BOOKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 **SIGNIFICANT ACCOUNTING POLICIES** (continued)

DONATED SERVICES

Amounts are reported in the accompanying financial statements for donation of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. Donated services from unpaid volunteers are not reported in the financial statements because the criteria for recognition has not been satisfied.

DONATED BOOKS, MATERIALS AND SUPPLIES

Donated books, materials and supplies are recorded as contributions at their estimated fair market value at the date of donation if a value can be reasonably determined. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

NOTE 3 **INVENTORY**

Inventory is comprised of books available for program services. The inventory is reported at cost or fair market value if donated.

NOTE 4 **SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through February 10, 2025, the date the financial statements were available to be issued.

NOTE 5 **LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of December 31, 2022 and the amounts of those financial assets that are available for use within one year to meet general operations:

Cash	<u>\$ 508,534</u>
Total Financial Assets	<u>\$ 508,534</u>

The financial assets as of December 31, 2022 meets the needs of the Organization for normal operating expenses which historically average \$ 77,000 per month.