

GRAYWOLF PRESS
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



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**GRAYWOLF PRESS
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YEARS ENDED DECEMBER 31, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Graywolf Press
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Graywolf Press, which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of activities, functional expense, and cash flows for the years 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 Graywolf Press as of December 31, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Graywolf Press and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 raise substantial doubt about Graywolf Press's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

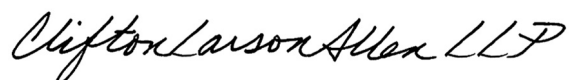
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 are considered material if there is a substantial likelihood that, 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 Graywolf Press's 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 Graywolf Press's 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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 8, 2024

**GRAYWOLF PRESS
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

| ASSETS | 2023 | 2022 |
|-----------------------------------|--------------|--------------|
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 705,620 | \$ 1,280,356 |
| Investments | 2,161,379 | 1,882,149 |
| Accounts Receivable, Net | 469,861 | 726,364 |
| Grants Receivable | 167,718 | 143,307 |
| Short-Term Pledges Receivable | 44,330 | 46,937 |
| Prepaid Expense | 50,121 | 51,780 |
| Royalty Advances | 484,264 | 525,678 |
| Inventory - Net | 642,164 | 728,611 |
| Total Current Assets | 4,725,457 | 5,385,182 |
| Long-Term Pledges Receivable, Net | 55,733 | 8,548 |
| Property and Equipment, Net | 319,817 | 368,472 |
| Right-of-Use Asset - Operating | 275,553 | 326,524 |
| Right-of-Use Asset - Financing | 11,283 | 14,104 |
| Total Assets | \$ 5,387,843 | \$ 6,102,830 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 35,106 | \$ 151,035 |
| Accrued Expense | 3,057 | 2,323 |
| Lease Liabilities - Operating | 76,773 | 56,421 |
| Lease Liabilities - Financing | 2,709 | 2,605 |
| Royalty Payable | 196,245 | 337,617 |
| Reserve for Sales Returns | 160,663 | 189,435 |
| Total Current Liabilities | 474,553 | 739,436 |
| LONG-TERM LIABILITIES | | |
| Lease Liabilities - Operating | 507,204 | 583,708 |
| Lease Liabilities - Financing | 8,790 | 11,499 |
| Total Liabilities | 990,547 | 1,334,643 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Undesignated | 973,270 | 971,905 |
| Board-Designated | 2,882,000 | 3,432,000 |
| Total Without Donor Restrictions | 3,855,270 | 4,403,905 |
| With Donor Restrictions | 542,026 | 364,282 |
| Total Net Assets | 4,397,296 | 4,768,187 |
| Total Liabilities and Net Assets | \$ 5,387,843 | \$ 6,102,830 |

See accompanying Notes to Financial Statements.

GRAYWOLF PRESS
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | | | | Total |
|---|-------------------|---------------------|----------------------------|-------------------------|---------------------|
| | Operations | Board Designated | Without Donor Restrictions | With Donor Restrictions | |
| SUPPORT AND REVENUE | | | | | |
| Contributions | \$ 576,616 | \$ - | \$ 576,616 | \$ 276,847 | \$ 853,463 |
| Grants from Governmental Agencies | - | - | - | 302,576 | 302,576 |
| Book Revenue - Net of Returns | 2,714,788 | - | 2,714,788 | - | 2,714,788 |
| Special Event Income (Net of Expense of \$23,111 in 2023 and \$-0- in 2022) | 28,125 | - | 28,125 | - | 28,125 |
| Rights Revenue | 228,694 | - | 228,694 | - | 228,694 |
| Investment Income (Loss) | 183,829 | - | 183,829 | 3,081 | 186,910 |
| Net Assets Released from Restrictions: | | | | | |
| Satisfaction of Program Restrictions | 72,500 | - | 72,500 | (72,500) | - |
| Satisfaction of Time Restrictions | 332,260 | - | 332,260 | (332,260) | - |
| Total Support and Revenue | <u>4,136,812</u> | <u>-</u> | <u>4,136,812</u> | <u>177,744</u> | <u>4,314,556</u> |
| EXPENSE | | | | | |
| Program Services: | | | | | |
| Editorial Services | 786,859 | - | 786,859 | - | 786,859 |
| Cost of Sales | 2,162,710 | - | 2,162,710 | - | 2,162,710 |
| Promotion and Marketing Services | 1,012,840 | - | 1,012,840 | - | 1,012,840 |
| Total Program Services | <u>3,962,409</u> | <u>-</u> | <u>3,962,409</u> | <u>-</u> | <u>3,962,409</u> |
| Support Services: | | | | | |
| Management and General | 377,565 | - | 377,565 | - | 377,565 |
| Development | 345,473 | - | 345,473 | - | 345,473 |
| Total Support Services | <u>723,038</u> | <u>-</u> | <u>723,038</u> | <u>-</u> | <u>723,038</u> |
| Total Expense | <u>4,685,447</u> | <u>-</u> | <u>4,685,447</u> | <u>-</u> | <u>4,685,447</u> |
| CHANGE IN NET ASSETS BEFORE TRANSFERS | (548,635) | - | (548,635) | 177,744 | (370,891) |
| TRANSFER OF DESIGNATED FUNDS | <u>550,000</u> | <u>(550,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| CHANGE IN NET ASSETS AFTER TRANSFERS | 1,365 | (550,000) | (548,635) | 177,744 | (370,891) |
| Net Assets - Beginning of Year | <u>971,905</u> | <u>3,432,000</u> | <u>4,403,905</u> | <u>364,282</u> | <u>4,768,187</u> |
| NET ASSETS - END OF YEAR | <u>\$ 973,270</u> | <u>\$ 2,882,000</u> | <u>\$ 3,855,270</u> | <u>\$ 542,026</u> | <u>\$ 4,397,296</u> |

See accompanying Notes to Financial Statements.

GRAYWOLF PRESS
STATEMENTS OF ACTIVITIES (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2022 | | | | Total |
|---|-------------------|---------------------|----------------------------|-------------------------|---------------------|
| | Operations | Board Designated | Without Donor Restrictions | With Donor Restrictions | |
| SUPPORT AND REVENUE | | | | | |
| Contributions | \$ 553,187 | \$ - | \$ 553,187 | \$ 105,173 | \$ 658,360 |
| Grants from Governmental Agencies | - | - | - | 237,265 | 237,265 |
| Book Revenue - Net of Returns | 3,016,714 | - | 3,016,714 | - | 3,016,714 |
| Special Event Income (Net of Expense of \$23,111 in 2023 and \$-0- in 2022) | - | - | - | - | - |
| Rights Revenue | 255,129 | - | 255,129 | - | 255,129 |
| Investment Income (Loss) | (166,990) | - | (166,990) | - | (166,990) |
| Net Assets Released from Restrictions: | | | | | |
| Satisfaction of Program Restrictions | 157,000 | - | 157,000 | (157,000) | - |
| Satisfaction of Time Restrictions | 492,136 | - | 492,136 | (492,136) | - |
| Total Support and Revenue | <u>4,307,176</u> | <u>-</u> | <u>4,307,176</u> | <u>(306,698)</u> | <u>4,000,478</u> |
| EXPENSE | | | | | |
| Program Services: | | | | | |
| Editorial Services | 794,494 | - | 794,494 | - | 794,494 |
| Cost of Sales | 2,342,241 | - | 2,342,241 | - | 2,342,241 |
| Promotion and Marketing Services | 984,092 | - | 984,092 | - | 984,092 |
| Total Program Services | <u>4,120,827</u> | <u>-</u> | <u>4,120,827</u> | <u>-</u> | <u>4,120,827</u> |
| Support Services: | | | | | |
| Management and General | 415,691 | - | 415,691 | - | 415,691 |
| Development | 373,484 | - | 373,484 | - | 373,484 |
| Total Support Services | <u>789,175</u> | <u>-</u> | <u>789,175</u> | <u>-</u> | <u>789,175</u> |
| Total Expense | <u>4,910,002</u> | <u>-</u> | <u>4,910,002</u> | <u>-</u> | <u>4,910,002</u> |
| CHANGE IN NET ASSETS BEFORE TRANSFERS | (602,826) | - | (602,826) | (306,698) | (909,524) |
| TRANSFER OF DESIGNATED FUNDS | <u>605,000</u> | <u>(605,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| CHANGE IN NET ASSETS AFTER TRANSFERS | 2,174 | (605,000) | (602,826) | (306,698) | (909,524) |
| Net Assets - Beginning of Year | <u>969,731</u> | <u>4,037,000</u> | <u>5,006,731</u> | <u>670,980</u> | <u>5,677,711</u> |
| NET ASSETS - END OF YEAR | <u>\$ 971,905</u> | <u>\$ 3,432,000</u> | <u>\$ 4,403,905</u> | <u>\$ 364,282</u> | <u>\$ 4,768,187</u> |

See accompanying Notes to Financial Statements.

GRAYWOLF PRESS
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2023

| | Program Services | | | Support Services | | | Total All Services | |
|--------------------------------|------------------|---------------|----------------------------------|------------------------|------------------------|-------------|--------------------|------------------------|
| | Editorial | Cost of Sales | Promotion and Marketing Services | Total Program Services | Management and General | Development | | Total Support Services |
| Salaries | \$ 502,432 | \$ - | \$ 536,845 | \$ 1,039,277 | \$ 151,418 | \$ 185,831 | \$ 337,249 | \$ 1,376,526 |
| Employee Benefits | 101,578 | - | 108,514 | 210,092 | 30,620 | 37,562 | 68,182 | 278,274 |
| Payroll Taxes | 36,688 | - | 39,200 | 75,888 | 11,057 | 13,569 | 24,626 | 100,514 |
| Total Personnel Costs | 640,698 | - | 684,559 | 1,325,257 | 193,095 | 236,962 | 430,057 | 1,755,314 |
| Cost of Goods Sold | - | 865,762 | - | 865,762 | - | - | - | 865,762 |
| Royalty Expense | - | 630,206 | - | 630,206 | - | - | - | 630,206 |
| Distribution Fees | - | 622,200 | - | 622,200 | - | - | - | 622,200 |
| Grants to Others | 1,050 | - | 1,050 | 2,100 | - | - | - | 2,100 |
| Contract and Professional Fees | 18,077 | 550 | 12,555 | 31,182 | 91,879 | 5,471 | 97,350 | 128,532 |
| Occupancy | 30,906 | - | 44,266 | 75,172 | 10,448 | 12,822 | 23,270 | 98,442 |
| Office Expenses | 7,447 | - | 6,908 | 14,355 | 14,393 | 8,663 | 23,056 | 37,411 |
| Information Technology | 30,562 | - | 40,417 | 70,979 | 4,661 | 10,672 | 15,333 | 86,312 |
| Insurance | - | - | - | - | 39,702 | - | 39,702 | 39,702 |
| Travel | 15,839 | - | 23,470 | 39,309 | 151 | 12,022 | 12,173 | 51,482 |
| Conferences and Meetings | 8,776 | - | 39,658 | 48,434 | 1,736 | 14,592 | 16,328 | 64,762 |
| Complimentary Copies | - | - | 11,063 | 11,063 | - | 8,563 | 8,563 | 19,626 |
| Galleys | - | - | 23,054 | 23,054 | - | 2,756 | 2,756 | 25,810 |
| Postage and Shipping | 12,430 | - | 26,983 | 39,413 | 938 | 15,247 | 16,185 | 55,598 |
| Promotion Expense | 47 | - | 19,572 | 19,619 | 3,846 | 10,821 | 14,667 | 34,286 |
| Author Tours | 150 | - | 47,040 | 47,190 | - | - | - | 47,190 |
| Advertising | - | 43,992 | 20,538 | 64,530 | - | 552 | 552 | 65,082 |
| Legal Fees | - | - | - | - | 6,975 | - | 6,975 | 6,975 |
| Depreciation | 20,877 | - | 11,707 | 32,584 | 9,741 | 6,330 | 16,071 | 48,655 |
| Total Expense | \$ 786,859 | \$ 2,162,710 | \$ 1,012,840 | \$ 3,962,409 | \$ 377,565 | \$ 345,473 | \$ 723,038 | \$ 4,685,447 |

See accompanying Notes to Financial Statements.

GRAYWOLF PRESS
STATEMENT OF FUNCTIONAL EXPENSE
YEAR ENDED DECEMBER 31, 2022

| | Program Services | | | Support Services | | | Total All Services | |
|--------------------------------|------------------|---------------|----------------------------------|------------------------|------------------------|-------------|--------------------|------------------------|
| | Editorial | Cost of Sales | Promotion and Marketing Services | Total Program Services | Management and General | Development | | Total Support Services |
| Salaries | \$ 519,801 | \$ - | \$ 506,123 | \$ 1,025,924 | \$ 164,148 | \$ 177,827 | \$ 341,975 | \$ 1,367,899 |
| Employee Benefits | 101,285 | - | 98,620 | 199,905 | 33,812 | 34,665 | 68,477 | 268,382 |
| Payroll Taxes | 37,878 | - | 36,881 | 74,759 | 11,961 | 12,958 | 24,919 | 99,678 |
| Total Personnel Costs | 658,964 | - | 641,624 | 1,300,588 | 209,921 | 225,450 | 435,371 | 1,735,959 |
| Cost of Goods Sold | - | 830,901 | - | 830,901 | - | - | - | 830,901 |
| Royalty Expense | - | 753,512 | - | 753,512 | - | - | - | 753,512 |
| Distribution Fees | - | 702,884 | - | 702,884 | - | - | - | 702,884 |
| Grants to Others | 3,327 | - | 1,327 | 4,654 | - | - | - | 4,654 |
| Contract and Professional Fees | 13,948 | - | 55,157 | 69,105 | 108,086 | 28,182 | 136,268 | 205,373 |
| Occupancy | 22,522 | - | 21,929 | 44,451 | 7,112 | 7,705 | 14,817 | 59,268 |
| Office Expenses | 13,638 | - | 10,700 | 24,338 | 16,010 | 10,381 | 26,391 | 50,729 |
| Information Technology | 33,072 | - | 39,562 | 72,634 | 6,842 | 13,173 | 20,015 | 92,649 |
| Insurance | - | - | - | - | 40,736 | - | 40,736 | 40,736 |
| Travel | 9,608 | - | 17,126 | 26,734 | 7,130 | 8,999 | 16,129 | 42,863 |
| Conferences and Meetings | 8,122 | - | 13,265 | 21,387 | 4,216 | 32,685 | 36,901 | 58,288 |
| Complimentary Copies | - | - | 10,960 | 10,960 | - | 6,636 | 6,636 | 17,596 |
| Galleys | - | - | 21,705 | 21,705 | - | 3,630 | 3,630 | 25,335 |
| Postage and Shipping | 13,781 | 519 | 31,315 | 45,615 | 667 | 16,139 | 16,806 | 62,421 |
| Promotion Expense | 210 | 394 | 23,023 | 23,627 | - | - | - | 23,627 |
| Author Tours | 2,319 | - | 48,092 | 50,411 | 2,181 | 15,379 | 17,560 | 67,971 |
| Advertising | - | 54,031 | 33,719 | 87,750 | - | - | - | 87,750 |
| Legal Fees | - | - | - | - | 8,058 | - | 8,058 | 8,058 |
| Depreciation | 14,983 | - | 14,588 | 29,571 | 4,732 | 5,125 | 9,857 | 39,428 |
| Total Expense | \$ 794,494 | \$ 2,342,241 | \$ 984,092 | \$ 4,120,827 | \$ 415,691 | \$ 373,484 | \$ 789,175 | \$ 4,910,002 |

See accompanying Notes to Financial Statements.

GRAYWOLF PRESS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

| | 2023 | 2022 |
|---|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (370,891) | \$ (909,524) |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities: | | |
| Depreciation | 48,655 | 39,428 |
| Amortization | 53,792 | - |
| Increase (Decrease) in A/R Allowance | 2,815 | (3,118) |
| Unrealized (Gain) Loss on Investments | (112,548) | 207,237 |
| Realized Gain on Investments | 248 | (392) |
| Donated Stock Gifts | (5,670) | (51,070) |
| Change in Royalty Advances Reserve | (141,372) | (55,463) |
| Change in Sales Return Reserve | (28,772) | (70,191) |
| Change in Reserve for Obsolete Inventory | 147,410 | (107,992) |
| Operating Lease Liability | (55,637) | |
| Change in Operating Lease Asset & Liability | | 313,605 |
| (Increase) Decrease in Current Assets: | | |
| Accounts Receivable | 256,503 | (17,954) |
| Pledges Receivable | (47,393) | 258,319 |
| Grants Receivable | (24,411) | (8,028) |
| Royalty Advances | 41,414 | (18,843) |
| Inventory | (60,963) | (19,910) |
| Prepaid Expense | 1,659 | 48,464 |
| Increase (Decrease) in Liabilities: | | |
| Accounts Payable | (115,929) | 33,809 |
| Accrued Salaries Payable | 734 | (21,514) |
| Net Cash Used by Operating Activities | (410,356) | (383,137) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Investments | (775,723) | (249,694) |
| Proceeds from Sale of Investments | 614,463 | 266,493 |
| Purchase of Property and Equipment | - | (292,770) |
| Net Cash Used by Investing Activities | (161,260) | (275,971) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal Payments on Finance Lease Obligations | (3,120) | - |
| Net Cash Used by Financing Activities | (3,120) | - |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (574,736) | (659,108) |
| Cash and Cash Equivalents - Beginning of Year | 1,280,356 | 1,939,464 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 705,620 | \$ 1,280,356 |
| SUPPLEMENTAL INFORMATION | | |
| ROU Asset Obtained in Exchange for New Operating Lease Liability | \$ - | \$ 360,339 |
| ROU Asset Obtained in Exchange for New Financing Lease Liability | \$ - | \$ 14,104 |

See accompanying Notes to Financial Statements.

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

Graywolf Press (Graywolf) is a leading independent publisher committed to the discovery and energetic publication of twenty-first century American and international literature. We champion outstanding writers at all stages of their careers to ensure that adventurous readers can find underrepresented and diverse voices in a crowded marketplace. We believe works of literature nourish the reader's spirit and enrich the broader culture, and that they must be supported by attentive editing, compelling design, and creative promotion.

Founded in 1974, Graywolf publishes around thirty books each year, divided equally across poetry, fiction, and nonfiction. We are known for supporting both emerging and established writers whose work fosters new thinking about what it means to live in the world today.

Graywolf published twenty-five books in 2023 and acquired twenty new manuscripts by authors from around the world. We reached approximately 600,000 readers with outstanding contemporary literature, achieving over \$2.7 million in book sales. In 2023, Graywolf Press received the Center for Fiction's Medal for Editorial Excellence. In 2023, Percival Everett's novel *Dr. No* won the 2023 PEN/Jean Stein Book Award and was a finalist for the National Book Critics Circle Fiction Prize, *Concentrate* by Courtney Faye Taylor won the Four Quartets Prize, *Monica Youn's From* was a finalist for the National Book Award for Poetry, and *Manuel Muñoz's The Consequences* won the Joyce Carol Oates Prize. Our authors participated in approximately 225 virtual and in-person events in 2023.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Graywolf and changes therein are classified and reported as:

Without Donor Restrictions – Undesignated Net Assets – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources.

Without Donor Restrictions – Board-Designated Net Assets – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources and has set them aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions which will be satisfied by action of Graywolf or passage of time. These resources may also include resources whose use must be held in perpetuity.

When a time restriction expires or a purpose restriction is accomplished, with donor restrictions net assets are reclassified to without donor restriction net assets and reported in the statements of activities as net assets released after satisfaction from restrictions.

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Graywolf defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. At December 31, 2023 and 2022, Graywolf held funds at a local financial institution in excess of federally insured limits.

Investments

Investments are recorded at fair value except for certificates of deposit which are recorded at cost. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law.

Graywolf's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that those changes in the values of investments will occur in the near term and that such changes could be material to the amounts reported in the statements of financial position.

Receivables

Accounts, grants, and contributions receivable are stated at net realizable value. Bad debts are provided on the reserve method based on historical experience and management's evaluation of outstanding receivables at the end of each year. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At December 31, 2023 and 2022, the allowance for accounts receivable was \$-0-. Graywolf periodically assess its methodologies for estimating credit losses in consideration with historical trends, changes in the overall economic environment, and current future economic conditions. The total accounts receivable balance is due from a vendor with a contractual obligation to pay Graywolf. There are no future concerns about collectability related to this vendor that would imply a credit loss is expected. See Note 3 for allowance related to pledges receivable.

Inventory

Inventory consists of published books and books in the process of being published. Inventory is valued at lower of cost, determined on a first-in, first-out basis or net realizable value. A reserve for obsolete inventory has been recorded for books that may be unsaleable based on historical data. The reserve for obsolescence was \$1,012,595 and \$865,185 at December 31, 2023 and 2022, respectively.

Royalty Advances

Graywolf provides authors with royalty advances against future book sales. These advances are then expensed when the authors' books are published. Royalty advances were \$484,264 and \$525,678 at December 31, 2023 and 2022, respectively.

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

All major expenditures for property and equipment \$2,000 and above are capitalized at cost. Contributed items are recorded at fair market value at date of donation. Depreciation is computed on the straight-line basis over the assets' estimated useful lives as follows:

| | |
|--|---------------|
| Buildings and Improvements | 30 Years |
| Furnishings and Equipment | 5 to 10 Years |
| Computer Equipment, Software, and Websites | 3 Years |

Leases

Graywolf Press leases office space and equipment and determines if an arrangement is a lease at inception. Both operating and finance leases are reported on the balance sheet as a right-of-use (ROU) asset and lease liability.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheets.

The individual lease contracts do not provide information about the rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reserve for Sales Returns

Sales of books are subject to significant returns. The returns less related return to inventory of the books has been estimated upon historical return rates. The net effect of the sales return estimate is classified as the liability, deferred sales revenue. The deferred sales revenue liability was as follows:

| | 2023 | 2022 |
|------------------------------------|------------|------------|
| Projected Sales Returns | \$ 244,261 | \$ 287,842 |
| Less: Return of Books to Inventory | (83,598) | (98,407) |
| Reserve for Sales Returns | \$ 160,663 | \$ 189,435 |

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue recognition treatment is determined on a case-by-case basis in accordance with accounting principles generally accepted in the United States of America. The major revenue streams of Graywolf and corresponding revenue recognition treatment is as follows:

Book Revenue – Graywolf has various sales and distribution agreements in place to deliver its product – books – to its customer. Farrar, Straus, & Giroux, LLC (FSG) is its primary distributor and fulfills the majority of Graywolf’s book sales and returns. Revenue is recognized at the point-of-sale which is processed, tracked and reported by FSG. The transaction price varies based on unit prices which are mutually agreed upon by Graywolf, FSG and the retailer. Each month Graywolf receives payment from FSG based on the sales generated three months prior, less FSG’s service charge and a reserve for possible future returns. The reserve is approximately 20% of sales and held back by FSG on a 10-month rolling basis.

Contributions – Contributions received are recorded as support without or with donor restrictions, depending on the existence of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions. Unconditional pledges are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Graywolf. Donated materials are valued at market value on the date of donation.

Government Grants and Contracts – Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Graywolf will record such disallowance at the time the final assessment is made.

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Graywolf has categorized its financial instruments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value of the instrument. Financial assets recorded on the statement of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Graywolf has the ability to access (examples include active exchange-traded equity securities, listed derivatives, and most U.S. government and agency securities).

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. *Level 2* inputs include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in nonactive markets;
- pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and
- pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage related assets, including loans, securities, and derivatives).

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability (examples include certain private equity investments).

Functional Allocation of Expense

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Graywolf. Salaries and related expenses are allocated based on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management, including being allocated based on the estimates of time spent on each functional category of expenses.

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax

Graywolf has a tax-exempt status under Section 501 (c)(3) of the Internal Revenue Code (IRC) and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. Graywolf's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. Graywolf continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the IRC and charitable contributions by donors are tax deductible.

Advertising

Graywolf uses advertising, both print/online advertising and cooperative advertising at bookstores, to promote its books to readers. Advertising costs are expensed as incurred. Advertising expense of \$65,082 and \$87,750 was recorded for the years ended December 31, 2023 and 2022, respectively.

Shipping and Handling Costs

Shipping and handling costs are charged to operations as they are incurred. Shipping and handling expense was \$152,703 and \$195,819 for the years ended December 31, 2023 and 2022, respectively.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Principle

Graywolf has adopted Accounting Standards Updated (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses. Graywolf adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have an impact on Graywolf's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

Graywolf has evaluated the effect that subsequent events would have on the financial statements through April 8, 2024, which is the date financial statements were available to be issued.

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Graywolf markets their publications internationally. The amounts due for book sales and grants and contributions are from individuals or organizations located across the world. In addition, accounts, grants, and pledges receivable are from individuals and organizations.

Graywolf contracts with Farrar, Straus, & Giroux, LLC (FSG) as its primary distributor. FSG provides representation, sales, billing, shipping, customer service, collection, and processing of returns. Some of these services provided by FSG are based upon a percentage of sales, currently at 19% on new book sales and 4.5% on returns. In 2023, 98% of sales were made through FSG and accounts receivable of \$394,375 was due from FSG at December 31, 2023. In 2022, 99% of sales were made through FSG and accounts receivable of \$636,956 was due from FSG at December 31, 2022.

Total contributions receivable includes pledges receivable and grants receivable which are due from donors and granting agencies, respectively, located throughout the country. As of December 31, 2023, contributions receivable from four individual donors accounted for approximately 87% of outstanding contributions. As of December 31, 2022, contribution receivable from three individual donors accounted for approximately 72% of outstanding contributions.

NOTE 3 PLEDGES RECEIVABLE

The balance of pledges receivable was due as follows as of:

| | 2023 | 2022 |
|---|-----------|-----------|
| Pledges Due Within One Year | \$ 44,330 | \$ 46,937 |
| Pledges Due Within One to Five Years | 60,000 | 10,000 |
| Total Pledges Receivable | 104,330 | 56,937 |
| Allowance for Doubtful Pledges Receivable | (890) | (1,394) |
| Discounted to Net Present Value at 4.7% | (3,377) | (58) |
| Net Pledges Receivable | 100,063 | 55,485 |
| Current Portion | 44,330 | 46,937 |
| Long-Term Portion | \$ 55,733 | \$ 8,548 |

Allowance for doubtful pledges was based on management's evaluation of outstanding pledges receivable at the end of the year. As of December 31, 2023 and 2022, the allowance for doubtful pledges was \$890 and \$1,394, respectively.

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 FAIR VALUE MEASUREMENTS

The following table presents the fair value hierarchy of assets that are measured at fair value on a recurring basis at December 31:

| | 2023 | | | Total |
|-------------------|--------------|---------|---------|--------------|
| | Level 1 | Level 2 | Level 3 | |
| Assets | | | | |
| Investments: | | | | |
| Mutual Funds | \$ 92,156 | \$ - | \$ - | \$ 92,156 |
| Equity Securities | 1,322,444 | - | - | 1,322,444 |
| Fixed Income | 644,597 | - | - | 644,597 |
| Total Assets | \$ 2,059,197 | \$ - | \$ - | \$ 2,059,197 |
| | | | | |
| | 2022 | | | Total |
| | Level 1 | Level 2 | Level 3 | |
| Assets | | | | |
| Investments: | | | | |
| Mutual Funds | \$ 138,564 | \$ - | \$ - | \$ 138,564 |
| Equity Securities | 658,643 | - | - | 658,643 |
| Fixed Income | 1,013,311 | - | - | 1,013,311 |
| Total Assets | \$ 1,810,518 | \$ - | \$ - | \$ 1,810,518 |

The totals do not include certain amounts as they are not measured on a recurring basis at fair value. The table below reconciles total investments:

| | 2023 | 2022 |
|---|--------------|--------------|
| Total Investments | \$ 2,161,379 | \$ 1,882,149 |
| Investments Not Measured at Fair Value on a Recurring Basis: | | |
| Cash and Cash Equivalents | (102,182) | (71,631) |
| Total Investments Measured at Fair Value on a Recurring Basis | \$ 2,059,197 | \$ 1,810,518 |

NOTE 5 PROPERTY AND EQUIPMENT

Graywolf owned the following assets as of December 31:

| | 2023 | 2022 |
|--------------------------------|------------|------------|
| Furniture and Equipment | \$ 216,613 | \$ 216,613 |
| Leasehold Improvements | 371,907 | 371,907 |
| Database and Website | 148,147 | 148,147 |
| Total | 736,667 | 736,667 |
| Less: Accumulated Depreciation | (416,850) | (368,195) |
| Total Equipment | \$ 319,817 | \$ 368,472 |

Depreciation expense of \$48,655 and \$39,428 was recorded for the years ended December 31, 2023 and 2022, respectively.

**GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 6 NET ASSETS WITHOUT DONOR RESTRICTIONS – BOARD-DESIGNATED

Net assets without donor restrictions – board-designated of \$2,882,000 and \$3,432,000 was recorded as of December 31, 2023 and 2022, respectively. The board has designated these net assets for future use by Graywolf, as approved by the board.

Book sales, as well as contributed revenue from major campaigns, are variable over time. Book sales are unpredictable and dependent on market conditions, while campaign revenue is pledged over a number of years and is spent down over time. Therefore, the board of directors sets aside excess operating revenue from both book sales and campaign receipts for future year operations through a board-designated fund at the end of each year. The finance committee recommends an amount to be transferred to the fund, and the full board votes on the transfer as part of the audited financial statement approval for the year.

Board-designated funds are released in a similar mechanism, by recommendation from the finance committee and approval of the full board. Board-designated funds do not have donor restrictions. Funds may be used to enable Graywolf Press to invest in singular writers, enlarge the commitment to inclusivity, engage readers, stimulate conversations as well as sustain and grow operations. They also may be used to offset noncash expenses, such as inventory, cost of sales, or advance royalty expenses, and they may be used for program and personnel expenses associated with achieving strategic plan goals.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

| | 2023 | 2022 |
|---|------------|------------|
| Subject to the Passage of Time: | | |
| New Chapter Campaign | \$ 900 | \$ 56,937 |
| Time Restricted Organizational Support | 206,554 | 141,854 |
| Subtotal | 207,454 | 198,791 |
| Subject to Expenditure for Specified Purpose: | | |
| Support of Specified Titles | 66,000 | 60,000 |
| 50th Anniversary Support | 160,000 | - |
| Endowment Earnings | 8,572 | 5,491 |
| Subtotal | 234,572 | 65,491 |
| Endowment | 100,000 | 100,000 |
| Total | \$ 542,026 | \$ 364,282 |

NOTE 8 ENDOWMENT FUNDS

Description

The endowment fund consists of an individual fund established by a donor. The fund shall be held in perpetuity with the income and related investment gains to be used for the Graywolf Press Nonfiction Prize.

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Interpretation of Relevant Law

The board of directors has interpreted the Minnesota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date, of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Graywolf classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Graywolf in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Graywolf considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Graywolf and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of Graywolf
7. The investment policies of Graywolf

Endowment Net Asset Composition by Type of Fund

| | 2023 | | |
|---|-------------------------------|----------------------------|------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Original donor restricted gift amount to be maintained in perpetuity by donor | \$ - | \$ 100,000 | \$ 100,000 |
| Accumulated investment gains | - | 8,572 | 8,572 |
| Total | \$ - | \$ 108,572 | \$ 108,572 |
| | 2022 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Original donor restricted gift amount to be maintained in perpetuity by donor | \$ - | \$ 100,000 | \$ 100,000 |
| Accumulated investment gains | - | 5,491 | 5,491 |
| Total | \$ - | \$ 105,491 | \$ 105,491 |

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 ENDOWMENT FUNDS (CONTINUED)

Changes in Endowment Net Assets

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-------------------|---------------------------------------|------------------------------------|-------------------|
| December 31, 2021 | \$ - | \$ 104,765 | \$ 104,765 |
| Investment Return | - | 726 | 726 |
| December 31, 2022 | - | 105,491 | 105,491 |
| Investment Return | - | 3,081 | 3,081 |
| December 31, 2023 | <u>\$ -</u> | <u>\$ 108,572</u> | <u>\$ 108,572</u> |

NOTE 9 COST OF GOODS SOLD

The reconciliation of cost of goods sold was as follows:

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|-------------------|-------------------|
| Beginning Inventory | \$ 728,611 | \$ 600,709 |
| Production Cost | 763,624 | 958,825 |
| Other Cost of Sales and Adjustments | 15,691 | (22) |
| Goods Available-for-Sale | <u>1,507,926</u> | <u>1,559,512</u> |
| Less: Ending Inventory | 642,164 | 728,611 |
| Cost of Goods Sold | <u>\$ 865,762</u> | <u>\$ 830,901</u> |

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10 LEASES

Graywolf Press leases office space and equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2023.

The following table provides quantitative information concerning Graywolf Press's leases for the year ended December 31:

| | <u>2023</u> | <u>2022</u> |
|---|-------------|-------------|
| Operating Lease Costs | \$ 53,792 | \$ 51,409 |
| Finance Lease Costs | | |
| Amortization of Right-to-Use Assets | \$ 2,821 | \$ - |
| Interest on Lease Liabilities | \$ 299 | \$ - |
| Cash Paid for Amounts Included in the Measurement of Lease Liabilities: | | |
| Operating Cash Flows from Operating Leases | \$ 53,792 | \$ 51,409 |
| Operating Cash Flows from Finance Leases | \$ - | \$ - |
| Financing Cash Flows from Finance Leases | \$ 3,120 | \$ - |
| ROU Assets Obtained in Exchange for New Financing Lease Liabilities | | |
| | \$ - | \$ 14,104 |
| ROU Assets Obtained in Exchange for New Operating Lease Liabilities | | |
| | \$ - | \$ 360,339 |
| Leasehold Improvements Obtained in Exchange for New Operating Lease Liabilities | | |
| | \$ - | \$ 285,912 |
| Weighted Average Remaining Lease Term: | | |
| Financing Leases | 3.9 years | 4.9 years |
| Operating Leases | 9.2 years | 10.2 years |
| Weighted Average Discount Rate: | | |
| Financing Leases | 3.92% | 3.92% |
| Operating Leases | 4.50% | 4.50% |

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as December 31, 2023:

| <u>Year Ending December 31,</u> | <u>Operating Leases</u> | <u>Financing Leases</u> |
|------------------------------------|-----------------------------|-----------------------------|
| 2024 | \$ 76,773 | \$ 3,120 |
| 2025 | 78,759 | 3,120 |
| 2026 | 80,744 | 3,120 |
| 2027 | 82,893 | 3,120 |
| 2028 | 84,880 | - |
| Thereafter | 374,949 | - |
| Total Lease Payments | 778,998 | 12,480 |
| Less: Interest | (195,021) | (981) |
| Present Value of Lease Liabilities | <u>\$ 583,977</u> | <u>\$ 11,499</u> |

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 11 RETIREMENT PLAN

Graywolf has a 403(b) tax deferred annuity plan. Employees are eligible for a pension contribution equal to 5% of their salary upon completion of one year of service for the years ended December 31, 2023 and 2022. Retirement expense of \$55,190 and \$50,300 was recorded for the years ended December 31, 2023 and 2022, respectively.

NOTE 12 COMMITMENTS

Graywolf, in the normal course of business, provides advances to authors for future publications. The amount due for future advances remaining on author contracts at December 31, 2023 is \$237,948.

NOTE 13 RELATED PARTY TRANSACTIONS

Contribution revenues from members of the board of directors and employees totaled \$111,509 and \$94,974 during the years ended December 31, 2023 and 2022, respectively. Board member contributions receivable as of December 31, 2023 and 2022 were \$12,800 and \$157,254, respectively.

GRAYWOLF PRESS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 14 LIQUIDITY AND AVAILABILITY

Graywolf monitors and reports the liquidity required to meet operating needs on a monthly basis. At December 31, 2023 and 2022, Graywolf has \$3,252,380 and \$3,826,941, respectively, of financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date. Of those assets, \$3,432,000 and \$3,432,000 are board-designated for future periods as of December 31, 2023 and 2022, respectively.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Graywolf considers all expenditures related to its ongoing activities of acquiring, publishing, and marketing books as well as the operations needed to support those activities. In addition to financial assets available to meet general expenditures over the next 12 months, Graywolf operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donated revenue.

As of December 31, 2023, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Cash and Equivalents | \$ 705,620 | \$ 1,280,356 |
| Investments | 2,161,379 | 1,882,149 |
| Accounts Receivable (Net of Discount) | 469,861 | 726,364 |
| Grants Receivable Due in One Year or Less | 167,718 | 143,307 |
| Pledges Receivable Due in One Year or Less | 44,330 | 46,937 |
| Less: Reserves on Returns | (75,486) | (86,681) |
| Less Restricted Assets: | | |
| Endowed Cash | (108,572) | (105,491) |
| Time Restricted Cash | - | - |
| Purpose Restricted Contributions Receivables | (66,000) | (60,000) |
| Total | <u>\$ 3,298,850</u> | <u>\$ 3,826,941</u> |



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