

EDUCATIONAL VIDEO CENTER, INC.

INDEPENDENT AUDITORS' REPORT
ON
FINANCIAL STATEMENTS

AS OF AUGUST 31, 2016

AND

FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)

EDUCATIONAL VIDEO CENTER, INC.

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MEMBERS
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Educational Video Center, Inc.
New York, New York

We have audited the accompanying financial statements of Educational Video Center, Inc., which comprise the statement of financial position as of August 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Educational Video Center, Inc. as of August 31, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Educational Video Center, Inc.'s financial statements, and our report dated February 17, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Winnie Lam & Co., P.C.".

New York, New York
March 20, 2017

**EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2016
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

	<u>ASSETS</u>	
	<u>2016</u>	<u>2015</u>
Current Assets		
Cash	\$ 409,572	\$ 320,275
Accounts receivable	7,862	11,409
Grants and contributions receivable - Note 2	144,233	120,500
Prepaid expenses	<u>1,978</u>	<u>5,435</u>
Total Current Assets	563,645	457,619
Non-Current Assets		
Grant receivable - Note 2	-	37,797
Fixed assets, at cost, net of accumulated depreciation of \$21,192 and \$16,312 in 2016 and 2015, respectively - Notes 2 and 3	2,698	9,376
Security Deposit	<u>400</u>	<u>-</u>
Total Assets	<u>\$ 566,743</u>	<u>\$ 504,792</u>
 <u>LIABILITY AND NET ASSETS</u> 		
Current Liability		
Accounts and accrued expenses payable	<u>\$ 25,641</u>	<u>\$ 24,980</u>
Total Liability	<u>25,641</u>	<u>24,980</u>
Net Assets		
Unrestricted	311,817	283,345
Temporarily restricted - Note 6	<u>229,285</u>	<u>196,467</u>
Total Net Assets	<u>541,102</u>	<u>479,812</u>
Total Liability and Net Assets	<u>\$ 566,743</u>	<u>\$ 504,792</u>

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2016
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)

	2016	2015
<u>Changes in Unrestricted Net Assets</u>		
Public Support and Revenue		
Grants and contributions from:		
Foundations and trusts	\$ 102,000	\$ 105,500
Governmental agency	17,000	17,450
Corporation	10,000	1,000
Individuals	5,891	7,797
In-kind contributions - Note 4	123,500	139,500
Contract services	106,219	80,945
Book and tape sales	6,071	4,122
Special projects income	3,100	-
Special events income	53,104	72,377
Interest income	227	205
Miscellaneous income	2,183	-
Net assets released from restrictions - Note 5	268,661	222,730
Total Unrestricted Public Support and Revenue	697,956	651,626
Expenses		
Program Services		
Professional Development	244,976	163,850
Documentary Workshops	146,726	158,758
New Media Arts Apprenticeship	56,612	79,767
Special Projects	35,251	38,364
Total Program Services	483,565	440,739
Supporting Services		
Administrative and general	59,730	61,825
Fund raising	126,189	135,903
Total Supporting Services	185,919	197,728
Total Expenses	669,484	638,467
Net Increase in Unrestricted Net Assets	28,472	13,159
<u>Changes in Temporarily Restricted Net Assets</u>		
Grants and contributions from:		
Foundations and trusts	212,139	142,902
Governmental agencies	76,840	134,800
Corporations	12,500	7,500
Net assets released from restrictions - Note 5	(268,661)	(222,730)
Net Increase in Temporarily Restricted Net Assets	32,818	62,472
Net Increase in Net Assets	61,290	75,631
Net Assets at beginning of year	479,812	404,181
Net Assets at end of year	\$ 541,102	\$ 479,812

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2016
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)

	PROGRAM SERVICES				SUPPORTING SERVICES			Total Program and Supporting Services	
	Professional Development	Documentary Workshops	New Media Arts Apprenticeship	Special Projects	Administrative and General	Fund Raising	Total	2016	2015
								\$	\$
Salaries	\$ 148,815	\$ 82,273	\$ 22,102	\$ 6,857	\$ 21,413	\$ 66,761	\$ 88,174	\$ 348,221	\$ 335,123
Payroll taxes and employee benefits	23,998	13,267	3,564	1,106	3,453	10,766	14,219	56,154	52,820
Total Salaries and Related Expenses	172,813	95,540	25,666	7,963	24,866	77,527	102,393	404,375	387,943
Professional and consultants fees	29,789	7,592	7,913	357	12,102	20,894	32,996	78,647	47,225
Travel, meetings and conferences	1,531	3,040	349	385	1,941	251	2,192	7,497	5,175
Telephone and communications	2,266	2,266	1,360	1,360	906	906	1,812	9,064	9,630
Donated facilities - Note 4	30,000	30,000	18,000	18,000	12,000	12,000	24,000	120,000	120,000
Insurance	2,205	2,205	1,323	1,323	882	882	1,764	8,820	12,574
Supplies and tapes	3,335	2,920	678	848	475	1,578	2,053	9,834	6,326
Postage and mailing	48	6			1,227	50	1,277	1,331	1,014
Printing and publications									2,016
Event expenses (including donated space and goods of \$3,724 and \$4,031 in 2016 and 2015, respectively - Note 4)				3,807				9,191	7,772
Stipends	930	960					5,697	6,450	5,310
Other program expenses								537	1,975
Dues, fees and subscriptions		60	70		1,627	317	1,944	2,074	2,097
Bank and credit card service charges					229	47	276	276	526
Advertising	45		45			248	248	338	160
Equipment rental, repairs and maintenance (including in-kind contributions of \$16,000 in 2015 - Note 4)	345	345	206	206	138	138	276	1,378	19,578
Miscellaneous		123			2,669	202	2,871	2,994	882
Total Expenses Before Depreciation	243,307	145,057	55,610	34,249	59,062	125,521	184,583	662,806	630,203
Depreciation	1,669	1,669	1,002	1,002	668	668	1,336	6,678	8,264
Total Expenses 2016	\$ 244,976	\$ 146,726	\$ 56,612	\$ 35,251	\$ 59,730	\$ 126,189	\$ 185,919	\$ 669,484	
Total Expenses 2015	\$ 163,850	\$ 158,758	\$ 79,767	\$ 38,364	\$ 61,825	\$ 135,903	\$ 197,728	\$ 638,467	

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2016
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)

	2016	2015
<u>Cash Flows from Operating Activities</u>		
Changes in Net Assets	\$ 61,290	\$ 75,631
Adjustments to reconcile changes in Net Assets to net cash provided by operating activities		
Depreciation	6,678	8,264
Change in assets and liabilities:		
Decrease/(increase) in accounts receivable	3,547	(2,916)
Decrease/(increase) in grants and contributions receivable	14,064	(19,842)
Decrease/(increase) in prepaid expenses	3,457	(3,840)
Increase in security deposit	(400)	-
Increase in accounts and accrued expenses payable	661	5,705
Net Cash Provided by Operating Activities Representing Net Increase in Cash	89,297	63,002
Cash balance at beginning of year	320,275	257,273
Cash balance at end of year	\$ 409,572	\$ 320,275

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 1 ORGANIZATION

Educational Video Center, Inc. ("EVC") is a non-profit youth media organization dedicated to teaching documentary video as a means to develop the artistic, critical literacy and career skills of young people, while nurturing their idealism and commitment to social change. Founded in 1984, EVC has evolved from a single video workshop for teenagers from Manhattan's Lower East Side to become an internationally acclaimed leader in youth media education. EVC's teaching methodology brings together the powerful traditions of student-oriented progressive education and independent community documentary.

EVC is exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State Code.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) The accompanying financial statements have been prepared on the accrual basis of accounting.
- b) Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. EVC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

As of August 31, 2016, unconditional promises to give are due in less than one year.

- c) Program revenue is recognized as income when earned.
- d) Cash consists of cash held in checking and money market accounts. EVC maintains its cash in four bank accounts in a high quality financial institution, which at times, may exceed federally insured limits. EVC has not experienced any losses in such accounts.

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- e) The classification of an 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 the 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. The classes of net assets are defined as follows:

Permanently Restricted- Net assets resulting from contributions and other inflows of assets whose use by EVC is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of EVC.

Temporarily Restricted- Net assets resulting from contributions and other inflows of assets whose use by EVC is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions EVC pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Unrestricted- The part of net assets that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

- f) EVC capitalizes all significant expenditures for fixed assets. These assets are recorded at cost. Depreciation of furniture and equipment are provided for on a straight line basis over the estimated useful lives of the assets.
- g) Donated facilities and services are reflected in the statement of activities at their fair value. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.
- h) 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 August 31, 2016 and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from these estimates.
- i) These financial statements include certain prior year summarized information presented for comparative purposes and is not intended to be a complete financial statement presentation. Accordingly, such information should be read in conjunction with EVC's financial statements for the year ended August 31, 2015 from which the summarized information was derived.

(Continue)

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- j) EVC adopted *Financial Accounting Standards Board* (“FASB”) guidance on uncertain income tax positions in its financial statements. EVC recognizes the effect of tax positions only when they are more likely than not of being sustained. Management is not aware of any violation of its tax status as an organization exempt from income taxes.

NOTE 3 FIXED ASSETS

As of August 31, 2016, the costs and accumulated depreciation were as follows:

Equipment	\$ 23,890
Less: accumulated depreciation	<u>21,192</u>
Net	<u>\$ 2,698</u>

Fully depreciated equipment of \$1,798 was disposed of during the year.

NOTE 4 NON-CASH CONTRIBUTIONS

EVC occupies without charge, certain premises donated by City-As-School. The estimated value of the donated facilities is \$120,000 per year. EVC also received \$3,500 of donated space for its fund raising event.

Total in-kind contributions received during the year consist of the following:

Donated facilities	\$ 120,000
Donated space for fund raising event	<u>3,500</u>
Total	<u>\$ 123,500</u>

In addition, EVC received \$224 in donated food and beverages for its benefit held during the year. This amount was reported as support and expenses in the statement of activities.

**EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016**

NOTE 5 NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from restrictions during the year ended August 31, 2016 were as follows:

Satisfaction of program restrictions:	
Documentary Workshops	\$ 45,000
New Media Arts Apprenticeship	56,612
Pre-Professional Digital Post-Production Workshop	26,000
Professional Development	36,000
Programmatic Support	23,000
Youth Voices and Critical Issues in the Classroom	<u>25,000</u>
	<u>211,612</u>
Satisfaction of purpose restrictions:	
Advanced Documentary Workshop Personnel	40,000
Building Connected Credentials Project	4,000
Judy Doctoroff Fund	3,000
Pinkerton Video Project	5,000
Summer Internship	<u>5,049</u>
	<u>57,049</u>
Total	<u>\$ 268,661</u>

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of August 31, 2016 are available for the following:

Advanced Documentary Workshop Personnel	\$ 40,000
Documentary Workshops	15,000
Judy Doctoroff Fund	6,170
New Media Arts Apprenticeship	126,275
Provision of Cultural Services in NYC	16,840
Youth Voices and Critical Issues in the Classroom	<u>25,000</u>
Total	<u>\$ 229,285</u>

**EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2016**

NOTE 7 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted

NOTE 8 SUBSEQUENT EVENTS

EVC evaluated subsequent events through March 20, 2017, which is the date the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure within the financial statements.