

EDUCATIONAL VIDEO CENTER, INC.

**INDEPENDENT AUDITORS' REPORT
ON
FINANCIAL STATEMENTS**

AS OF AUGUST 31, 2017

AND

**FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)**

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, 2017, 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, 2017 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 March 20, 2017, 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, 2016, 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
February 1, 2018

**EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)**

	<u>ASSETS</u>	
	<u>2017</u>	<u>2016</u>
Current Assets		
Cash	\$ 323,830	\$ 409,572
Accounts receivable	16,787	7,862
Grants and contributions receivable - Note 2	138,500	144,233
Prepaid expenses	<u>2,836</u>	<u>1,978</u>
Total Current Assets	481,953	563,645
Non-Current Assets		
Fixed assets, at cost, net of accumulated depreciation of \$16,529 and \$13,490 in 2017 and 2016, respectively - Notes 2 and 3	1,707	2,698
Security deposit	<u>-</u>	<u>400</u>
Total Assets	<u>\$ 483,660</u>	<u>\$ 566,743</u>
<u>LIABILITY AND NET ASSETS</u>		
Current Liability		
Accounts and accrued expenses payable	<u>\$ 31,212</u>	<u>\$ 25,641</u>
Total Liability	<u>31,212</u>	<u>25,641</u>
Net Assets		
Unrestricted	312,847	311,817
Temporarily restricted - Note 6	<u>139,601</u>	<u>229,285</u>
Total Net Assets	<u>452,448</u>	<u>541,102</u>
Total Liability and Net Assets	<u>\$ 483,660</u>	<u>\$ 566,743</u>

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

	2017	2016
<u>Changes in Unrestricted Net Assets</u>		
Public Support and Revenue		
Grants and contributions from:		
Foundations and trusts	\$ 94,000	\$ 102,000
Governmental agency Corporation	31,000	17,000
Individuals	1,000	10,000
In-kind contributions - Note 4	6,945	5,891
Contract services	123,500	123,500
Book and tape sales	122,765	106,219
Special projects income	2,619	6,071
Special events income	-	3,100
Interest income	38,762	53,104
Miscellaneous income	287	227
Net assets released from restrictions - Note 5	551	2,183
	<u>320,921</u>	<u>268,661</u>
Total Unrestricted Public Support and Revenue	<u>742,350</u>	<u>697,956</u>
Expenses		
Program Services		
Professional Development	241,042	244,976
Documentary Workshops	134,370	146,726
New Media Arts Apprenticeship	133,871	56,612
Special Projects	33,106	35,251
	<u>542,389</u>	<u>483,565</u>
Total Program Services		
Supporting Services		
Administrative and general	74,335	59,730
Fund raising	124,596	126,189
	<u>198,931</u>	<u>185,919</u>
Total Supporting Services		
Total Expenses	<u>741,320</u>	<u>669,484</u>
Net Increase in Unrestricted Net Assets	<u>1,030</u>	<u>28,472</u>
<u>Changes in Temporarily Restricted Net Assets</u>		
Grants and contributions from:		
Foundations and trusts	100,737	212,139
Governmental agencies	118,000	76,840
Corporations	12,500	12,500
Net assets released from restrictions - Note 5	(320,921)	(268,661)
Net (Decrease)/Increase in Temporarily Restricted Net Assets	<u>(89,684)</u>	<u>32,818</u>
Net (Decrease)/Increase in Net Assets	<u>(88,654)</u>	<u>61,290</u>
Net Assets at beginning of year	541,102	479,812
Net Assets at end of year	<u>\$ 452,448</u>	<u>\$ 541,102</u>

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)

	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	2017	2016
Salaries	\$ 151,229	\$ 83,022	\$ 86,561	\$ 3,890	\$ 30,039	\$ 73,846	\$ 103,885	\$ 428,587	\$ 348,221
Payroll taxes and employee benefits	25,324	13,903	14,495	652	5,030	12,366	17,396	71,770	56,154
Total Salaries and Related Expenses	176,553	96,925	101,056	4,542	35,069	86,212	121,281	500,357	404,375
Professional and consultants fees	8,599	3,595	9,570	7,669	12,113	14,352	26,465	55,898	78,647
Travel, meetings and conferences	7,446	493	1,102	442	3,587	257	3,844	13,327	7,497
Telephone and communications	531	118	658	325	1,972	188	2,160	3,792	9,064
Donated facilities - Note 4	30,000	30,000	18,000	18,000	12,000	12,000	24,000	120,000	120,000
Insurance	1,360	311	1,735	855	4,571	496	5,067	9,328	8,820
Supplies and tapes	10,792	1,338	668	21	2,869	455	3,324	16,143	9,834
Postage and mailing	19				592	62	654	673	1,331
Printing and publications									
Event expenses (including donated space and goods of \$3,655 and \$3,724 in 2017 and 2016, respectively - Note 4)		81				81	81	8,976	9,191
Stipends	1,884	560	395			2,839	2,839	2,839	6,450
Other program expenses									
Dues, fees and subscriptions				695	835	800	1,635	2,330	2,074
Bad debt expense	1,175							1,175	
Bank and credit card service charges	4				220	270	490	494	276
Advertising		20				121	121	141	338
Equipment rental, repairs and maintenance	169	169	102	101	68	68	136	677	1,378
Miscellaneous	1,750		130		135	116	251	2,131	2,994
Total Expenses Before Depreciation	240,282	133,610	133,416	32,650	74,031	124,292	198,323	738,281	662,806
Depreciation	760	760	455	456	304	304	608	3,039	6,678
Total Expenses 2017	\$ 241,042	\$ 134,370	\$ 133,871	\$ 33,106	\$ 74,335	\$ 124,596	\$ 198,931	\$ 741,320	
Total Expenses 2016	\$ 244,976	\$ 146,726	\$ 56,612	\$ 35,251	\$ 59,730	\$ 126,189	\$ 185,919	\$ 669,484	

See accompanying notes to financial statements.

**EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2017
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2016)**

	<u>2017</u>	<u>2016</u>
<u>Cash Flows from Operating Activities</u>		
Changes in Net Assets	(\$ 88,654)	\$ 61,290
Adjustments to reconcile changes in Net Assets to net cash (used in)/provided by operating activities		
Depreciation	3,039	6,678
Change in assets and liabilities:		
(Increase)/decrease in accounts receivable	(8,925)	3,547
Decrease in grants and contributions receivable	5,733	14,064
(Increase)/decrease in prepaid expenses	(858)	3,457
Decrease/(increase) in security deposit	400	(400)
Increase in accounts and accrued expenses payable	<u>5,571</u>	<u>661</u>
Net Cash (Used in)/Provided by Operating Activities	(83,694)	89,297
<u>Cash Flows from Investing Activities</u>		
Acquisition of equipment	<u>(2,048)</u>	<u>-</u>
Net (Decrease)/Increase in Cash	(85,742)	89,297
Cash balance at beginning of year	<u>409,572</u>	<u>320,275</u>
Cash balance at end of year	<u><u>\$ 323,830</u></u>	<u><u>\$ 409,572</u></u>

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 1 ORGANIZATION

Educational Video Center, Inc. ("EVC") is a non-profit youth media organization dedicated to teaching young people to make documentary videos as a means to develop their artistic, critical literacy, and career skills, 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, 2017, unconditional promises to give are due in less than one year.

- c) 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.

(Continue)

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- d) 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 of 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.

- e) 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.
- f) Program revenue is recognized as income when earned.
- 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, 2017 and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from these estimates.

(Continue)

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- 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, 2016 from which the summarized information was derived.

- 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, 2017, the costs and accumulated depreciation were as follows:

Equipment	\$ 18,236
Less: accumulated depreciation	<u>(16,529)</u>
Net	<u>\$ 1,707</u>

Fully depreciated equipment of \$7,702 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 \$155 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, 2017**

NOTE 5 NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from restrictions during the year ended August 31, 2017 were as follows:

Satisfaction of program restrictions:	
Documentary Workshops	\$ 32,500
Educational Programs	5,000
New Media Arts Apprenticeship	119,923
Professional Development	49,619
Programmatic Support	24,840
Youth Voices and Critical Issues in the Classroom	<u>25,000</u>
	<u>256,882</u>
Satisfaction of purpose restrictions:	
Advanced Documentary Workshop Personnel	40,000
Judy Doctoroff Fund	2,039
Pinkerton Video Project	5,000
Rural/Urban Youth Digital Media Project	<u>17,000</u>
	<u>64,039</u>
Total	<u>\$ 320,921</u>

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of August 31, 2017 are available for the following:

Documentary Workshops	\$ 50,000
Judy Doctoroff Fund	4,131
New Media Arts Apprenticeship	62,470
Professional Development	15,000
Rural/Urban Youth Digital Media Project	<u>8,000</u>
Total	<u>\$ 139,601</u>

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

**EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 8 SUBSEQUENT EVENTS

EVC evaluated subsequent events through February 1, 2018, 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.