

EDUCATIONAL VIDEO CENTER, INC.

INDEPENDENT AUDITORS' REPORT
ON
FINANCIAL STATEMENTS

AS OF AUGUST 31, 2018

AND

FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

Winnie Tam & Co., P.C.

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, 2018, 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 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 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, 2018 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.

Report on Summarized Comparative Information

We have previously audited Educational Video Center, Inc.'s financial statements, and our report dated February 1, 2018, 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, 2017, 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 "Weine Lam & Co., P.C." The signature is written in black ink and is positioned to the right of the date and location text.

New York, New York
January 7, 2019

**EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)**

	<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets			
Cash		\$ 292,736	\$ 323,830
Accounts receivable		56,102	16,787
Grants and contributions receivable - Notes 2 and 3		109,620	138,500
Prepaid expenses		<u>4,173</u>	<u>2,836</u>
Total Current Assets		462,631	481,953
Non-Current Assets			
Grant receivable - Notes 2 and 3		35,749	-
Fixed assets, at cost, net of accumulated depreciation of \$1,024 and \$341 in 2018 and 2017, respectively - Notes 2 and 4		<u>1,024</u>	<u>1,707</u>
Total Assets		<u>\$ 499,404</u>	<u>\$ 483,660</u>
 <u>LIABILITY AND NET ASSETS</u> 			
Current Liability			
Accounts and accrued expenses payable		<u>\$ 46,650</u>	<u>\$ 31,212</u>
Total Liability		<u>46,650</u>	<u>31,212</u>
Net Assets			
Unrestricted		332,005	312,847
Temporarily restricted - Note 7		<u>120,749</u>	<u>139,601</u>
Total Net Assets		<u>452,754</u>	<u>452,448</u>
Total Liability and Net Assets		<u>\$ 499,404</u>	<u>\$ 483,660</u>

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

	2018	2017
<u>Changes in Unrestricted Net Assets</u>		
Public Support and Revenue		
Grants and contributions from:		
Foundations and trusts	\$ 104,415	\$ 94,000
Governmental agency	31,000	31,000
Corporation	2,500	1,000
Individuals	7,635	6,945
In-kind contributions - Notes 2 and 5	122,301	123,500
Contract services	220,620	122,765
Book and tape sales	1,752	2,619
Special events income	53,480	38,762
Interest income	260	287
Miscellaneous income	1,766	551
Net assets released from restrictions - Note 6	294,816	320,921
Total Unrestricted Public Support and Revenue	840,545	742,350
Expenses		
Program Services		
Professional Development	245,337	241,042
Documentary Workshops	160,420	134,370
New Media Arts Apprenticeship	183,973	133,871
Special Projects	6,505	33,106
Total Program Services	596,235	542,389
Supporting Services		
Administrative and general	100,320	74,335
Fund raising	124,832	124,596
Total Supporting Services	225,152	198,931
Total Expenses	821,387	741,320
Net Increase in Unrestricted Net Assets	19,158	1,030
<u>Changes in Temporarily Restricted Net Assets</u>		
Grants and contributions from:		
Foundations and trusts	248,864	100,737
Governmental agencies	17,100	118,000
Corporations	10,000	12,500
Net assets released from restrictions - Note 6	(294,816)	(320,921)
Net Decrease in Temporarily Restricted Net Assets	(18,852)	(89,684)
Net Increase/(Decrease) in Net Assets	306	(88,654)
Net Assets at beginning of year	452,448	541,102
Net Assets at end of year	\$ 452,754	\$ 452,448

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

	PROGRAM SERVICES				SUPPORTING SERVICES			Total Program and		
	Professional Development	Documentary Workshops	New Media Arts Apprenticeship	Special Projects	Total	Administrative and General	Fund Raising	Total	Supporting Services 2018	Supporting Services 2017
Salaries	\$ 147,184	\$ 96,461	\$ 113,318	\$ 4,164	\$ 361,127	\$ 41,842	\$ 65,795	\$ 107,637	\$ 468,764	\$ 428,587
Payroll taxes and employee benefits	21,863	14,328	16,832	619	53,642	6,215	9,773	15,988	69,630	71,770
Total Salaries and Related Expenses	169,047	110,789	130,150	4,783	414,769	48,057	75,568	123,625	538,394	500,357
Professional and consultants fees including donated services of \$1,082 in 2018 - (Notes 2 and 5)	12,391	6,161	14,255	177	32,984	36,149	18,534	54,683	87,667	55,898
Travel, meetings and conferences	13,524	6,026	4,448	43	24,041	2,810	706	3,516	27,557	13,327
Telephone and communications	1,474	1,002	1,139	41	3,656	455	632	1,087	4,743	3,792
Donated facilities - Notes 2 and 5	37,200	25,200	28,800	1,200	92,400	10,800	16,800	27,600	120,000	120,000
Insurance	3,031	2,063	2,345	87	7,526	404	1,308	1,712	9,238	9,328
Supplies and tapes	6,137	2,051	1,810	53	10,051	737	969	1,706	11,757	16,143
Postage and mailing	321	203	211	7	742	74	113	187	929	673
Event expenses (including donated space and goods of \$8,799 and \$3,655 in 2018 and 2017, respectively - Notes 2 and 5)	800	5,830	150	91	6,871	290	399	9,138	9,138	8,976
Stipends	16				16				6,871	2,839
Dues, fees and subscriptions									705	2,330
Bad debt expense									-	1,175
Bank and credit card service charges	115				115	173	341	514	629	494
Advertising	475	378			853				853	141
Equipment rental, repairs and maintenance	501	339	388	16	1,244	145	226	371	1,615	677
Miscellaneous	93	235	113		441	165	2	167	608	2,131
Total Expenses Before Depreciation	245,125	160,277	183,809	6,498	595,709	100,259	124,736	224,995	820,704	738,281
Depreciation	212	143	164	7	526	61	96	157	683	3,039
Total Expenses 2018	\$ 245,337	\$ 160,420	\$ 183,973	\$ 6,505	\$ 596,235	\$ 100,320	\$ 124,832	\$ 225,152	\$ 821,387	
Total Expenses 2017	\$ 241,042	\$ 134,370	\$ 133,871	\$ 33,106	\$ 542,389	\$ 74,335	\$ 124,596	\$ 198,931		\$ 741,320

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2018
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2017)

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Changes in Net Assets	\$ 306	(\$ 88,654)
Adjustments to reconcile changes in Net Assets to net cash used in operating activities		
Depreciation	683	3,039
Change in assets and liabilities:		
Increase in accounts receivable	(39,315)	(8,925)
(Increase)/decrease in grants and contributions receivable	(6,869)	5,733
Increase in prepaid expenses	(1,337)	(858)
Decrease in security deposit	-	400
Increase in accounts and accrued expenses payable	<u>15,438</u>	<u>5,571</u>
Net Cash Used in Operating Activities	(31,094)	(83,694)
<u>Cash Flows from Investing Activities</u>		
Acquisition of equipment	<u>-</u>	(<u>2,048</u>)
Net Decrease in Cash	(31,094)	(85,742)
Cash balance at beginning of year	<u>323,830</u>	<u>409,572</u>
Cash balance at end of year	<u>\$ 292,736</u>	<u>\$ 323,830</u>

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

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.

- c) Cash consists of cash held in checking and money market accounts and cash on hand. EVC maintains its cash in three bank accounts in a high quality financial institution, which at times, may exceed the current insured amount under Federal Deposit Insurance Corporation ("FDIC") protection. EVC has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

(Continue)

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

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 equipment are provided for on a straight line basis over the estimated useful lives of the assets.
- f) Program revenue is recognized as operating income in the period in which they are earned. Program revenue received in advance are recorded as deferred revenue.
- 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, 2018 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, 2018

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, 2017 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 PROMISES TO GIVE

Unconditional promises to give as of August 31, 2018 are as follows:

Receivable in less than one year	\$ 109,620
Receivable in one to five years	<u>40,000</u>
Total unconditional promises to give	149,620
Less: net present value discount	<u>(4,251)</u>
Net unconditional promises to give	<u>\$ 145,369</u>
Current	\$ 109,620
Non-current	<u>35,749</u>
Net unconditional promises to give	<u>\$ 145,369</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 5%.

NOTE 4 FIXED ASSETS

As of August 31, 2018, the costs and accumulated depreciation were as follows:

Equipment	\$ 2,048
Less: accumulated depreciation	<u>(1,024)</u>
Net	<u>\$ 1,024</u>

Fully depreciated equipment of \$16,188 was written off during the year.

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 5 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 \$2,301 of donated space and services 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	1,219
Donated services for fund raising event	<u>1,082</u>
Total	<u>\$ 122,301</u>

In addition, EVC received \$7,580 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.

NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS

The amounts released from restrictions during the year ended August 31, 2018 were as follows:

Satisfaction of program restrictions:	
Documentary Workshops	\$ 78,500
New Media Arts Apprenticeship	128,085
Professional Development	16,000
Programmatic Support	<u>17,100</u>
	<u>239,685</u>
Satisfaction of purpose restrictions:	
Advanced Documentary Workshop Personnel	40,000
Judy Doctoroff Fund	4,131
Rural/Urban Youth Digital Media Project	<u>11,000</u>
	<u>55,131</u>
Total	<u>\$ 294,816</u>

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2018

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of August 31, 2018 are available for the following:

Advanced Documentary Workshop Personnel	\$ 75,749
Documentary Workshops	10,000
New Media Arts Apprenticeship	25,000
Photographic Equipment for Youth	<u>10,000</u>
Total	<u>\$ 120,749</u>

NOTE 8 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 9 SUBSEQUENT EVENTS

EVC evaluated subsequent events through January 7, 2019, 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.