

EDUCATIONAL VIDEO CENTER, INC.

INDEPENDENT AUDITOR'S REPORT
ON
FINANCIAL STATEMENTS

AS OF AUGUST 31, 2020

AND

FOR THE YEAR THEN ENDED
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2019)

EDUCATIONAL VIDEO CENTER, INC.

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

INDEPENDENT AUDITOR'S 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, 2020, 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, 2020 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 January 27, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Winnie Lam & Co., P.C.

New York, New York
February 26, 2021

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2020
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2019)

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 463,323	\$ 257,305
Accounts receivable	39,672	121,699
Grants and contributions receivable - Notes 2 and 4	160,246	84,382
Prepaid expenses	<u>6,623</u>	<u>5,136</u>
Total Current Assets	669,864	468,522
Non-Current Assets		
Grant receivable - Notes 2 and 4	46,864	-
Fixed assets, at cost, net of accumulated depreciation of \$3,555 and \$2,090 in 2020 and 2019, respectively - Notes 2 and 5	<u>2,940</u>	<u>2,256</u>
Total Assets	<u>\$ 719,668</u>	<u>\$ 470,778</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liability		
Accounts and accrued expenses payable	\$ 39,632	\$ 33,295
Non-Current Liability		
Loan payable - Note 9	<u>114,100</u>	<u>-</u>
Total Liabilities	<u>153,732</u>	<u>33,295</u>
Net Assets		
Without donor restrictions	414,572	352,483
With donor restrictions - Note 8	<u>151,364</u>	<u>85,000</u>
Total Net Assets	<u>565,936</u>	<u>437,483</u>
Total Liabilities and Net Assets	<u>\$ 719,668</u>	<u>\$ 470,778</u>

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2020
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2019)

	2020	2019
<u>Changes in Net Assets Without Donor Restrictions</u>		
Public Support and Revenue		
Grants and contributions from:		
Foundations and trusts	\$ 166,500	\$ 76,000
Governmental agency	18,000	31,000
Corporations	11,791	-
Individuals	3,592	11,550
In-kind contributions - Notes 2 and 6	120,000	120,000
Contract services	194,997	210,146
Sales income	2,830	1,879
Special events, net of direct event expenses of \$5,879 in 2020 and \$48,550 in 2019	70,735	93,466
Interest income	194	221
Miscellaneous income	250	15
Net assets released from restrictions - Note 7	<u>336,460</u>	<u>238,873</u>
Total Public Support and Revenue	<u>925,349</u>	<u>783,150</u>
Expenses		
Program Services		
Professional Development	171,996	198,123
Documentary Workshops	211,758	164,016
New Media Arts Apprenticeship	162,116	181,076
Special Projects	87,884	29,097
Total Program Services	<u>633,754</u>	<u>572,312</u>
Supporting Services		
Administrative and general	114,449	97,788
Fund raising	115,057	92,572
Total Supporting Services	<u>229,506</u>	<u>190,360</u>
Total Expenses	<u>863,260</u>	<u>762,672</u>
Net Increase in Net Assets Without Donor Restrictions	<u>62,089</u>	<u>20,478</u>
<u>Changes in Net Assets With Donor Restrictions</u>		
Grants and contributions from:		
Foundations and trusts	317,214	114,251
Governmental agencies	75,610	66,373
Corporations	10,000	22,500
Net assets released from restrictions - Note 7	(336,460)	(238,873)
Net Increase/(Decrease) in Net Assets With Donor Restrictions	<u>66,364</u>	<u>(35,749)</u>
Net Increase/(Decrease) in Net Assets	128,453	(15,271)
Net Assets at beginning of year	<u>437,483</u>	<u>452,754</u>
Net Assets at end of year	<u>\$ 565,936</u>	<u>\$ 437,483</u>

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2019)

	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	2020	2019
								\$	\$
Salaries	\$ 104,408	\$ 133,611	\$ 108,301	\$ 46,198	\$ 61,314	\$ 72,476	\$ 133,790	\$ 526,308	\$ 452,479
Payroll taxes and employee benefits	16,554	21,183	17,171	7,325	9,721	11,491	21,212	83,445	73,876
Total Salaries and Related Expenses	120,962	154,794	125,472	53,523	71,035	83,967	155,002	609,753	526,355
Professional and consultants fees	13,365	17,144	13,798	14,037	24,994	14,079	39,073	97,417	59,181
Travel, meetings and conferences	1,326	2,350	785	297	422	493	915	5,673	17,167
Telephone and communications	1,424	1,834	1,368	585	811	969	1,780	6,991	6,048
Donated facilities - Notes 2 and 6	30,000	30,000	18,000	18,000	12,000	12,000	24,000	120,000	120,000
Insurance	1,895	2,492	1,860	795	1,102	1,317	2,419	9,461	9,096
Supplies and tapes	1,015	2,368	409	175	373	337	710	4,677	13,091
Postage and mailing	97	207	91	39	54	64	118	552	1,232
Event expenses									2,666
Stipends	250	250						500	550
Dues, fees and subscriptions		36			826	435	1,261	1,297	1,034
Interest expense							419	419	419
Bank and credit card service charges	36	203			1,660	1,112	2,772	3,011	3,079
Advertising	285				95	284	379	664	1,572
Equipment rental, repairs and maintenance									266
Bad debt expense	1,000							1,000	
Miscellaneous		80			300		300	380	269
Total Expenses Before Depreciation	171,655	211,758	161,783	87,451	114,091	115,057	229,148	861,795	761,606
Depreciation	341		333	433	358		358	1,465	1,066
Total Expenses 2020	\$ 171,996	\$ 211,758	\$ 162,116	\$ 87,884	\$ 114,449	\$ 115,057	\$ 229,506	\$ 863,260	
Total Expenses 2019	\$ 198,123	\$ 164,016	\$ 181,076	\$ 29,097	\$ 97,788	\$ 92,572	\$ 190,360	\$ 762,672	

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2020
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2019)

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 128,453	(\$ 15,271)
Adjustments to reconcile changes in Net Assets to net cash provided by/(used in) operating activities		
Depreciation	1,465	1,066
Change in assets and liabilities:		
Decrease/(increase) in accounts receivable	82,027	(65,597)
(Increase)/decrease in grants and contributions receivable	(122,728)	60,987
Increase in prepaid expenses	(1,487)	(963)
Increase/(decrease) in accounts and accrued expenses payable	<u>6,337</u>	<u>(13,355)</u>
Net Cash Provided by/(Used in) Operating Activities	<u>94,067</u>	<u>(33,133)</u>
<u>Cash Flows from Investing Activities</u>		
Acquisition of fixed assets	(2,149)	(2,298)
Donated stocks	-	(1,815)
Sale of donated stocks	<u>-</u>	<u>1,815</u>
Net Cash Used in Investing Activities	<u>(2,149)</u>	<u>(2,298)</u>
<u>Cash Flows from Financing Activities</u>		
Proceeds from loan	<u>114,100</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>114,100</u>	<u>-</u>
Net Increase/(Decrease) in Cash	206,018	(35,431)
Cash balance at beginning of year	<u>257,305</u>	<u>292,736</u>
Cash balance at end of year	<u>\$ 463,323</u>	<u>\$ 257,305</u>
<u>Supplemental disclosures of cash flow information:</u>		
Gifts of securities	<u>\$ -</u>	<u>\$ 1,815</u>
Cash paid during the year for interest	<u>\$ -</u>	

See accompanying notes to financial statements.

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

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 income taxes under Section 501(c)3 of the Internal Revenue Code and similar provisions of the State Code. Contributions to EVC are tax deductible to donors under Section 170 of the IRC. EVC is not classified as a private foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

EVC prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America for not-for-profit entities. The significant accounting and reporting policies used by EVC are described below to enhance the usefulness and understandability of the financial statements.

- a) The accompanying financial statements have been prepared using the accrual basis of accounting.
- b) Grants and contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Unconditional promises to give that are expected to be collected in less than one year are reflected as current promises to give and are reported at net realizable value.

(Continue)

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unconditional promises to give that are expected to be collected in more than one year are reflected as long-term promises to give and are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectibility of individual promises.

- 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.
- d) The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

(Continue)

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

- e) EVC capitalizes all significant expenditures for fixed assets. These assets are recorded at cost. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. 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 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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, EVC's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. EVC's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.
- i) The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with EVC's financial statements for the year ended August 31, 2019, 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.

**EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020**

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, 2020 are:

Financial Assets:	
Cash	\$ 463,323
Accounts receivable	39,672
Grants and contributions receivable	<u>207,110</u>
 Total Financial Assets	 710,105
Less financial assets held to meet donor-imposed restrictions:	
Purpose-restricted net assets (Note 8)	(<u>151,364</u>)
 Amount available for general Expenditures within one year	 <u>\$ 558,741</u>

As part of the liquidity management plan, EVC invests cash in excess of daily requirements in short-term money market accounts.

NOTE 4 PROMISES TO GIVE

Unconditional promises to give as of August 31, 2020 are as follows:

Receivable in less than one year	\$ 160,246
Receivable in one to five years	<u>50,000</u>
 Total unconditional promises to give	 210,246
Less: net present value discount	(<u>3,136</u>)
 Net unconditional promises to give	 <u>\$ 207,110</u>
 Current	 \$ 160,246
Non-current	<u>46,864</u>
 Net unconditional promises to give	 <u>\$ 207,110</u>

Long-term promises to give are recognized at fair value, using present value techniques and a discount rate of 3.25%.

**EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020**

NOTE 5 FIXED ASSETS

As of August 31, 2020, the costs and accumulated depreciation were as follows:

Equipment	\$	6,495
Less: accumulated depreciation		(<u>3,555</u>)
Net		<u>\$ 2,940</u>

NOTE 6 IN-KIND CONTRIBUTIONS

EVC occupies without charge, certain premises donated by City-As-School. The estimated value of the donated facilities is \$120,000 per year. This amount was reported as support and expenses in the statement of activities.

NOTE 7 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions during the year ended August 31, 2020 were as follows:

Satisfaction of purpose restrictions:		
Advanced Documentary Workshop Personnel	\$	40,000
Documentary Workshops		90,000
New Media Arts Apprenticeship		37,850
Professional Development		20,000
Programmatic Support		46,110
Youth Powered Video and Curriculum		<u>57,500</u>
		291,460
Satisfaction of time restrictions:		
General Support for 2020		<u>45,000</u>
Total		<u>\$ 336,460</u>

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2020, net assets with donor restrictions are available for the following:

Purpose restrictions, available for spending:		
New Media Arts Apprenticeship	\$	2,000
Youth Powered Video and Curriculum		<u>149,364</u>
Total		<u>\$ 151,364</u>

EDUCATIONAL VIDEO CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 9 LOAN PAYABLE

In March 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) to help businesses retain employees through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government.

On April 25, 2020, EVC obtained a PPP loan of \$114,100 payable in two (2) years, which bears an interest at a fixed rate of 1% per annum. EVC must pay monthly principal and interest payments on the outstanding principal balance of the loan amortized over the term of the loan, unless otherwise forgiven in whole or in part in accordance with the CARES Act, beginning seven months from April 25, 2020 until the maturity date of April 25, 2022 when the entire principal balance remaining unpaid, along with all accrued and unpaid interest, shall be due and payable in full.

NOTE 10 FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing EVC’s services have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied.

Administrative and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization. Fund raising costs are expensed as incurred, even though they may result in contributions received in future years.

NOTE 11 SUBSEQUENT EVENTS

EVC has evaluated subsequent events through February 26, 2021, 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.

In response to an order by the Governor of New York related to the coronavirus (COVID-19) in March 2020, EVC closed their physical office on a short-term basis but maintained member and client support with staff working remotely. EVC does not know the overall effect on its operations from this closure.