

BRYN MAWR FILM INSTITUTE

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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Independent Auditor's Report

Board of Directors
Bryn Mawr Film Institute

We have audited the accompanying financial statements of Bryn Mawr Film Institute, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 from 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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 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 Bryn Mawr Film Institute as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Isdaner & Company, LLC

May 18, 2017

BRYN MAWR FILM INSTITUTE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	2016	2015
Current assets:		
Cash and cash equivalents	\$ 2,214,489	\$ 2,131,213
Contributions and grants receivable	100,982	169,815
Prepaid expenses and other	51,622	73,722
Total current assets	2,367,093	2,374,750
Property and equipment, net	8,535,702	8,869,947
Contributions and grants receivable	85,000	40,000
Investments, at fair value	840,601	771,203
	\$ 11,828,396	\$ 12,055,900

LIABILITIES AND NET ASSETS

Current liabilities:		
Current portion of long-term debt	\$ 117,191	\$ 74,685
Accounts payable and accrued expenses	164,799	147,997
Deferred revenue	453,646	433,203
Total current liabilities	735,636	655,885
Long-term debt	2,303,869	3,202,159
Total liabilities	3,039,505	3,858,044
Net assets:		
Unrestricted:		
Board designated for endowment	840,601	771,203
Undesignated	7,720,291	7,312,671
	8,560,892	8,083,874
Temporarily restricted	227,999	113,982
	8,788,891	8,197,856
	\$ 11,828,396	\$ 12,055,900

The accompanying notes are an integral part of these statements.

BRYN MAWR FILM INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted			Temporarily Restricted	Total
	Operating	Board Designated	Total		
Revenues and support:					
Admissions	\$ 1,686,720	\$ -	\$ 1,686,720	\$ -	\$ 1,686,720
Concessions	280,239	-	280,239	-	280,239
Membership	554,745	-	554,745	-	554,745
Rentals	61,620	-	61,620	-	61,620
Sponsorships	134,316	-	134,316	-	134,316
Education programs	107,450	-	107,450	-	107,450
Contributions	313,291	-	313,291	215,082	528,373
Special events	28,497	-	28,497	-	28,497
Investment income	2,216	13,897	16,113	-	16,113
Net unrealized gain on investments	98	55,501	55,599	-	55,599
Donated services	128,885	-	128,885	-	128,885
Miscellaneous	17,700	-	17,700	-	17,700
Net assets released from restrictions	101,065	-	101,065	(101,065)	-
	<u>3,416,842</u>	<u>69,398</u>	<u>3,486,240</u>	<u>114,017</u>	<u>3,600,257</u>
Expenses:					
Program services	2,236,601	-	2,236,601	-	2,236,601
Management and general	492,202	-	492,202	-	492,202
Membership and fundraising	280,419	-	280,419	-	280,419
	<u>3,009,222</u>	<u>-</u>	<u>3,009,222</u>	<u>-</u>	<u>3,009,222</u>
Change in net assets	407,620	69,398	477,018	114,017	591,035
Net assets at beginning of year	<u>7,312,671</u>	<u>771,203</u>	<u>8,083,874</u>	<u>113,982</u>	<u>8,197,856</u>
Net assets at end of year	<u>\$ 7,720,291</u>	<u>\$ 840,601</u>	<u>\$ 8,560,892</u>	<u>\$ 227,999</u>	<u>\$ 8,788,891</u>

The accompanying notes are an integral part of these statements.

BRYN MAWR FILM INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>			<u>Temporarily Restricted</u>	<u>Total</u>
	<u>Operating</u>	<u>Board Designated</u>	<u>Total</u>		
Revenues and support:					
Admissions	\$ 1,550,965	\$ -	\$ 1,550,965	\$ -	\$ 1,550,965
Concessions	260,649	-	260,649	-	260,649
Membership revenue	494,685	-	494,685	-	494,685
Rentals	62,599	-	62,599	-	62,599
Sponsorships	168,822	-	168,822	-	168,822
Education programs	108,690	-	108,690	-	108,690
Contributions	288,347	-	288,347	36,065	324,412
Special events	27,530	-	27,530	-	27,530
Investment income	301	12,649	12,950	-	12,950
Net unrealized loss on investments	(232)	(17,737)	(17,969)	-	(17,969)
Donated services	132,489	-	132,489	-	132,489
Miscellaneous	13,392	-	13,392	-	13,392
Net assets released from restrictions	267,833	-	267,833	(267,833)	-
	<u>3,376,070</u>	<u>(5,088)</u>	<u>3,370,982</u>	<u>(231,768)</u>	<u>3,139,214</u>
Expenses:					
Program services	2,202,905	-	2,202,905	-	2,202,905
Management and general	483,162	-	483,162	-	483,162
Membership and fundraising	236,734	-	236,734	-	236,734
	<u>2,922,801</u>	<u>-</u>	<u>2,922,801</u>	<u>-</u>	<u>2,922,801</u>
Change in net assets	453,269	(5,088)	448,181	(231,768)	216,413
Net assets at beginning of year	<u>6,859,402</u>	<u>776,291</u>	<u>7,635,693</u>	<u>345,750</u>	<u>7,981,443</u>
Net assets at end of year	<u>\$ 7,312,671</u>	<u>\$ 771,203</u>	<u>\$ 8,083,874</u>	<u>\$ 113,982</u>	<u>\$ 8,197,856</u>

The accompanying notes are an integral part of these statements.

BRYN MAWR FILM INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 591,035	\$ 216,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	349,466	349,529
Net unrealized (gain) loss on investments	(55,501)	17,737
Impairment loss	5,000	31,815
Changes in assets and liabilities		
Contributions and grants receivable	23,833	96,515
Prepaid expenses and other	17,100	(12,270)
Accounts payable and accrued expenses	16,802	(23,269)
Deferred revenue	20,443	70,992
Net cash provided by operating activities	<u>968,178</u>	<u>747,462</u>
Cash flows from investing activities		
Purchase of property and equipment	(15,221)	(28,682)
Purchase of investments	(13,897)	(12,649)
Net cash used in investing activities	<u>(29,118)</u>	<u>(41,331)</u>
Cash flows from financing activities		
Repayment of long-term debt	(855,784)	(71,160)
Net cash used in financing activities	<u>(855,784)</u>	<u>(71,160)</u>
Net increase in cash and cash equivalents	83,276	634,971
Cash and cash equivalents at beginning of year	<u>2,131,213</u>	<u>1,496,242</u>
Cash and cash equivalents at end of year	<u>\$ 2,214,489</u>	<u>\$ 2,131,213</u>
Supplemental disclosure:		
Cash paid for interest	<u>\$ 101,639</u>	<u>\$ 135,679</u>

The accompanying notes are an integral part of these statements.

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(1) SUMMARY OF ACCOUNTING POLICIES

Nature of Operations

Bryn Mawr Theatre Film Institute, dba Bryn Mawr Film Institute (“the Institute”) is a Pennsylvania nonprofit corporation formed in 2002 for the purpose of purchasing and restoring the Bryn Mawr Theater, a nationally registered historical landmark located in Bryn Mawr, Pennsylvania, to create and operate a film institute to expose the film-going public to the best of world cinema, to expand audiences for films of historical, cultural, and artistic significance, and to educate the general public through discussion groups, workshops and seminars on the appreciation of films and filmmaking. The affairs of the Institute are managed by a Board of Directors.

Financial Statement Presentation

In accordance with Financial Accounting Standards Board Codification (ASC) Section 958, information regarding financial position and activities is reported based on the existence or absence of donor-imposed restrictions as unrestricted net assets, temporarily restricted net assets or permanently restricted net assets.

Cash and Cash Equivalents

The Institute considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are primarily held in operating accounts at major financial institutions and also in money market mutual funds, in which the Institute is exposed to market and credit risk.

Contributions and Grants

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Unconditional promises to give are recorded at fair value. No allowance for uncollectible receivables was considered necessary at December 31, 2016 or 2015.

Support that is restricted by a donor is reported as an increase in unrestricted net assets if the restriction expires in the same reporting period. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction lapses or purpose restriction is achieved), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

Earned revenues are generated principally through admissions and concessions sales with proceeds received in cash or via credit card at the point of sale. Membership revenue is recognized over the related period based on substantive benefits available to members. Other earned revenue is recognized in the period earned. Amounts not yet earned by the end of the fiscal year are reported as deferred revenue.

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(1) SUMMARY OF ACCOUNTING POLICIES - Continued

Donated Property and Services

Contributed securities and other non-cash donations are recorded as donations at their fair values at the date of donation.

In-kind contributions are recognized in the financial statements if the services or goods received enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Institute recorded \$128,885 as the value of management services provided without charge by the Executive Director in 2016 and 2015.

Contributed securities and other non-cash donations are recorded at their fair values at the date of donation.

Advertising

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense totaled \$37,877 and \$43,188 for the years ended December 31, 2016 and 2015, respectively.

Property and Equipment

Property and equipment are stated at cost. Major renewals and improvements are capitalized, while maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred. Depreciation is provided by the straight-line method over estimated useful lives of the assets as follows:

Building and improvements	5-40 years
Furniture, equipment and software	5-15 years

Fair Value Measurements

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Changes in unrealized gains and losses resulting from changes in fair value are reflected in the statement of activities. Dividends and interest are reported as investment income as they are earned. See Note 2 for a summary of inputs used to value the Institute's investments reported at fair value.

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(1) SUMMARY OF ACCOUNTING POLICIES - Continued

Income Taxes

The Institute is a public charity that has obtained an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes. The Institute is subject, however, to federal income taxes on unrelated business taxable income.

Pursuant to FASB Accounting Standards Codification Topic 740, the Institute recognizes tax benefits only if it is more likely than not that a tax position will be sustained upon examination. No liability for uncertain tax positions was recorded as of December 31, 2016 or 2015.

Subsequent Events

Management has evaluated subsequent events through May 18, 2017, which is the date the Institute's financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

(2) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable as of December 31, 2016 and 2015 are expected to be collected as follows:

	<u>2016</u>	<u>2015</u>
Within one year	\$100,982	\$169,815
One to five years	85,000	40,000
	<u>\$185,982</u>	<u>\$209,815</u>

(3) FAIR VALUE MEASUREMENTS

The Institute has adopted authoritative accounting guidance related to fair value measurements. The guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal market or, in the absence of a principal market, the most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. This guidance also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(3) FAIR VALUE MEASUREMENTS – Continued

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2016 and 2015:

<u>December 31, 2016</u>	<u>Total</u>	<u>Quoted Prices In Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual and exchange-traded funds	<u>\$840,601</u>	<u>\$840,601</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2015</u>				
Mutual and exchange-traded funds	<u>\$771,203</u>	<u>\$771,203</u>	<u>\$ -</u>	<u>\$ -</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 459,375	\$ 459,375
Buildings and improvements	9,536,567	9,524,421
Furniture, equipment, and software	<u>922,756</u>	<u>919,681</u>
	10,918,698	10,903,477
Less accumulated depreciation	<u>2,382,996</u>	<u>2,033,530</u>
	<u>\$ 8,535,702</u>	<u>\$ 8,869,947</u>

(5) LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
4.75% notes payable to bank	\$1,912,060	\$2,776,844
Note payable to Township of Lower Merion	<u>500,000</u>	<u>500,000</u>
	2,421,060	3,276,844
Less current portion	<u>117,191</u>	<u>74,685</u>
	<u>\$2,303,869</u>	<u>\$3,202,159</u>

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(5) LONG-TERM DEBT – Continued

The 4.75% notes payable to bank are due in monthly installments aggregating \$17,261 with balloon payments of the remaining balance due November 1, 2019. The notes are collateralized by substantially all assets. The Institute made additional principal payments of \$750,000 in January 2016 and \$747,877 in January 2017.

The note payable to Township of Lower Merion is non-interest-bearing and is due October 17, 2021. The loan was obtained under the Commonwealth of Pennsylvania Anchor Building Grant Program, which was designed to provide interest-free loans for the rehabilitation of commercial properties considered significant for revitalization within commercial areas.

Interest expense was \$97,854 and \$135,679 for the years ended December 31, 2016 and 2015, respectively.

Annual maturities of long-term debt as of December 31, 2016 are as follows:

2017	\$ 117,191
2018	122,962
2019	1,680,907
2020	-
2021	<u>500,000</u>
	<u>\$ 2,421,060</u>

(6) RETIREMENT PLAN

During 2015, the Institute established a SIMPLE IRA retirement plan available to substantially all employees. The Institute presently matches employee contributions to a maximum of 3% of each participant's compensation. Retirement plan expense was \$11,760 and \$9,661 for the years ended December 31, 2016 and 2015, respectively.

(7) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Institute programs and initiatives	\$ -	\$ 40,000
Operations of subsequent periods	<u>227,999</u>	<u>73,982</u>
	<u>\$227,999</u>	<u>\$113,982</u>

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

(8) BOARD-DESIGNATED ENDOWMENT FUND

The Board of Directors has established an endowment fund and has adopted investment and spending policies for endowment assets that attempt to both preserve capital and achieve long-term growth, while providing a predictable stream of funding to support the Institute's operations and programs. The Institute targets a diversified asset allocation of fixed income and equity investments.

Changes in the board-designated endowment fund for the year ended December 31, 2016 and 2015:

Balance, January 1, 2015	<u>\$776,291</u>
Investment return:	
Investment income	12,649
Net unrealized loss	<u>(17,737)</u>
Net investment loss	<u>(5,088)</u>
Balance, December 31, 2015	771,203
Investment return:	
Investment income	13,897
Net unrealized gain	<u>55,501</u>
Net investment gain	<u>69,398</u>
Balance, December 31, 2016	<u>\$840,601</u>

SUPPLEMENTARY INFORMATION

BRYN MAWR FILM INSTITUTE
FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016				2015			
	Program Services	Management and General	Membership and Fundraising	Total	Program Services	Management and General	Membership and Fundraising	Total
Payroll, taxes, and benefits	\$ 506,446	\$ 171,676	\$ 180,260	\$ 858,382	\$ 456,833	\$ 168,307	\$ 176,322	\$ 801,462
Accounting and audit	-	20,875	-	20,875	-	22,080	-	22,080
Advertising and promotion	-	37,877	-	37,877	-	43,110	78	43,188
Bank charges	47,773	10	2,514	50,297	45,303	13	2,386	47,702
Building maintenance	74,023	19,481	594	94,098	65,781	17,313	528	83,622
Concessions	73,939	14,543	-	88,482	83,053	-	-	83,053
Depreciation and amortization	274,909	72,350	2,207	349,466	274,889	72,430	2,210	349,529
Executive director services	90,260	12,875	25,750	128,885	93,864	12,875	25,750	132,489
Faculty	27,207	-	4,524	31,731	37,307	-	1,286	38,593
Film rental	817,303	-	-	817,303	753,579	-	-	753,579
Insurance	45,254	11,910	363	57,527	41,753	10,989	335	53,077
Interest	76,977	20,259	618	97,854	106,732	28,090	857	135,679
Impairment loss on equipment	5,000	-	-	5,000	-	31,815	-	31,815
Miscellaneous	12,257	6,015	895	19,167	5,211	1,594	746	7,551
Office	16,003	19,196	7,854	43,053	10,770	14,528	6,162	31,460
Postage and mailing	5,001	6,164	4,607	15,772	7,087	6,243	5,022	18,352
Printing	24,622	8,653	16,517	49,792	34,552	4,643	6,934	46,129
Professional fees	16,200	42,313	24,500	83,013	41,843	21,531	6,710	70,084
Real estate taxes	46,748	12,303	375	59,426	45,304	11,923	364	57,591
Special events	2,534	-	7,600	10,134	28,722	-	-	28,722
Travel	14,484	-	762	15,246	10,752	-	566	11,318
Utilities	59,661	15,702	479	75,842	59,570	15,678	478	75,726
	<u>\$2,236,601</u>	<u>\$ 492,202</u>	<u>\$ 280,419</u>	<u>\$3,009,222</u>	<u>\$2,202,905</u>	<u>\$ 483,162</u>	<u>\$ 236,734</u>	<u>\$2,922,801</u>