

**BRYN MAWR FILM INSTITUTE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

## CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT .....	1
 FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION .....	3
STATEMENT OF ACTIVITIES .....	4
STATEMENT OF CASH FLOWS .....	5
NOTES TO FINANCIAL STATEMENTS .....	6
 SUPPLEMENTARY INFORMATION	
FUNCTIONAL EXPENSES .....	12



## **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 statement of financial position as of December 31, 2015, and the related statement 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, 2015, and the results of its operations and its cash flows for the year 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.

### **Emphasis of Matter**

As discussed in Note 7, the classification of net assets as of January 1, 2015 has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads 'Isdanner &amp; Company, LLC'.

May 9, 2016

**BRYN MAWR FILM INSTITUTE**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2015**

**ASSETS**

Current assets:	
Cash and cash equivalents	\$ 2,131,213
Contributions and grants receivable	169,815
Prepaid expenses and other	<u>73,722</u>
Total current assets	<u>2,374,750</u>
Noncurrent assets:	
Property and equipment, net	8,869,947
Contributions and grants receivable	40,000
Investments, at fair value	<u>771,203</u>
Total noncurrent assets	<u>9,681,150</u>
	<u><u>\$ 12,055,900</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accounts payable and accrued expenses	\$ 147,997
Deferred revenue	433,203
Current portion of long-term debt	<u>74,685</u>
Total current liabilities	655,885
Long-term debt	<u>3,202,159</u>
Total liabilities	<u>3,858,044</u>
Net assets	
Unrestricted	
Board designated for endowment	771,203
Undesignated	<u>7,312,671</u>
	8,083,874
Temporarily restricted	<u>113,982</u>
	<u>8,197,856</u>
	<u><u>\$ 12,055,900</u></u>

The accompanying notes are an integral part of this statement.

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

	<u>Unrestricted</u>			<u>Temporarily Restricted</u>	<u>Permanently 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>-</u>	<u>3,139,214</u>
Expenses:						
Program services	2,246,015	-	2,246,015	-	-	2,246,015
Management and general	440,052	-	440,052	-	-	440,052
Membership and fundraising	236,734	-	236,734	-	-	236,734
	<u>2,922,801</u>	<u>-</u>	<u>2,922,801</u>	<u>-</u>	<u>-</u>	<u>2,922,801</u>
Changes in net assets	453,269	(5,088)	448,181	(231,768)	-	216,413
Net assets at December 31, 2014:						
As previously reported	7,060,344	-	7,060,344	846,099	75,000	7,981,443
Prior period adjustment	(200,942)	776,291	575,349	(500,349)	(75,000)	-
As restated	<u>6,859,402</u>	<u>776,291</u>	<u>7,635,693</u>	<u>345,750</u>	<u>-</u>	<u>7,981,443</u>
Net assets at December 31, 2015	<u>\$ 7,312,671</u>	<u>\$ 771,203</u>	<u>\$ 8,083,874</u>	<u>\$ 113,982</u>	<u>\$ -</u>	<u>\$ 8,197,856</u>

The accompanying notes are an integral part of this statement.

**BRYN MAWR FILM INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2015**

Cash flows from operating activities	
Change in net assets	\$ 216,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	349,529
Net unrealized loss on investments	17,737
Impairment loss	31,815
Changes in assets and liabilities	
Contributions receivable	96,515
Prepaid expenses and other	(12,270)
Accounts payable and accrued expenses	(23,269)
Deferred revenue	<u>70,992</u>
Net cash provided by operating activities	<u>747,462</u>
Cash flows from investing activities	
Purchase of property and equipment	(28,682)
Purchase of investments	<u>(12,649)</u>
Net cash used in investing activities	<u>(41,331)</u>
Cash flows from financing activities	
Repayment of long-term debt	<u>(71,160)</u>
Net cash used in financing activities	<u>(71,160)</u>
Net increase in cash and cash equivalents	634,971
Cash and cash equivalents at beginning of year	<u>1,496,242</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,131,213</u></u>
Supplemental disclosure:	
Cash paid for interest	<u><u>\$ 135,679</u></u>

The accompanying notes are an integral part of this statement.

**BRYN MAWR FILM INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 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, 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, 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. For the year ended December 31, 2015, the Institute recorded \$132,489 as the value of management services provided without charge by the Executive Director.

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 \$33,034 for the year ended December 31, 2015.

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

Assets held for sale are measured at the lower of carrying amount or fair value less costs to sell and are no longer depreciated. An impairment loss of \$31,815 was recognized in 2015 based on estimated recoverability. Due to lack of materiality, assets held for sale of \$5,000 are not presented separately and are classified as prepaid expenses and other at December 31, 2015.

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, 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, 2015.

Subsequent Events

Management has evaluated subsequent events through May 9, 2016, 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.

**(2) 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.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2015.

	Total	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual and exchange-traded funds	\$771,203	\$771,203	\$ -	\$ -

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

**(3) PROPERTY AND EQUIPMENT**

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

Land	\$459,375
Buildings and improvements	9,524,421
Furniture, equipment, and software	919,681
	10,903,477
Less accumulated depreciation	2,033,530
	\$ 8,869,947

**(4) LONG-TERM DEBT**

Long-term debt consists of the following at December 31, 2015:

4.75% notes payable to bank	\$2,776,844
Note payable to Township of Lower Merion	500,000
	\$3,276,844

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. In January 2016, the Institute made an additional principal payment of \$750,000.

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.

Annual maturities of long-term debt are:

2016	\$ 74,685
2017	78,740
2018	82,617
2019	2,540,802
2020	-
2021	500,000
	\$ 3,276,844

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

**(5) 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 \$9,661 for the year ended December 31, 2015.

**(6) TEMPORARILY RESTRICTED NET ASSETS**

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

Institute programs and initiatives	\$ 40,000
Unrestricted promises to give due after December 31	<u>73,982</u>
	<u><u>\$113,982</u></u>

**(7) 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, 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	<u><u>\$771,203</u></u>

The Institute has adjusted the classification of the board-designated unrestricted endowment net assets totaling \$776,291 as of January 1, 2015. This amount was previously allocated among unrestricted, temporarily restricted and permanently restricted net assets. The adjustment did not affect total net assets.

**SUPPLEMENTARY INFORMATION**

**BRYN MAWR FILM INSTITUTE**  
**FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2015**

	<u>Program Services</u>	<u>Management and General</u>	<u>Membership and Fundraising</u>	<u>Total</u>
Payroll, taxes, and benefits	\$ 456,833	\$ 168,307	\$ 176,322	\$ 801,462
Accounting and audit	-	22,080	-	22,080
Advertising and promotion costs	32,956	-	78	33,034
Bank charges	55,457	13	2,386	57,856
Building maintenance	65,781	17,313	528	83,622
Concessions	83,053	-	-	83,053
Depreciation and amortization	274,889	72,430	2,210	349,529
Executive director services	93,864	12,875	25,750	132,489
Faculty	37,307	-	1,286	38,593
Film rental	753,579	-	-	753,579
Insurance	41,753	10,989	335	53,077
Interest	106,732	28,090	857	135,679
Impairment loss on equipment	-	31,815	-	31,815
Miscellaneous	5,211	1,594	746	7,551
Office	10,770	14,528	6,162	31,460
Postage and mailing	7,087	6,243	5,022	18,352
Printing	34,552	4,643	6,934	46,129
Professional fees	41,843	21,531	6,710	70,084
Real estate taxes	45,304	11,923	364	57,591
Special events	28,722	-	-	28,722
Travel	10,752	-	566	11,318
Utilities	59,570	15,678	478	75,726
	<u>\$ 2,246,015</u>	<u>\$ 440,052</u>	<u>\$ 236,734</u>	<u>\$ 2,922,801</u>