

BRYN MAWR FILM INSTITUTE

FINANCIAL STATEMENTS

(AND INDEPENDENT AUDITOR'S REPORT)

DECEMBER 31, 2018 AND 2017

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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, 2018 and 2017, and the related statements of activities, functional expenses, 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, 2018 and 2017, 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.

Isdaner + Company LLC

June 4, 2019

BRYN MAWR FILM INSTITUTE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 1,446,271	\$ 2,232,811
Contributions and grants receivable	110,748	128,234
Prepaid expenses and other	<u>42,978</u>	<u>60,942</u>
Total current assets	1,599,997	2,421,987
Property and equipment, net	7,915,134	8,248,875
Contributions and grants receivable	14,000	86,000
Investments, at fair value	<u>1,285,512</u>	<u>956,123</u>
Total assets	<u><u>\$10,814,643</u></u>	<u><u>\$11,712,985</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$ 198,366	\$ 226,353
Current portion of long-term debt	-	69,360
Deferred revenue	<u>403,366</u>	<u>417,512</u>
Total current liabilities	601,732	713,225
Long-term debt	<u>500,000</u>	<u>1,534,859</u>
Total liabilities	<u>1,101,732</u>	<u>2,248,084</u>
Net assets:		
Without donor restrictions:		
Board designated for endowment	1,285,512	956,123
Undesignated	<u>8,207,280</u>	<u>8,254,693</u>
	9,492,792	9,210,816
With donor restrictions	<u>220,119</u>	<u>254,085</u>
	<u>9,712,911</u>	<u>9,464,901</u>
Total liabilities and net assets	<u><u>\$10,814,643</u></u>	<u><u>\$11,712,985</u></u>

The accompanying notes are an integral part of these statements.

BRYN MAWR FILM INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Operating</u>	<u>Board Designated</u>	<u>Total</u>		
Revenues and support:					
Admissions	\$1,719,732	\$ -	\$1,719,732	\$ -	\$1,719,732
Concessions	279,590	-	279,590	-	279,590
Membership	563,471	-	563,471	-	563,471
Rentals	69,615	-	69,615	-	69,615
Sponsorships	133,449	-	133,449	-	133,449
Education programs	105,769	-	105,769	-	105,769
Contributions	390,559	-	390,559	87,018	477,577
Special events	49,750	-	49,750	-	49,750
Investment income	30,072	23,269	53,341	-	53,341
Net unrealized loss on investments	(1,706)	(103,595)	(105,301)	-	(105,301)
Donated services	3,209	-	3,209	-	3,209
Miscellaneous	9,482	-	9,482	-	9,482
Net assets released from restrictions	120,984	-	120,984	(120,984)	-
	<u>3,473,976</u>	<u>(80,326)</u>	<u>3,393,650</u>	<u>(33,966)</u>	<u>3,359,684</u>
Expenses:					
Program services	2,297,220	-	2,297,220	-	2,297,220
Management and general	514,729	-	514,729	-	514,729
Membership and fundraising	299,725	-	299,725	-	299,725
	<u>3,111,674</u>	<u>-</u>	<u>3,111,674</u>	<u>-</u>	<u>3,111,674</u>
Change in net assets	362,302	(80,326)	281,976	(33,966)	248,010
Interfund transfer	(409,715)	409,715	-	-	-
Net assets at beginning of year	<u>8,254,693</u>	<u>956,123</u>	<u>9,210,816</u>	<u>254,085</u>	<u>9,464,901</u>
Net assets at end of year	<u>\$8,207,280</u>	<u>\$1,285,512</u>	<u>\$9,492,792</u>	<u>\$220,119</u>	<u>\$9,712,911</u>

The accompanying notes are an integral part of these statements.

BRYN MAWR FILM INSTITUTE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>			<u>With Donor Restrictions</u>	<u>Total</u>
	<u>Operating</u>	<u>Board Designated</u>	<u>Total</u>		
Revenues and support:					
Admissions	\$1,697,450	\$ -	\$1,697,450	\$ -	\$1,697,450
Concessions	279,196	-	279,196	-	279,196
Membership	546,964	-	546,964	-	546,964
Rentals	61,270	-	61,270	-	61,270
Sponsorships	273,187	-	273,187	-	273,187
Education programs	120,971	-	120,971	-	120,971
Contributions	416,669	-	416,669	187,248	603,917
Special events	76,923	-	76,923	-	76,923
Investment income	10,816	15,282	26,098	-	26,098
Net unrealized gain on investments	7	100,240	100,247	-	100,247
Donated services	81,125	-	81,125	-	81,125
Miscellaneous	11,638	-	11,638	-	11,638
Net assets released from restrictions	161,162	-	161,162	(161,162)	-
	<u>3,737,378</u>	<u>115,522</u>	<u>3,852,900</u>	<u>26,086</u>	<u>3,878,986</u>
Expenses:					
Program services	2,294,405	-	2,294,405	-	2,294,405
Management and general	525,369	-	525,369	-	525,369
Membership and fundraising	383,202	-	383,202	-	383,202
	<u>3,202,976</u>	<u>-</u>	<u>3,202,976</u>	<u>-</u>	<u>3,202,976</u>
Change in net assets	534,402	115,522	649,924	26,086	676,010
Net assets at beginning 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>
Net assets at end of year	<u>\$8,254,693</u>	<u>\$956,123</u>	<u>\$9,210,816</u>	<u>\$254,085</u>	<u>\$9,464,901</u>

The accompanying notes are an integral part of these statements.

BRYN MAWR FILM INSTITUTE
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018				2017			
	Program Services	Management and General	Membership and Fundraising	Total	Program Services	Management and General	Membership and Fundraising	Total
Payroll, taxes, and benefits	\$ 605,066	\$280,123	\$235,304	\$1,120,493	\$ 548,871	\$249,487	\$199,589	\$ 997,947
Accounting and audit	-	18,000	-	18,000	-	18,000	-	18,000
Advertising and promotion	61,873	-	-	61,873	45,304	-	-	45,304
Bank charges	56,214	168	2,959	59,341	56,507	24	2,974	59,505
Building maintenance	85,035	22,380	683	108,098	81,860	21,544	657	104,061
Concessions	71,529	15,462	-	86,991	73,868	14,966	-	88,834
Depreciation	271,386	71,424	2,179	344,989	278,057	73,179	2,233	353,469
Donated services	-	-	3,209	3,209	46,104	21,438	13,583	81,125
Faculty	36,327	-	10,308	46,635	50,355	-	21,079	71,434
Film rental	847,816	-	-	847,816	833,360	-	-	833,360
Insurance	36,106	9,502	290	45,898	32,890	8,656	264	41,810
Interest	30,841	8,117	248	39,206	45,065	11,860	362	57,287
Miscellaneous	15,730	1,538	2,596	19,864	17,583	1,646	2,566	21,795
Office	20,114	21,673	8,796	50,583	13,550	14,096	6,059	33,705
Postage and mailing	5,639	6,822	5,124	17,585	7,392	7,432	5,715	20,539
Printing	20,866	6,226	12,233	39,325	24,247	10,326	19,140	53,713
Professional fees	16,950	26,499	20	43,469	16,200	43,834	40	60,074
Real estate taxes	49,443	13,012	397	62,852	48,526	12,771	390	61,687
Special events	440	-	14,249	14,689	3,326	-	107,526	110,852
Travel	13,474	-	709	14,183	10,127	-	533	10,660
Utilities	52,371	13,783	421	66,575	61,213	16,110	492	77,815
	<u>\$2,297,220</u>	<u>\$514,729</u>	<u>\$299,725</u>	<u>\$3,111,674</u>	<u>\$2,294,405</u>	<u>\$525,369</u>	<u>\$383,202</u>	<u>\$3,202,976</u>

The accompanying notes are an integral part of these statements.

BRYN MAWR FILM INSTITUTE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 248,010	\$ 676,010
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	344,989	353,469
Net unrealized loss (gain) on investments	105,301	(100,247)
Changes in assets and liabilities:		
Contributions and grants receivable	89,486	(28,252)
Prepaid expenses and other	17,964	(9,320)
Accounts payable and accrued expenses	(27,987)	61,554
Deferred revenue	(14,146)	(36,134)
Net cash provided by operating activities	763,617	917,080
Cash flows from investing activities		
Purchase of property and equipment	(11,248)	(66,642)
Purchase of investments	(434,690)	(15,275)
Net cash used in investing activities	(445,938)	(81,917)
Cash flows from financing activities		
Repayment of long-term debt	(1,104,219)	(816,841)
Net cash used in financing activities	(1,104,219)	(816,841)
Net increase (decrease) in cash and cash equivalents	(786,540)	18,322
Cash and cash equivalents at beginning of year	2,232,811	2,214,489
Cash and cash equivalents at end of year	\$1,446,271	\$2,232,811
Supplemental disclosure:		
Cash paid for interest	\$ 43,729	\$ 60,635

The accompanying notes are an integral part of these statements.

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(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.

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resource, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Basis of Presentation

Accounting principles generally accepted in the United States of America require classification of a nonprofit organization’s net assets and its revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for general operations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Institute did not have any net assets to be held in perpetuity as of December 31, 2018 and 2017.

The Institute has elected to report as without donor restrictions, donor-restricted contributions whose restrictions are met in the same reporting period.

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(1) SUMMARY OF ACCOUNTING POLICIES

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 without donor restrictions or with donor restrictions, 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, 2018 or 2017.

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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Property and Services

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 \$0 and \$64,375 as the value of management services provided without charge by the Executive Director in 2018 and 2017, respectively.

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 \$61,873 and \$45,304 for the years ended December 31, 2018 and 2017, respectively.

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(1) SUMMARY OF ACCOUNTING POLICIES - Continued

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 3 for a summary of inputs used to value the Institute's investments reported at fair value.

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 ("ASC") 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, 2018 or 2017.

Subsequent Events

Management has evaluated subsequent events through June 4, 2019, 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.

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(2) CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable as of December 31, 2018 and 2017 are expected to be collected as follows:

	<u>2018</u>	<u>2017</u>
Within one year	\$110,748	\$128,234
One to five years	14,000	86,000
	<u>\$124,748</u>	<u>\$214,234</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.

The following tables present the fair value hierarchy for those assets measured at fair value on a recurring basis at December 31, 2018 and 2017:

<u>December 31, 2018</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>\$1,285,512</u>	<u>\$1,285,512</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2017</u>				
Mutual and exchange-traded funds	<u>\$ 956,123</u>	<u>\$ 956,123</u>	<u>\$ -</u>	<u>\$ -</u>

(4) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 459,375	\$ 459,375
Buildings and improvements	9,548,319	9,541,971
Furniture, equipment, and software	910,561	938,660
	<u>10,918,255</u>	<u>10,940,006</u>
Less accumulated depreciation	<u>3,003,121</u>	<u>2,691,131</u>
	<u>\$ 7,915,134</u>	<u>\$ 8,248,875</u>

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(5) LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2018 and 2017:

	2018	2017
4.75% note payable to bank	\$ -	\$1,104,219
Note payable to Township of Lower Merion	500,000	500,000
	500,000	1,604,219
Less current portion	-	69,360
	\$500,000	\$1,534,859

The 4.75% note payable to bank was due in monthly installments of \$10,085 and was paid off in full in December 2018.

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 \$39,206 and \$57,287 for the years ended December 31, 2018 and 2017, respectively.

Annual maturities of long-term debt as of December 31, 2018 are as follows:

2019	\$ -
2020	-
2021	500,000
	\$500,000

(6) RETIREMENT PLAN

The Institute offers a SIMPLE IRA retirement plan for substantially all employees. The Institute presently matches employee contributions to a maximum of 3% of each participant's compensation. Retirement plan expense was \$14,076 and \$12,811 for the years ended December 31, 2018 and 2017, respectively.

BRYN MAWR FILM INSTITUTE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

(7) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2018 and 2017 consisted of:

	2018	2017
Maintenance of projection booth	\$ 50,000	\$ -
Fixed asset purchases	19,770	-
Subsequent year operations	150,349	254,085
	\$220,119	\$254,085

(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 years ended December 31, 2018 and 2017 were as follows:

Balance, January 1, 2017		\$ 840,601
Investment return:		
Investment income	15,282	
Net unrealized gain	100,240	115,522
Balance, December 31, 2017		956,123
Interfund transfer		409,715
Investment return:		
Investment income	23,269	
Net unrealized loss	(103,595)	(80,326)
Balance, December 31, 2018		\$1,285,512

(9) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, include cash and cash equivalents and contributions and grants receivable in the amount of \$1,487,249. As part of their liquidity management plan, the Institute has a goal to maintain financial assets, which consist of cash and cash equivalents and contributions and grants receivable, on hand to meet normal operating expenses.