

**BRYN MAWR FILM INSTITUTE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2017 AND 2016**

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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, 2017 and 2016, 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, 2017 and 2016, 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 14 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 24, 2018

**BRYN MAWR FILM INSTITUTE**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2017 AND 2016**

**ASSETS**

	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 2,232,811	\$ 2,214,489
Contributions and grants receivable	128,234	100,982
Prepaid expenses and other	<u>60,942</u>	<u>51,622</u>
Total current assets	2,421,987	2,367,093
Property and equipment, net	8,248,875	8,535,702
Contributions and grants receivable	86,000	85,000
Investments, at fair value	<u>956,123</u>	<u>840,601</u>
	<u><u>\$11,712,985</u></u>	<u><u>\$11,828,396</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Current portion of long-term debt	\$ 69,360	\$ 117,191
Accounts payable and accrued expenses	226,353	164,799
Deferred revenue	<u>417,512</u>	<u>453,646</u>
Total current liabilities	713,225	735,636
Long-term debt	<u>1,534,859</u>	<u>2,303,869</u>
Total liabilities	<u>2,248,084</u>	<u>3,039,505</u>
Net assets:		
Unrestricted:		
Board designated for endowment	956,123	840,601
Undesignated	<u>8,254,693</u>	<u>7,720,291</u>
	9,210,816	8,560,892
Temporarily restricted	<u>254,085</u>	<u>227,999</u>
	<u>9,464,901</u>	<u>8,788,891</u>
	<u><u>\$11,712,985</u></u>	<u><u>\$11,828,396</u></u>

The accompanying notes are an integral part of these statements.

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

	<b>Unrestricted</b>			<b>Temporarily Restricted</b>	<b>Total</b>
	<b>Operating</b>	<b>Board Designated</b>	<b>Total</b>		
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><u>\$8,254,693</u></u>	<u><u>\$956,123</u></u>	<u><u>\$9,210,816</u></u>	<u><u>\$254,085</u></u>	<u><u>\$9,464,901</u></u>

The accompanying notes are an integral part of these statements.

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

	<b>Unrestricted</b>			<b>Temporarily Restricted</b>	<b>Total</b>
	<b>Operating</b>	<b>Board Designated</b>	<b>Total</b>		
Revenues and support:					
Admissions	\$1,686,720	\$ -	\$1,686,720	\$ -	\$1,686,720
Concessions	280,239	-	280,239	-	280,239
Membership revenue	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><u>\$7,720,291</u></u>	<u><u>\$840,601</u></u>	<u><u>\$8,560,892</u></u>	<u><u>\$227,999</u></u>	<u><u>\$8,788,891</u></u>

The accompanying notes are an integral part of these statements.

**BRYN MAWR FILM INSTITUTE**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 676,010	\$ 591,035
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	353,469	349,466
Net unrealized gain on investments	(100,240)	(55,501)
Impairment loss	-	5,000
Changes in assets and liabilities		
Contributions and grants receivable	(28,252)	23,833
Prepaid expenses and other	(9,320)	17,100
Accounts payable and accrued expenses	61,554	16,802
Deferred revenue	(36,134)	20,443
Net cash provided by operating activities	<u>917,087</u>	<u>968,178</u>
Cash flows from investing activities		
Purchase of property and equipment	(66,642)	(15,221)
Purchase of investments	(15,282)	(13,897)
Net cash used in investing activities	<u>(81,924)</u>	<u>(29,118)</u>
Cash flows from financing activities		
Repayment of long-term debt	(816,841)	(855,784)
Net cash used in financing activities	<u>(816,841)</u>	<u>(855,784)</u>
Net increase in cash and cash equivalents	18,322	83,276
Cash and cash equivalents at beginning of year	<u>2,214,489</u>	<u>2,131,213</u>
Cash and cash equivalents at end of year	<u><u>\$2,232,811</u></u>	<u><u>\$2,214,489</u></u>
Supplemental disclosure:		
Cash paid for interest	<u><u>\$ 60,635</u></u>	<u><u>\$ 101,639</u></u>

The accompanying notes are an integral part of these statements.



**BRYN MAWR FILM INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**(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.

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, 2017 or 2016.

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, 2017 AND 2016**

**(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 \$64,375 and \$128,885 as the value of management services provided without charge by the Executive Director in 2017 and 2016, 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 \$45,304 and \$37,877 for the years ended December 31, 2017 and 2016, 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 3 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, 2017 AND 2016**

**(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, 2017 or 2016.

Subsequent Events

Management has evaluated subsequent events through May 24, 2018, 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) CONTRIBUTIONS AND GRANTS RECEIVABLE**

Contributions and grants receivable as of December 31, 2017 and 2016 are expected to be collected as follows:

	2017	2016
Within one year	\$128,234	\$100,982
One to five years	86,000	85,000
	\$214,234	\$185,982

**(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, 2017 AND 2016**

**(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, 2017 and 2016:

<u>December 31, 2017</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	\$956,123	\$956,123	\$ -	\$ -
<u>December 31, 2016</u>				
Mutual and exchange-traded funds	\$840,601	\$840,601	\$ -	\$ -

**(4) PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 459,375	\$ 459,375
Buildings and improvements	9,541,971	9,536,567
Furniture, equipment, and software	938,660	922,756
	<u>10,940,006</u>	<u>10,918,698</u>
Less accumulated depreciation	<u>2,691,131</u>	<u>2,382,996</u>
	<u>\$ 8,248,875</u>	<u>\$ 8,535,702</u>

**(5) LONG-TERM DEBT**

Long-term debt consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
4.75% notes payable to bank	\$1,104,219	\$1,921,060
Note payable to Township of Lower Merion	500,000	500,000
	<u>1,604,219</u>	<u>2,421,060</u>
Less current portion	<u>69,360</u>	<u>117,191</u>
	<u>\$1,534,859</u>	<u>\$2,303,869</u>

**BRYN MAWR FILM INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**(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 \$57,287 and \$97,854 for the years ended December 31, 2017 and 2016, respectively.

Annual maturities of long-term debt as of December 31, 2017 are as follows:

2018	\$ 69,360
2019	1,034,859
2020	-
2021	<u>500,000</u>
	<u><u>\$ 1,604,219</u></u>

**(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 \$12,811 and \$11,760 for the years ended December 31, 2017 and 2016, respectively.

**(7) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for operations of subsequent periods.

**BRYN MAWR FILM INSTITUTE**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017 AND 2016**

**(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, 2017 and 2016 were as follows:

Balance, January 1, 2016		\$771,203
Investment return:		
Investment income	\$ 13,897	
Net unrealized gain	<u>55,501</u>	<u>69,398</u>
Balance, December 31, 2016		840,601
Investment return:		
Investment income	15,282	
Net unrealized gain	<u>100,240</u>	<u>115,522</u>
Balance, December 31, 2017		<u>\$956,123</u>

## **SUPPLEMENTARY INFORMATION**

**BRYN MAWR FILM INSTITUTE**  
**FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<b>2017</b>				<b>2016</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Membership and Fundraising</b>	<b>Total</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Membership and Fundraising</b>	<b>Total</b>
Payroll, taxes, and benefits	\$ 548,871	\$249,487	\$199,589	\$ 997,947	\$ 506,446	\$171,676	\$180,260	\$ 858,382
Accounting and audit	-	18,000	-	18,000	-	20,875	-	20,875
Advertising and promotion	45,304	-	-	45,304	-	37,877	-	37,877
Bank charges	56,507	24	2,974	59,505	47,773	10	2,514	50,297
Building maintenance	81,860	21,544	657	104,061	74,023	19,481	594	94,098
Concessions	73,868	14,966	-	88,834	73,939	14,543	-	88,482
Depreciation and amortization	278,057	73,179	2,233	353,469	274,909	72,350	2,207	349,466
Donated services	46,104	21,438	13,583	81,125	90,260	12,875	25,750	128,885
Faculty	50,355	-	21,079	71,434	27,207	-	4,524	31,731
Film rental	833,360	-	-	833,360	817,303	-	-	817,303
Insurance	32,890	8,656	264	41,810	45,254	11,910	363	57,527
Interest	45,065	11,860	362	57,287	76,977	20,259	618	97,854
Impairment loss on equipment	-	-	-	-	5,000	-	-	5,000
Miscellaneous	17,583	1,646	2,566	21,795	12,257	6,015	895	19,167
Office	13,550	14,096	6,059	33,705	16,003	19,196	7,854	43,053
Postage and mailing	7,392	7,432	5,715	20,539	5,001	6,164	4,607	15,772
Printing	24,247	10,326	19,140	53,713	24,622	8,653	16,517	49,792
Professional fees	16,200	43,834	40	60,074	16,200	42,313	24,500	83,013
Real estate taxes	48,526	12,771	390	61,687	46,748	12,303	375	59,426
Special events	3,326	-	107,526	110,852	2,534	-	7,600	10,134
Travel	10,127	-	533	10,660	14,484	-	762	15,246
Utilities	61,213	16,110	492	77,815	59,661	15,702	479	75,842
	<u>\$2,294,405</u>	<u>\$525,369</u>	<u>\$383,202</u>	<u>\$3,202,976</u>	<u>\$2,236,601</u>	<u>\$492,202</u>	<u>\$280,419</u>	<u>\$3,009,222</u>