

**FILMAID INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2008**

**FILMAID INTERNATIONAL, INC.**

**FOR THE YEAR ENDED**  
**JUNE 30, 2008**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Changes in Cash	4
Statement of Functional Expenses	5
Notes to Financial Statements	6-8

***Ketcham & Tupper, LLC***  
***Certified Public Accountants***  
***202 Mountain Ave.***  
***P.O. Box 2610***  
***Westfield, NJ 07091***

**Independent Auditor's Report**

**Board of Directors of  
FilmAid International, Inc.**

We have audited the accompanying statement of financial position of FilmAid International, Inc. (a non-profit entity) as of June 30, 2008 and the related statements of activities, functional expenses, and cash flows for the year then. These financial statements are the responsibility of the Organization's management. 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 includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FilmAid International, Inc. as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Ketcham & Tupper*

**December 15, 2008**

**FILMAID INTERNATIONAL, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2008**

**ASSETS**

<b><u>Current Assets</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Cash and cash equivalents	41,052	119,951
Contributions receivable		8,269
Prepaid expenses	<u>13,735</u>	<u>57,621</u>
Total current assets	<u>54,787</u>	<u>185,841</u>
<b><u>Equipment (Note 4)</u></b>		
Cost	192,222	145,532
Accumulated depreciation	<u>(53,077)</u>	<u>(28,377)</u>
	<u>139,145</u>	<u>117,155</u>
<b><u>Other Assets</u></b>		
Security deposits	<u>125,467</u>	<u>124,122</u>
Total Assets	<u>319,399</u>	<u>427,118</u>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>		
Accounts payable and accrued expenses	68,954	83,590
Deferred revenues	<u>          </u>	<u>10,000</u>
Total current liabilities	<u>68,954</u>	<u>93,590</u>
<b><u>Other Liabilities</u></b>		
Loan payable	65,000	
Security deposits	<u>1,050</u>	<u>          </u>
Total other liabilities	<u>66,050</u>	<u>          </u>
<b><u>Net Assets</u></b>		
Unrestricted	132,536	333,528
Temporarily restricted	<u>51,859</u>	<u>          </u>
Total net assets	<u>184,395</u>	<u>333,528</u>
Total Liabilities and Net Assets	<u>319,399</u>	<u>427,118</u>

*The accompanying notes are an integral part of these financial statements*

**FILMAID INTERNATIONAL, INC.**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>Support and revenue</b>			
Contributions:			
Individual	340,150		340,150
Foundation		234,561	234,561
Government support		175,431	175,431
Corporate	35,000	50,000	85,000
In-kind	49,551		49,551
Fundraising event, net (expense of \$214,816)	102,054		102,054
Other income	144,993		144,993
Rental income	9,550		9,550
Interest income	482		482
Total support and revenue	<u>681,780</u>	<u>459,992</u>	<u>1,141,772</u>
Net assets released from restrictions	<u>408,133</u>	<u>(408,133)</u>	
Total	<u>1,089,913</u>	<u>51,859</u>	<u>1,141,772</u>
<b>Expenses</b>			
Program services	854,694		854,694
Management and general	267,917		267,917
Fundraising	<u>168,294</u>		<u>168,294</u>
Total expense	<u>1,290,905</u>		<u>1,290,905</u>
<b>Change in net assets</b>	(200,992)	51,859	(149,133)
<b>Net Assets, beginning of year</b>	<u>333,528</u>		<u>333,528</u>
<b>Net assets, end of year</b>	<u>132,536</u>	<u>51,859</u>	<u>184,395</u>

*The accompanying notes are an integral part of these financial statements*

**FILMAID INTERNATIONAL, INC.**  
**STATEMENT OF CHANGES IN CASH**  
**FOR THE YEARS ENDED JUNE 30, 2008**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	(149,133)	(252,735)
Adjustments to reconcile change in net assets from operations to net cash provided (used) by operating activities:		
Decrease in contributions receivable	8,269	63,266
Depreciation	24,700	11,076
(Increase) decrease in prepaid expenses	43,886	(33,992)
(Increase) in security deposits	(1,345)	
Increase (decrease) in accounts payable	(14,636)	38,889
Increase (decrease) in deferred revenues	(10,000)	10,000
Increase in security deposits held for others	<u>1,050</u>	
Net cash (used) by operating activities	(97,209)	(163,496)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of equipment	<u>(46,690)</u>	<u>(5,557)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net borrowings from loan from related party	<u>65,000</u>	
 <b>NET CHANGE IN CASH</b>	<b>(78,899)</b>	<b>(169,053)</b>
<b>CASH, BEGINNING OF YEAR</b>	<b><u>119,951</u></b>	<b><u>289,004</u></b>
 <b>CASH, END OF YEAR</b>	<b><u>41,052</u></b>	<b><u>119,951</u></b>

Supplementary information: There was no cash expended for interest and income taxes for the year ended June 30, 2008

*The accompanying notes are an integral part of these financial statements*

**FILMAID INTERNATIONAL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Programs</u>	<u>Management &amp; general</u>	<u>Fundraising</u>	<u>Total</u>
Bank and credit card fees		5,617	66	5,683
Cleaning and maintenance	734	1,583	733	3,050
Depreciation	15,592	4,554	4,554	24,700
Dues and subscriptions		765	79	844
Equipment maintenance & rental	15,330	900	2,205	18,435
Insurance	13,899	2,664	1,832	18,395
Local transportation and parking		2,848	671	3,519
Marketing and promotion		13,553		13,553
Meetings/Cultivation/Workshops	14,036	3,366	727	18,129
Monitoring and evaluation	16,290			16,290
Office space rental	23,236	23,286	23,261	69,783
Office supplies and expense	196	6,155	11	6,362
Operational costs	56,027			56,027
Personnel services	532,920	116,309	123,927	773,158
Postage, messenger & shipping	166	1,857	1,021	3,042
Printing and photocopying		3,202	652	3,854
Professional fees		55,228		55,228
Program supplies	16,867			16,867
Staff development and training	21,176			21,176
Telephone, fax and internet	21,344	4,267	3,806	29,417
Travel and lodging	47,990	15,523	1,800	65,313
Utilities and security	2,949	3,660	2,949	9,558
Vehicle operation	37,379			37,379
Video production	18,413			18,413
Website and graphic design	<u>150</u>	<u>2,580</u>	<u>          </u>	<u>2,730</u>
	<u>854,694</u>	<u>267,917</u>	<u>168,294</u>	<u>1,290,905</u>

*The accompanying notes are an integral part of these financial statements*

**FILMAID INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**Note 1 - Nature of Activities**

FilmAid International, Inc. (FilmAid) is a non-profit organization dedicated to using the power of film to promote health, strengthen communities, and enrich the lives of the world's vulnerable and uprooted. Through the strategic use of film and video, FilmAid communicates life-saving information on issues such as HIV/AIDS and non-violent conflict resolution. Conveying educational messages in an entertaining format, FilmAid also engages the mind and sparks the imagination of those who have suffered the effects of war and poverty, stimulating physical well-being and alleviating mental trauma.

For more about FilmAid, please visit [www.filmaid.org](http://www.filmaid.org).

**Note 2 - Summary of Significant Accounting Policies**

a. **Method of Accounting** - The financial statements of FilmAid have been prepared on the accrual basis of accounting.

b. **Financial Statement Presentation** - FilmAid reports information regarding its financial position and activities according to two classes of net assets: unrestricted and temporarily restricted. Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and nature of any donor restrictions.

c. **Cash and Cash Equivalents** - FilmAid defines cash and cash equivalents as short-term, highly liquid investments with maturities of three months or less.

d. **Equipment** - Equipment is stated at cost less allowance for depreciation. Provisions for depreciation commence in the year following purchase, are based upon the useful lives of the assets, and are calculated using the straight-line method of depreciation. Maintenance and repairs are charged to income, and renewals and betterments exceeding \$500 are capitalized. On normal retirement or replacement the cost is removed from the asset accounts and the related depreciation reserve is adjusted, with the difference being charged to income.

e. **Contributions** - All contributions are considered available for unrestricted use unless specifically restricted by the donor, and are reflected in the accompanying financial statements at their estimated market value at the date of receipt. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases this net asset class. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.



f. **Income Taxes** - FilmAid is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not a "private foundation" within the meaning of Section 590(a). All applicable tax returns and payment of taxes (including, but not limited to payroll taxes) have been filed.

g. **Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

h. **In-Kind Support** - FilmAid records various types of in-kind support including contributed professional services, program supplies, and equipment. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by corresponding amounts reflected in expenses or fixed assets.

Additionally, FilmAid receives a significant amount of contributed time, which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

i. **Functional Allocation of Expense** - The cost of providing FilmAid's various programs and other activities has been summarized on a functional basis in the statement of activities. Expenses charged to each program are based on direct expenditures incurred. Any program expenditures not chargeable and support costs (management and general) are allocated to a program based on personnel time allocations. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### Note 3 – Operating Leases

On May 2, 2007, FilmAid International, Inc. entered into a seven year lease agreement for their office space. The lease expense for the year ended June 30, 2008 is \$69,783. Future minimum lease payments are as follows for the indicated fiscal year:

2009	\$76,230
2010	\$80,042
2011	\$84,043
2012	\$88,245
2013	\$92,658
2014	\$80,406

#### **Note 4 – Property and equipment**

	<u>2008</u>	<u>2007</u>
Equipment	90,209	77,816
Furniture	45,109	10,812
Vehicle	56,904	56,904
Less: accumulated depreciation	<u>(53,077)</u>	<u>(28,377)</u>
	<u>\$139,145</u>	<u>\$117,155</u>

#### **Note 5 - In-kind Support**

In-kind support consists primarily of legal services and other related support totaling \$49,551.

#### **Note 6 – Security Deposits**

FilmAid, Inc. has deposits held in security in the amounts of \$124,122 with their landlord and \$1,345 with a utility vendor for a total of \$125,467 as of June 30, 2008. As of June 30, 2007 the security deposit balance of \$124,122 represents the amount held in security with their landlord.

#### **Note 7 – Loan Payable**

During 2008 FilmAid, Inc. has entered into an unsecured interest bearing loan with a related party. The loan bears interest at 4.5% with a term of 36 months with no principal and interest payments due during the first twelve months. Beginning with the thirteenth month of the loan the organization is required to make reasonable efforts to make periodic payments. The balance of the principal and the accrued interest will be due in full when the loan term expires.

#### **Note 8 – Net Assets**

Opening net asset balance was increased in the amount of \$104,122 due to an increase in assets that was not reflected on prior year's audit. This increase relates to security deposits that are held by a third party on behalf of FilmAid.

#### **Note 9 – Subsequent Events**

FilmAid, Inc. has made significant efforts subsequent to June 30, 2008 to increase their revenue and operational efficiency and to decrease their expenditures by implementing measures that include but are not limited to receiving grant funding from new sources, reduction in staff and other related costs and a reduction in monthly rental expense.