

**FILMAID INTERNATIONAL, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
JUNE 30, 2010**

**FILMAID INTERNATIONAL, INC.**

**FOR THE YEAR ENDED**  
**JUNE 30, 2010**

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**Ketcham & Associates, 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, 2010 and the related statements of activities, functional expenses, and cash flows for the year then ended. 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. The prior year summarized comparative information has been derived from the financial statements of the FilmAid International, Inc. as of June 30, 2009 and, in our report dated April 20, 2010, we expressed an unqualified opinion on those financial statements.

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, 2010, 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 & Associates, LLC***

June 15, 2011

**FILMAID INTERNATIONAL, INC.**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2010**

**with comparative amounts for 2009**

**ASSETS**

	<u>2010</u>	<u>2009</u>
<b><u>Current Assets</u></b>		
Cash and cash equivalents	236,855	44,087
Accounts receivable	687	-
Grants receivable	87,253	-
Prepaid expenses	28,288	13,740
Total Current Assets	353,083	57,827
<b><u>Equipment</u></b>		
Cost	220,079	142,824
Accumulated depreciation	(105,209)	(67,568)
	114,870	75,256
Total Assets	467,954	133,083

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities</u></b>		
Accounts payable and accrued expenses	156,408	76,864
Total Current Liabilities	156,408	76,864
<b><u>Other Liabilities</u></b>		
Loan payable	162,263	162,263
Total Other Liabilities	162,263	162,263
<b><u>Net Assets</u></b>		
Unrestricted	(189,330)	(219,468)
Temporarily restricted	338,614	113,424
Total Net Assets	149,284	(106,044)
Total Liabilities and Net Assets	467,954	133,083

*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, 2010**

**with comparative amounts for 2009**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2010</u>	<u>2009</u>
<b>Support and Revenue</b>				
Contributions:				
Individual	169,240		169,240	145,795
Foundation	164,556		164,556	174,204
Government support		437,976	437,976	295,169
Corporate	491,841		491,841	51,659
In-kind	295,350		295,350	3,650
Fundraising events, (net of expense of \$1,333)	(90)		(90)	-
Other income	-		8,853	5,000
Rental income	8,853		-	9,800
Interest income	228		228	24
Total Support and Revenue	<u>1,129,978</u>	<u>437,976</u>	<u>1,567,954</u>	<u>685,301</u>
<b>Net assets released from restrictions</b>	<u>212,786</u>	<u>(212,786)</u>		
Total	<u>1,342,764</u>	<u>225,190</u>	<u>1,567,954</u>	<u>685,301</u>
 <b>Expenses</b>				
Program services	1,184,687		1,184,687	529,570
Management and general	105,124		105,124	129,956
Fundraising	22,815		22,815	142,620
Total Expense	<u>1,312,626</u>	<u>-</u>	<u>1,312,626</u>	<u>802,146</u>
 <b>Change in Net Assets from Operations</b>	<u>30,138</u>	<u>225,190</u>	<u>255,328</u>	<u>(116,845)</u>
Office surrender	-		-	(173,594)
<b>Change in Net Assets</b>	<u>30,138</u>	<u>225,190</u>	<u>255,328</u>	<u>(290,439)</u>
 <b>Net Assets, Beginning of year</b>	<u>(219,468)</u>	<u>113,424</u>	<u>(106,044)</u>	<u>184,395</u>
 <b>Net Assets, End of year</b>	<u>(189,330)</u>	<u>338,614</u>	<u>149,284</u>	<u>(106,044)</u>

**FILMAID INTERNATIONAL, INC.**

**STATEMENT OF CHANGES IN CASH**

**FOR THE YEAR ENDED JUNE 30, 2010**

**with comparative amounts for 2009**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	255,328	(290,439)
Adjustments to reconcile change in net assets from operations to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	(687)	-
(Increase) decrease in grants receivable	(87,253)	-
(Increase) decrease in prepaid expenses	(14,549)	(4)
(Increase) decrease in security deposits	-	125,467
Depreciation	37,641	24,156
Increase (decrease) in accounts payable	79,544	7,910
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in security deposits held for others	-	(1,050)
Net cash provided (used) by operating activities	270,023	(133,960)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(77,255)	(9,738)
Disposal of equipment	-	49,470
Net cash provided (used) by investing activities	(77,255)	39,732
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings from loan from related party	-	97,263
<b>NET CHANGE IN CASH</b>	192,768	3,035
<b>CASH, BEGINNING OF YEAR</b>	44,087	41,052
<b>CASH, END OF YEAR</b>	236,855	44,087
<b>Supplementary information:</b>		
Income Taxes	-	-
Interest	7,428	7,263

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

**FILMAID INTERNATIONAL, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR THEN ENDED JUNE 30, 2010  
with comparative amounts for 2009**

	<u>Programs</u>	<u>Management &amp; general</u>	<u>Fundraising</u>	<u>2010</u>	<u>2009</u>
Bank & credit card fees	-	4,541	-	4,541	4,142
Cleaning and maintenance	-	-	-	-	3,183
Consultants	111,853	27,963	-	139,816	44,403
Depreciation	33,877	1,882	1,882	37,641	24,156
Dues and subscriptions	-	456	-	456	937
Equipment maint. & rental	103,447	-	-	103,447	8,534
Insurance	-	3,696	-	3,696	4,841
Interest expense	-	7,428	-	7,428	7,262
Marketing and promotion	-	858	286	1,145	601
Meetings	50,428	12,607	-	63,035	16,372
Misc. & sundry	4,614	-	-	4,614	1,911
Monitoring and evaluation	1,500	-	-	1,500	7,011
Office space rental	3,158	1,579	1,579	6,315	57,172
Office supplies	-	4,883	-	4,883	4,725
Operational costs	94,829	-	-	94,829	61,745
Postage, messenger & shipping	-	841	841	1,682	1,499
Printing and photocopying	-	1,899	5,697	7,596	5,023
Professional fees	-	7,566	-	7,566	1,678
Program supplies	341,136	-	-	341,136	9,455
Salaries, payroll taxes & benefits	227,223	22,583	7,528	257,334	412,432
Staff development	705	-	-	705	4,081
Telephone	10,712	2,008	669	13,390	19,626
Travel, moving and lodging	77,996	4,333	4,333	86,662	48,626
Vehicle operation	61,861	-	-	61,861	32,482
Video production	61,350	-	-	61,350	20,249
	<u>1,184,687</u>	<u>105,124</u>	<u>22,815</u>	<u>1,312,626</u>	<u>802,146</u>

# FILMAID INTERNATIONAL, INC.

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2010 with comparative amounts for 2009

#### 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 \$1,000 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 – Property and equipment**

	<u>2010</u>	<u>2009</u>
Equipment	104,393	73,921
Furniture	5,835	5,835
Vehicle	109,851	63,068
Less: accumulated depreciation	<u>(105,209)</u>	<u>(67,568)</u>
	<u>\$114,870</u>	<u>\$75,256</u>

**Note 4 - In-kind Support**

In-kind support consists of equipment and other related support totaling \$295,350 and \$3,650 for June 30, 2010 and 2009.

**Note 5 – Income Taxes**

Generally accepted accounting principles prescribe how an organization should measure, recognize, present and disclose in its financial statements tax positions that the organization has taken on its information returns. FilmAid regularly reviews its tax positions taken and as reflected in its financial statements, with regard to issues affecting tax matters. FilmAid has concluded that no tax benefits or liabilities are required to be recognized in accordance with generally accepted accounting principles.

FilmAid's tax and information returns are generally subject to examination by taxing authorities for three years, including 2008, 2009, and 2010.

#### **Note 6 – Loan Payable**

During 2008 FilmAid 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. During 2009 an additional \$90,000 was borrowed from a related party. Accrued interest from inception is \$14,690 and as of June 30, 2010 there have not been any payments made against the principal and \$2,350 has been paid against the accrued interest.

#### **Note 7 – Subsequent Events**

FilmAid has evaluated subsequent events through June 15, 2011, which is the date the financial statements were available to be issued.