

THE FILMMAKERS COLLABORATIVE, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2015 AND 2014

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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THE FILMMAKERS COLLABORATIVE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

Mission Statement

Filmmakers Collaborative (FC) has been providing low cost fiscal sponsorships to independent media makers since it was founded in 1987. It became a national organization in 2008, and is now the grantee of record for over 200 media projects across the country. Our mission is to sponsor and support the independent media community through fiscal sponsorship as well as through programs that bring people together for learning and networking. These include our annual Making Media Now, the Boston International Kids Film Festival that launched in November 2013, plus workshops, internships and mentoring opportunities.

THE FILMMAKERS COLLABORATIVE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Filmmakers Collaborative, Inc.
Melrose, Massachusetts

We have audited the accompanying financial statements of The Filmmakers Collaborative, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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.

Auditors' Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization'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 that 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 The Filmmakers Collaborative, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
The Filmmaker's Collaborative, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated February 29, 2016 on our consideration of The Filmmaker's Collaborative Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Filmmaker's Collaborative Inc.'s internal control over financial reporting and compliance.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
February 29, 2016

THE FILMMAKERS COLLABORATIVE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF JUNE 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 31,499	\$ 8,144
Cash Held for Film Projects	343,708	219,765
Certificate of Deposit	-	11,099
Contributions Receivable	114,660	-
Prepaid Expenses	2,256	721
Total Current Assets	<u>492,123</u>	<u>239,729</u>
<u>OTHER ASSETS:</u>		
Security Deposit	-	1,450
Total Other Assets	<u>-</u>	<u>1,450</u>
<u>TOTAL ASSETS</u>	<u>\$ 492,123</u>	<u>\$ 241,179</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 4,305	\$ 3,928
Accrued Payroll and Related Costs	4,106	3,771
Deferred Revenue	6,481	5,127
Total Current Liabilities	<u>14,892</u>	<u>12,826</u>
<u>NON-CURRENT LIABILITIES:</u>		
Note Payable, Related Party	<u>12,000</u>	<u>12,000</u>
<u>TOTAL LIABILITIES</u>	<u>26,892</u>	<u>24,826</u>
<u>NET ASSETS:</u>		
Unrestricted Net Assets (Deficit)	6,863	(3,412)
Temporarily Restricted Net Assets	458,368	219,765
Total Net Assets	<u>465,231</u>	<u>216,353</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 492,123</u>	<u>\$ 241,179</u>

THE FILMMAKERS COLLABORATIVE, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(With Summarized Comparative Totals for 2014)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u> <u>2015</u>	<u>2014</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Gifts, Grants and Contributions:</i>				
Government Grants	\$ -	\$ 1,189,000	\$ 1,189,000	\$ 698,218
Gifts and Contributions	4,155	2,217,297	2,221,452	1,451,356
Total Gifts, Grants and Contributions	<u>4,155</u>	<u>3,406,297</u>	<u>3,410,452</u>	<u>2,149,574</u>
<i>Program Revenues:</i>				
Events	26,911	-	26,911	22,227
Membership Dues	10,130	-	10,130	9,853
Total Program Revenue	<u>37,041</u>	<u>-</u>	<u>37,041</u>	<u>32,080</u>
<i>Other Revenues:</i>				
Rental Income	12,450	-	12,450	16,550
Interest Income	94	-	94	70
Total Other Revenue	<u>12,544</u>	<u>-</u>	<u>12,544</u>	<u>16,550</u>
<i>Reclassification of Net Assets - Net Assets Released From Restriction:</i>				
Restrictions Released - Film Projects	3,010,236	(3,010,236)	-	-
Restrictions Released - Filmmakers Fee	147,458	(147,458)	-	-
Restrictions Released - Filmmakers Collaborative Programming	10,000	(10,000)	-	-
Total Reclassification of Net Assets - Net Assets Released From Restriction	<u>3,167,694</u>	<u>(3,167,694)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>3,221,434</u>	<u>238,603</u>	<u>3,460,037</u>	<u>2,198,274</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program Services	3,099,644	-	3,099,644	2,017,563
<i>Supporting Services:</i>				
Administrative	71,138	-	71,138	70,489
Fund Raising	40,377	-	40,377	35,051
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>3,211,159</u>	<u>-</u>	<u>3,211,159</u>	<u>2,123,103</u>
<u>CHANGE IN NET ASSETS</u>	<u>10,275</u>	<u>238,603</u>	<u>248,878</u>	<u>75,171</u>
<u>NET ASSETS (DEFICIT) - BEGINNING OF YEAR</u>	<u>(3,412)</u>	<u>219,765</u>	<u>216,353</u>	<u>141,182</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 6,863</u>	<u>\$ 458,368</u>	<u>\$ 465,231</u>	<u>\$ 216,353</u>

THE FILMMAKERS COLLABORATIVE, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Gifts, Grants and Contributions:</i>			
Government Grants	\$ -	\$ 698,218	\$ 698,218
Gifts and Contributions	41,840	1,409,516	1,451,356
Total Gifts, Grants and Contributions	<u>41,840</u>	<u>2,107,734</u>	<u>2,149,574</u>
<i>Program Revenues:</i>			
Events	22,227	-	22,227
Membership Dues	9,853	-	9,853
Total Program Revenue	<u>32,080</u>	<u>-</u>	<u>32,080</u>
<i>Other Revenues:</i>			
Rental Income	16,550	-	16,550
Interest Income	70	-	70
Total Other Revenue	<u>16,620</u>	<u>-</u>	<u>16,620</u>
<i>Reclassification of Net Assets - Net Assets Released From Restriction:</i>			
Restrictions Released - Film Projects	1,936,470	(1,936,470)	-
Restrictions Released - Filmmakers Fee	82,561	(82,561)	-
Total Reclassification of Net Assets - Net Assets Released From Restriction	<u>2,019,031</u>	<u>(2,019,031)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,109,571</u>	<u>88,703</u>	<u>2,198,274</u>
<u>FUNCTIONAL EXPENSES:</u>			
Program Services	2,017,563	-	2,017,563
<i>Supporting Services:</i>			
Administrative	70,489	-	70,489
Fund Raising	35,051	-	35,051
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>2,123,103</u>	<u>-</u>	<u>2,123,103</u>
<u>CHANGE IN NET ASSETS</u>	<u>(13,532)</u>	<u>88,703</u>	<u>75,171</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>10,120</u>	<u>131,062</u>	<u>141,182</u>
<u>NET ASSETS (DEFICIT) - END OF YEAR</u>	<u>\$ (3,412)</u>	<u>\$ 219,765</u>	<u>\$ 216,353</u>

THE FILMMAKERS COLLABORATIVE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

(With Summarized Comparative Totals for 2014)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND-</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2015</u>	<u>2014</u>
Film Projects:					
<i>Walt Disney</i>	\$ 570,000	\$ -	\$ -	\$ 570,000	\$ 433,802
<i>Kickin' Kitchen</i>	394,269	-	-	394,269	285,000
<i>Nasser</i>	270,275	-	-	270,275	239,400
<i>The Mystery of Matter</i>	190,000	-	-	190,000	237,500
Other Film Projects	<u>1,585,692</u>	<u>-</u>	<u>-</u>	<u>1,585,692</u>	<u>740,768</u>
Total Film Projects	3,010,236	-	-	3,010,236	1,936,470
Salaries and Wages	37,080	30,002	25,619	92,701	97,874
Payroll Taxes	3,145	2,545	2,173	7,863	7,937
Conferences and Film Festivals	20,130	-	-	20,130	15,758
Legal and Accounting Fees	-	23,175	-	23,175	11,250
Other Professional Fees and Consultants	8,495	-	-	8,495	4,862
Occupancy Costs	9,210	7,452	6,363	23,025	22,404
Insurance	552	1,122	381	2,055	5,258
Office Supplies and Expenses	5,467	4,424	3,777	13,668	9,346
Postage and Shipping	252	204	174	630	582
Telephone and Communications	2,736	2,214	1,890	6,840	8,144
Staff Travel	<u>2,341</u>	<u>-</u>	<u>-</u>	<u>2,341</u>	<u>3,218</u>
Total Functional Expenses	<u>\$ 3,099,644</u>	<u>\$ 71,138</u>	<u>\$ 40,377</u>	<u>\$ 3,211,159</u>	<u>\$ 2,123,103</u>

THE FILMMAKERS COLLABORATIVE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND-</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Film Projects:				
<i>The Mystery of Matter</i>	\$ 433,802	\$ -	\$ -	\$ 433,802
<i>Kickin' Kitchen</i>	285,000	-	-	285,000
<i>The Scheide Project</i>	239,400	-	-	239,400
<i>The Popular Romance Project</i>	237,500	-	-	237,500
Other Film Projects	<u>740,768</u>	<u>-</u>	<u>-</u>	<u>740,768</u>
Total Film Projects	1,936,470	-	-	1,936,470
Salaries and Wages	40,322	33,084	24,468	97,874
Payroll Taxes	3,175	2,778	1,984	7,937
Conferences and Film Festivals	15,758	-	-	15,758
Legal and Accounting Fees	-	11,250	-	11,250
Other Professional Fees and Consultants	4,862	-	-	4,862
Occupancy Costs	8,962	7,841	5,601	22,404
Insurance	1,539	2,757	962	5,258
Office Supplies and Expenses	-	9,346	-	9,346
Postage and Shipping	-	582	-	582
Telephone and Communications	3,257	2,851	2,036	8,144
Staff Travel	<u>3,218</u>	<u>-</u>	<u>-</u>	<u>3,218</u>
Total Functional Expenses	<u>\$ 2,017,563</u>	<u>\$ 70,489</u>	<u>\$ 35,051</u>	<u>\$ 2,123,103</u>

THE FILMMAKERS COLLABORATIVE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 248,878	\$ 75,171
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Interest Income from Certificate of Deposit	-	(51)
<i>(Increase) Decrease in Current Assets:</i>		
Grants Receivable	(114,660)	-
Prepaid Expenses	(1,535)	(31)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	377	(6,744)
Accrued Payroll and Related Costs	335	1,695
Deferred Revenue	1,354	497
<i>(Increase) Decrease in Other Assets:</i>		
Security Deposit	1,450	-
Net Adjustment	(112,679)	(4,634)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>136,199</u>	<u>70,537</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Proceeds From Maturing Certificates of Deposit	11,099	-
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds From Note Payable, Related Party	-	12,000
<u>NET INCREASE IN CASH BALANCES</u>	<u>147,298</u>	<u>82,537</u>
<u>CASH - BEGINNING OF YEAR</u>	<u>227,909</u>	<u>145,372</u>
<u>CASH - END OF YEAR</u>	<u>\$ 375,207</u>	<u>\$ 227,909</u>

THE FILMMAKERS COLLABORATIVE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 1 ORGANIZATION

The Filmmakers Collaborative, Inc. (“the Collaborative”) was incorporated in February 1994 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. The Filmmakers Collaborative, Inc. is not classified as a private foundation under Section 509(a); accordingly, contributions made to the Collaborative qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

The Collaborative is a non-profit corporation of New England and Nationally-based independent filmmakers formed to support the production of independent films and other educational materials that increase public understanding of social, cultural, political, and environmental issues. The Collaborative acts as a fiscal sponsor of film projects through sub-grants or contractual agreements with filmmakers and is now the grantee of record for over 200 media projects across the country. The Collaborative also provides mentoring opportunities to first-time filmmakers and organizes the annual Boston International Kids Film Festival as well as workshops and internships.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Collaborative’s financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in the management’s opinion, resulted in reliable and consistent financial reporting by the Collaborative.

Basis of Accounting:

The Collaborative’s policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Collaborative reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

THE FILMMAKERS COLLABORATIVE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

(Continued)

NOTE 3 (Continued)

These classifications are related to the existence or absence of donor-imposed restrictions as presented below:

Unrestricted Net Assets - consists of assets, public support and program revenues which are available and used for operations and programs. Unrestricted net assets represents the portion of net assets of the Collaborative that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Collaborative includes funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Collaborative. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds. For the years presented, temporarily restricted net assets consists of amounts restricted for approximately 40 film projects for which the Collaborative acts as fiscal sponsor.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Collaborative to expend part or all of the income derived from the donated assets. For the years presented, The Filmmakers Collaborative, Inc. has no resources of this nature.

Certificate of Deposit:

Certificate of Deposit consists of one certificate of deposit with a maturity date of January 28, 2015. The certificate of deposit is carried at cost plus accrued interest.

Property and Equipment:

The Filmmakers Collaborative, Inc. records all property and equipment at cost, if purchased, or if donated, at the fair value on the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation is computed using the straight-line method, and is charged against activities over the estimated useful lives of the assets, as expressed in terms of years. For the years presented, there have been no fixed assets purchased by the organization that met the criteria for capitalization.

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*TM, contributions are required be recorded as receivables and revenues, and the Collaborative is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Occasionally, The Filmmakers Collaborative, Inc. receives donations of stocks which are recorded as contribution revenue at the fair value of the stock received.

THE FILMMAKERS COLLABORATIVE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

(Continued)

NOTE 3 (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Goods, Services and Facilities:

The Filmmakers Collaborative, Inc. maintains a policy to record certain in-kind transactions as required by the *FASB Accounting Standards Codification*TM. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. For the years presented, there were no in-kind contributions which met the recognition criteria.

Revenue Recognition:

Government Grants and Gifts and Contributions - The Filmmakers Collaborative, Inc. is the recipient of a number of private and government funded grants. The federal grants are subject to an annual renewal process and future funding is not guaranteed. All federal awards and restricted grants were received directly from the respective federal agencies, private foundations and donors for specific grant funded film projects. Funds received are recognized as temporarily restricted support and are released from restriction at the time the grant funds are transferred to the individual projects.

Membership Dues - Membership dues are assessed annually, with staggered membership expirations; therefore, a portion of the revenue generated from the membership renewals is recognized as *Membership Dues* on a monthly basis, with the unexpired portion recorded as *Deferred Revenue* and recognized ratably over the membership term.

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, the Collaborative allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using formulas derived from the nature of related time. Supporting services are those related to operating and managing the Collaborative and its programs on a day-to-day basis.

THE FILMMAKERS COLLABORATIVE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

(Continued)

NOTE 3 *(Continued)*

Supporting services have been sub-classified as follows:

Administrative - includes all activities related to The Filmmakers Collaborative, Inc.'s internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds.

Tax Position:

The Collaborative currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Collaborative are the existence of Unrelated Business Income Tax and the Collaborative's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

NOTE 4 LEASE OBLIGATIONS

Effective March 1, 2015, the Collaborative occupies office space in Melrose, Massachusetts under a one-year lease that requires monthly payments of \$700. Prior to March 2015, the Collaborative rented office space in Waltham, Massachusetts under a month-to month lease that called for monthly payments of \$1,500. For the years ended June 30, 2015 and 2014, total payments under these agreements amounted to \$18,350 and \$18,000, respectively, and have been included in *Occupancy Costs* in the accompanying Statement of Functional Expenses.

During the years presented, the Collaborative was a party to three separate sublease agreements. Two of these agreements were tenancy-at-will arrangements for shared office space at the Collaborative's former location in Waltham. Monthly payments ranging from \$415 to \$600 included telephone, utilities, and shared use of common areas. Both of these agreements terminated upon the Collaborative's exit from the Waltham lease. In March 2015, the Collaborative entered into a one year sublease to share office space at its new Melrose location. Monthly payments under this arrangement are \$200.

As of June 30, 2015, the future minimum obligations arising from these commitments are scheduled below:

<u>Fiscal Year Ending</u>	<u>Gross Rent Obligation</u>	<u>Sublease Revenue</u>
June 30, 2016	<u>\$5,600</u>	<u>\$1,600</u>

THE FILMMAKERS COLLABORATIVE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

(Continued)

NOTE 5 RELATED PARTY TRANSACTIONS

Grant Revenue:

The Board of Directors direct the policies and activities of the Collaborative and vote to approve all film projects sponsored by the Collaborative. The members of the Collaborative are filmmakers who raise funds for their projects. Donors fund the projects by making their grants and contributions to the Collaborative. For the year ended June 30, 2015, the project of one former Board member received \$243,000 in federal funds.

Leasing Activities:

As further disclosed in Note 4, one former Board member subleased office space from the Collaborative during the years ended June 30, 2015 and 2014.

Note Payable:

On March 5, 2014, the Organization's former Board Chair loaned \$12,000 to fund its general operations. Interest of 1.5% accrues annually through February 2020, at which time any unpaid principal and interest are due.

NOTE 6 CONCENTRATIONS

Cash:

The Collaborative is subject to concentrations of credit risk relating primarily to uninsured cash deposits held at one financial institution. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. The Organization had \$139,179 in excess of federally insured limits as of June 30, 2015. The Organization has not experienced any losses on uninsured cash balances and management considers credit risk on cash to be low.

Grants Receivable:

As of June 30, 2015, amounts due from one donor accounted for 100% of *Grants Receivable*.

Revenue:

For the year ended June 30 2015, one film project received a grant totaling \$600,000 from the National Endowment for the Humanities (NEH), which represented 17% of the Collaborative's total support and revenues. Total grants from the NEH amounted to \$1,159,000 in FY 2015, which represented 34% of the Collaborative's total support and revenues.

For the year ended June 30 2014, grants totaling \$438,218, respectively, were received from the National Science Foundation for one film project, which represented 19% of the Collaborative's total support and revenues.

THE FILMMAKERS COLLABORATIVE, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

(Continued)

NOTE 7 NET ASSETS (DEFICIT)

The Collaborative had a negative change in Unrestricted Net Assets of \$13,532 for the year ended June 30, 2014, and a cumulative deficit in Unrestricted Net Assets totaling \$3,412 as of June 30, 2014. Management and the Board, in an effort to mitigate the impact of these conditions, implemented several actions to increase revenues and decrease expenses. Most notable of these actions was the restructuring of the Collaborative's management team by combining the Executive Director and Associate Director roles into one position. Additionally, as previously discussed in Note 4, the Collaborative moved its headquarters to a new facility that will result in overall annual savings of approximately \$10,000.

For the fiscal year ended June 30, 2015, the Collaborative had a change in Unrestricted Net Assets of \$10,275 and ended the year in a positive net asset position. Management is optimistic the Collaborative will continue to improve and sustain a positive net asset position.

NOTE 8 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through February 29, 2016, the date which the financial statements were available for issue, and noted no events which met the recognition criteria: