



**FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

THE BOSTON JEWISH FILM FESTIVAL, INC.

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December 31, 2014 and 2013

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Independent Auditor's Report

To the Board of Directors of
The Boston Jewish Film Festival, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The Boston Jewish Film Festival, Inc. (a Massachusetts nonprofit corporation), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, changes in net assets, cash flows and functional expenses 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 audits 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 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 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 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 Boston Jewish Film Festival, Inc. as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Alexander, Brown, Finning & Co., P.C.

Wellesley, Massachusetts
June 17, 2015

THE BOSTON JEWISH FILM FESTIVAL, INC.

Statements of Financial Position
December 31, 2014 and 2013

Assets	2014	2013
Current Assets:		
Cash and cash equivalents	\$ 325,379	\$ 333,991
Accounts and pledges receivable	42,116	35,471
Prepaid expenses	3,096	6,520
Total current assets	370,591	375,982
Property and Equipment, net	14,496	20,000
Security Deposit	3,200	3,200
Total assets	<u>\$ 388,287</u>	<u>\$ 399,182</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 34,779	\$ 33,069
Deferred Rent	9,742	6,409
Total liabilities	<u>44,521</u>	<u>39,478</u>
Net Assets:		
Unrestricted:		
Operating	172,090	178,254
Board designated	125,000	135,000
Property and equipment	14,496	20,000
Total unrestricted	311,586	333,254
Temporarily restricted	32,180	26,450
Total net assets	<u>343,766</u>	<u>359,704</u>
Total liabilities and net assets	<u>\$ 388,287</u>	<u>\$ 399,182</u>

The accompanying notes are an integral part of these statements.

THE BOSTON JEWISH FILM FESTIVAL, INC.

Statements of Activities

For the Years Ended December 31, 2014 and 2013

Unrestricted Net Assets:	<u>2014</u>	<u>2013</u>
Support and Revenues:		
Contributions	\$ 256,989	\$ 234,528
Festival ticket revenue	116,296	113,612
Special events	97,614	98,962
Grants	96,560	66,505
Sponsorships and supporters	37,850	45,200
Donated goods and services	20,445	41,031
Other program revenue	2,100	-
REELAbilities ticket revenue	1,615	2,554
Out of festival screenings	1,336	14,924
Interest and other	1,020	93
Net assets released from restriction	<u>26,450</u>	<u>27,700</u>
Total support and revenues	<u>658,275</u>	<u>645,109</u>
Expenses:		
Film festival	446,090	443,922
Other programs	115,133	110,081
Fundraising	48,471	42,238
General and administrative	<u>60,249</u>	<u>59,118</u>
Total expenses	<u>669,943</u>	<u>655,359</u>
Changes in unrestricted net assets from operations	(11,668)	(10,250)
Strategic Planning Fees	<u>(10,000)</u>	<u>(9,868)</u>
Changes in unrestricted net assets	<u>(21,668)</u>	<u>(20,118)</u>
Temporary Restricted Net Assets:		
Grants and Pledges - Purpose and Time Restricted	32,180	21,450
Net Assets Released From Restriction	<u>(26,450)</u>	<u>(27,700)</u>
Changes in temporarily restricted net assets	<u>5,730</u>	<u>(6,250)</u>
Changes in net assets	<u>\$ (15,938)</u>	<u>\$ (26,368)</u>

The accompanying notes are an integral part of these statements.

THE BOSTON JEWISH FILM FESTIVAL, INC.

Statements of Changes in Net Assets
For the Years Ended December 31, 2014 and 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net Assets, December 31, 2012	\$ 353,372	\$ 32,700	\$ 386,072
Changes in net assets	<u>(20,118)</u>	<u>(6,250)</u>	<u>(26,368)</u>
Net Assets, December 31, 2013	333,254	26,450	359,704
Changes in net assets	<u>(21,668)</u>	<u>5,730</u>	<u>(15,938)</u>
Net Assets, December 31, 2014	<u>\$ 311,586</u>	<u>\$ 32,180</u>	<u>\$ 343,766</u>

The accompanying notes are an integral part of these statements.

THE BOSTON JEWISH FILM FESTIVAL, INC.

Statements of Cash Flows

For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (15,938)	\$ (26,368)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,452	6,297
Changes in operating assets and liabilities:		
Accounts and pledges receivable	(6,645)	16,356
Prepaid expenses	3,424	(3,322)
Security deposit	-	(2,050)
Accounts payable and accrued expenses	1,710	6,602
Deferred rent	3,333	6,409
	<u>(6,664)</u>	<u>3,924</u>
Net cash provided by (used in) operating activities	(6,664)	3,924
Cash Flows from Investing Activities:		
Acquisition of property and equipment	<u>(1,948)</u>	<u>(14,300)</u>
Net Change in Cash and Cash Equivalents	(8,612)	(10,376)
Cash and Cash Equivalents:		
Beginning of year	<u>333,991</u>	<u>344,367</u>
End of year	<u>\$ 325,379</u>	<u>\$ 333,991</u>
Supplemental Disclosure of Cash Flow Information:		
Cost of disposed property and equipment	<u>\$ -</u>	<u>\$ 4,850</u>

The accompanying notes are an integral part of these statements.

THE BOSTON JEWISH FILM FESTIVAL, INC.

Statements of Functional Expenses
For the Years Ended December 31, 2014 and 2013

	2014					2013				
	Film Festival	Other Programs	Fund-Raising	General And Administrative	Total	Film Festival	Other Programs	Fund-Raising	General And Administrative	Total
Personnel and Related:										
Salaries	\$ 163,773	\$ 44,919	\$ 23,609	\$ 7,870	\$ 240,171	\$ 135,328	\$ 43,272	\$ 23,795	\$ 7,932	\$ 210,327
Contracted services	24,871	-	1,369	18,480	44,720	32,809	5,215	-	15,491	53,515
Payroll taxes	17,411	4,776	2,510	837	25,534	14,635	4,680	2,573	858	22,746
Donated salaries	11,040	-	-	-	11,040	10,952	-	-	-	10,952
Employee benefits	5,300	1,454	764	255	7,773	4,795	2,657	-	-	7,452
Total personnel and related	222,395	51,149	28,252	27,442	329,238	198,519	55,824	26,368	24,281	304,992
Occupancy:										
Rent	26,222	7,192	3,780	1,260	38,454	13,180	4,215	2,317	772	20,484
Telephone	3,008	825	434	144	4,411	2,603	832	457	152	4,044
Utilities	2,101	576	303	101	3,081	1,441	461	253	84	2,239
Depreciation	-	-	-	1,830	1,830	-	-	-	153	153
Total occupancy	31,331	8,593	4,517	3,335	47,776	17,224	5,508	3,027	1,161	26,920
Other:										
Other program events	-	43,842	-	-	43,842	-	33,401	-	-	33,401
Printing and publications	32,265	-	-	-	32,265	30,901	-	-	-	30,901
Festival events	31,250	-	-	-	31,250	70,587	-	-	-	70,587
Film rentals	24,071	-	-	-	24,071	20,241	-	-	-	20,241
Box office fees	21,800	-	-	-	21,800	23,314	-	-	-	23,314
Professional fees	-	-	-	21,195	21,195	-	-	-	22,946	22,946
Visiting artists	18,485	-	-	-	18,485	14,294	-	-	-	14,294
Venue rental	16,150	-	-	-	16,150	10,320	-	-	-	10,320
Maintenance	9,364	2,568	1,349	450	13,731	8,319	2,659	1,462	487	12,927
Direct mailings	-	-	9,919	-	9,919	-	-	6,960	-	6,960
Donated goods and services	2,510	545	-	6,350	9,405	16,509	4,648	-	8,922	30,079
Travel/meetings	6,018	1,650	867	289	8,824	4,147	1,326	729	243	6,445
Publicity	7,547	-	-	-	7,547	7,030	-	-	-	7,030
Office	4,971	1,364	717	239	7,291	7,145	2,285	1,256	419	11,105
Credit card processing fees	4,919	1,349	709	236	7,213	5,200	1,662	914	305	8,081
Depreciation	3,251	1,394	733	244	5,622	4,053	1,295	712	84	6,144
Miscellaneous	2,636	832	492	238	4,198	1,304	465	265	96	2,130
Insurance	2,835	778	409	136	4,158	1,403	449	247	82	2,181
Recruitment	2,319	527	222	-	3,068	272	59	23	-	354
Postage	1,973	542	285	95	2,895	1,565	500	275	92	2,432
Equipment rentals	-	-	-	-	-	1,575	-	-	-	1,575
Total other	192,364	55,391	15,702	29,472	292,929	228,179	48,749	12,843	33,676	323,447
	<u>\$ 446,090</u>	<u>\$ 115,133</u>	<u>\$ 48,471</u>	<u>\$ 60,249</u>	<u>\$ 669,943</u>	<u>\$ 443,922</u>	<u>\$ 110,081</u>	<u>\$ 42,238</u>	<u>\$ 59,118</u>	<u>\$ 655,359</u>

The accompanying notes are an integral part of these statements.

THE BOSTON JEWISH FILM FESTIVAL, INC.

Notes to Financial Statements
December 31, 2014 and 2013

1. OPERATIONS AND NONPROFIT STATUS

The Boston Jewish Film Festival, Inc. (the Festival) was incorporated in March 1998, and presents contemporary films from around the world on Jewish themes at its annual fall Festival and throughout the year. Through features, shorts, and documentaries, the Festival explores issues of Jewish identity, how Judaism relates to society at large, and the richness and diversity of Jewish culture.

The Festival is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Festival is also exempt from state income taxes. Donors may deduct contributions made to the Festival within the IRC regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

The Festival prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair market value at the date of receipt. Depreciation is calculated on a straight-line basis over estimated useful lives of three to five years.

Revenue Recognition

The Festival derives its revenue mainly from festival ticket sales, corporate sponsorships, special events, contributions, and grants. Ticket revenue is recognized as films are presented. Special events revenue is recognized when the events occur. Unrestricted contributions, grants and sponsorships and supporters revenue are recognized when unconditionally pledged or received. The Festival reports grants and contributions as temporarily restricted support if they are pledged or received with donor stipulations that limit their use. When a donor stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. Temporarily restricted revenue received and expended in the same period is reflected as unrestricted support and revenues. All other revenue is recognized as it is earned.

Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each program.

THE BOSTON JEWISH FILM FESTIVAL, INC.

Notes to Financial Statements
December 31, 2014 and 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Festival accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Festival has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2014 and 2013. The Festival's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

Publicity Costs

The Festival expenses publicity costs as they are incurred.

Net Assets

Unrestricted net assets represent net assets that are not subject to donor-imposed stipulations. The Board of Directors has discretionary control over these net assets and may elect to designate such resources for specific purposes. These designations may also be removed at the Board's discretion.

Unrestricted net assets consist of the following:

Operating – Net assets available to carry on the operations of the Festival.

Board designated – Net assets set aside by the Board of Directors to be used as an operating reserve to meet cash flow needs and for other purposes as approved by the Board of Directors. These funds may only be used with the approval of the Board of Directors. The Board authorized the use of approximately \$10,000 of these funds in 2014 and 2013 relating to strategic planning. The expenses related to this process are shown as non-operating strategic planning fees in the accompanying statements of activities for the years ended December 31, 2014 and 2013.

Property and equipment – These net assets reflect the net book value of the Festival's property and equipment.

Temporarily restricted net assets as of December 31, 2014 and 2013, include donor-restricted funds designated for a specific time period or specific activities, as follows:

	<u>2014</u>	<u>2013</u>
Purpose restricted	\$ 18,500	\$ 25,350
Time restricted	<u>13,680</u>	<u>1,100</u>
	<u>\$ 32,180</u>	<u>\$ 26,450</u>

THE BOSTON JEWISH FILM FESTIVAL, INC.

Notes to Financial Statements
December 31, 2014 and 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in accordance with U.S. GAAP 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.

Donated Goods and Services

The Festival receives donated goods and services in support of various aspects of its programs. These donations consist mainly of items in connection with the film festival and are reflected in the accompanying financial statements as donated goods and services and related expenses. In addition, unpaid volunteers have made significant contributions of their time in furtherance of the Festival's programs. While these contributions are of value to the Festival, they do not meet the accounting requirements for recognition in the financial statements and, therefore, their value is not recorded.

Donated goods and services in the accompanying statements of functional expenses consist of the following:

	<u>2014</u>	<u>2013</u>
Professional fees	\$ 6,350	\$ 8,922
Festival and other program events	2,645	13,014
Visiting artists	410	3,668
Venue rentals	-	2,000
Publicity	-	1,100
Film rentals	-	850
Equipment rentals	-	525
	<u>\$ 9,405</u>	<u>\$ 30,079</u>

Donated salaries of \$11,040 and \$10,952 in fiscal years 2014 and 2013, respectively, are presented separately in the accompanying statements of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and money market accounts and highly liquid investments with maturities of three months or less at date of purchase.

Allowance for Doubtful Accounts

An allowance for potentially uncollectible accounts and pledges receivable is provided based upon management's assessment of potential defaults. This assessment includes such factors as collection history and type of receivable. No allowance was deemed necessary as of December 31, 2014 and 2013.

THE BOSTON JEWISH FILM FESTIVAL, INC.

Notes to Financial Statements
December 31, 2014 and 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Festival follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Festival would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Festival uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Festival. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Subsequent Events

Subsequent events have been evaluated through June 17, 2015, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

3. OCCUPANCY

Effective November 2013, the Festival is leasing its office space under a lease which runs through January 2019. The Festival received three months of free rent valued at \$9,613 and in February 2014 began making monthly rent payments of \$3,193 which increase throughout the life of the lease. The Festival is recognizing rent expense on a straight-line basis over the term of the lease in accordance with the *Accounting for Leases* standard under U.S. GAAP. Deferred rent as of December 31, 2014 and 2013, was \$9,742 and \$6,409, respectively.

Prior to November 2013 the Festival leased different office space with the same landlord at \$1,407 per month.

THE BOSTON JEWISH FILM FESTIVAL, INC.

Notes to Financial Statements
December 31, 2014 and 2013

3. OCCUPANCY (Continued)

The Festival has the right to extend the lease for an additional five year period. The Festival is also responsible for its proportionate share of utilities.

Remaining future minimum lease payments under this agreement are as follows:

2015	\$ 38,314
2016	\$ 40,340
2017	\$ 42,213
2018	\$ 42,366
2019	\$ 3,531

4. CONCENTRATIONS

- The Festival maintains its cash balances in a Massachusetts bank and is insured within the limits of the Federal Deposit Insurance Corporation (FDIC). The Festival has not experienced any losses in the accounts. The Festival's management believes that the Festival is not exposed to any significant credit risk related to these accounts.
- Approximately 53% of the Festival's receivables were due from two sources at December 31, 2014. Approximately 54% of the Festival's receivables were due from three sources at December 31, 2013.
- Approximately 15% of the Festival's revenue is derived from the annual film festival for the years ended December 31, 2014 and 2013.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Office furniture and equipment	\$ 43,063	\$ 41,115
Leasehold improvements	9,150	9,150
Database	21,050	21,050
Website	<u>13,401</u>	<u>13,401</u>
	86,664	84,716
Less - accumulated depreciation	<u>72,168</u>	<u>64,716</u>
	<u>\$ 14,496</u>	<u>\$ 20,000</u>

6. RECLASSIFICATIONS

Certain amounts in the 2013 financial statements have been reclassified to conform with the 2014 presentation.