

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

WIDE ANGLE YOUTH MEDIA, INC.

JUNE 30, 2012

Wide Angle Youth Media, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wide Angle Youth Media, Inc.

We have audited the accompanying statement of financial position of Wide Angle Youth Media, Inc. as of June 30, 2012, and the related statements of activities and changes in net assets and cash flows for the year then ended. These statements are the responsibility of the management of Wide Angle Youth Media, Inc. Our responsibility is to express any 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 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 Wide Angle Youth Media, Inc. as of June 30, 2012 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Reznick Group, P.C.

Baltimore, Maryland
August 30, 2012

Wide Angle Youth Media, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2012

ASSETS

CURRENT ASSETS

| | |
|----------------------|-----------|
| Cash | \$ 25,457 |
| Accounts receivable | 2,384 |
| Grants receivable | 27,586 |
| Prepaid expense | 632 |
| | <hr/> |
| Total current assets | 56,059 |
| | <hr/> |

PROPERTY AND EQUIPMENT

| | |
|---|--------|
| Less accumulated depreciation of \$28,145 | 33,660 |
| | <hr/> |

OTHER ASSETS

| | |
|------------------|-------|
| Security deposit | 2,099 |
| | <hr/> |

| | |
|--------------|------------------|
| Total assets | <u>\$ 91,818</u> |
|--------------|------------------|

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|---------------------------------------|-----------|
| Accounts payable and accrued expenses | \$ 10,926 |
| Deferred revenue | 10,855 |
| | <hr/> |
| Total current liabilities | 21,781 |
| | <hr/> |

NET ASSETS

| | |
|------------------------|--------|
| Unrestricted | 54,951 |
| Temporarily restricted | 15,086 |
| | <hr/> |

| | |
|------------------|--------|
| Total net assets | 70,037 |
| | <hr/> |

| | |
|----------------------------------|------------------|
| Total liabilities and net assets | <u>\$ 91,818</u> |
|----------------------------------|------------------|

See notes to financial statements

Wide Angle Youth Media, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2012

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|------------------|
| Support and revenue | | | |
| Support | | | |
| Grants | \$ 28,000 | \$ 167,611 | \$ 195,611 |
| Contributions | 34,597 | - | 34,597 |
| In-kind contributions | 60,321 | - | 60,321 |
| Total support | <u>122,918</u> | <u>167,611</u> | <u>290,529</u> |
| Revenue | | | |
| Program services fees | 42,293 | - | 42,293 |
| Special events | 1,592 | - | 1,592 |
| Program expense reimbursements | 6,913 | - | 6,913 |
| Total revenue | <u>50,798</u> | <u>-</u> | <u>50,798</u> |
| Net assets released from restrictions | | | |
| Satisfaction of usage restrictions | <u>152,525</u> | <u>(152,525)</u> | <u>-</u> |
| Total support and revenue | <u>326,241</u> | <u>15,086</u> | <u>341,327</u> |
| Expenses | | | |
| Program services | 261,293 | - | 261,293 |
| Supporting services | | | |
| Fundraising | 3,720 | - | 3,720 |
| General and administrative | 57,518 | - | 57,518 |
| Total expenses | <u>322,531</u> | <u>-</u> | <u>322,531</u> |
| Increase in net assets | 3,710 | 15,086 | 18,796 |
| Net assets, beginning of year | <u>51,241</u> | <u>-</u> | <u>51,241</u> |
| Net assets, end of the year | <u>\$ 54,951</u> | <u>\$ 15,086</u> | <u>\$ 70,037</u> |

See notes to financial statements

Wide Angle Youth Media, Inc.

STATEMENT OF CASH FLOWS

Year ended June 30, 2012

| | |
|--|-------------|
| Cash flows from operating activities | |
| Increase in net assets | \$ 18,796 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Depreciation | |
| (Increase) decrease in assets | 9,528 |
| Accounts receivable | 7,360 |
| Grant receivable | (21,370) |
| Prepaid expenses | 455 |
| Increase (decrease) in liabilities | |
| Accounts payable and accrued expenses | (4,934) |
| Deferred contracts and grants | 5,855 |
| | <hr/> |
| Net cash provided by operating activities | 15,690 |
| | <hr/> |
| Cash flows from investing activities | |
| Purchase of equipment | (22,321) |
| | <hr/> |
| Net cash used in investing activities | (22,321) |
| | <hr/> |
| NET DECREASE IN CASH | (6,631) |
| | <hr/> |
| Cash, beginning of the year | 32,088 |
| | <hr/> |
| Cash, end of the year | \$ 25,457 |
| | <hr/> <hr/> |

See notes to financial statements

Wide Angle Youth Media, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Wide Angle Youth Media, Inc. (Wide Angle) is a nonprofit organization that provides Baltimore youth with media education to tell their own stories and become engaged with their communities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby support and revenue are recognized when committed or earned and expenses and purchases are recognized when the related obligations are incurred.

Net Assets

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2012, unrestricted and temporarily restricted net asset are \$54,951 and \$15,086 respectively.

Use of Estimates

The preparation of financials statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liability and disclosure of contingent assets and liability at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Wide Angle Youth Media, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Revenue Recognition

Contributions, including unconditional promises to give, are recorded as made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realized value.

Grants revenues are recognized as the term of the grants are met. Grants revenue received prior to fulfilling the commitments under the term of the grant or contract is recorded as deferred revenue.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, Wide Angle considers all highly liquid investments available for current use with maturities of less than three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides probable uncollectible amounts through a provision for bad debt expense and adjustment to valuation allowance. Management has determined that at June 30, 2012, an allowance was not necessary.

Grants Receivable

Grants receivable are deemed to be fully collectible by management and are composed of the following amount.

| | | |
|--|----|---------------|
| The Family League of Baltimore City, Inc. | \$ | 8,700 |
| The Harry and Jeanette Weinberg Foundation, Inc. | | 12,500 |
| Maryland Institute College of Art | | 1,186 |
| National Alliance for Media Arts and Culture | | 200 |
| The Annie E. Casey Foundation | | 5,000 |
| | | <hr/> |
| Total | \$ | <u>27,586</u> |

Wide Angle Youth Media, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

Property and Equipment

Property and equipment are reported at cost if purchased or fair market values at the time of donation if donated. Wide Angle capitalizes all expenditures of the property and equipment of \$600 or greater. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets. Cost of repair and maintenance are expensed when incurred.

| | <u>Method</u> | <u>Estimated useful lives</u> |
|------------------------|---------------|-----------------------------------|
| Leasehold improvements | Straight-line | 5 years |
| Equipment | Straight-line | 5 years |
| Furniture and fixtures | Straight-line | 3 years |

In-kind Contributions

Non-cash contributions are recorded at fair value at the date of contribution. For the year ended June 30, 2012, in-kind contributions of \$60,321 consisted of a non-recurring website design from Eyebyte Solutions in the amount of \$15,000 and \$25,780 from Maryland Transit Administrative for advertising. The remaining in-kind balance consists of fixed assets, accounting fees and other program expenses.

Income Taxes

Wide Angle has applied for and received a determination letter from the Internal Revenue Service (IRS) to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended June 30, 2012. Due to its tax-exempt status, Wide Angle is not subject to income taxes. Wide Angle is required to file and does file tax returns with the IRS and other taxing authorities. The open tax years for Wide Angle are 2009, 2010 and 2011.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been either directly charged to the programs and supporting services as incurred or allocated based on salaries and wages or usage for items such as occupancy.

Wide Angle Youth Media, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2012

NOTE 3 - BANK LINE OF CREDIT

Wide Angle has a line of credit with M&T Bank in an amount not to exceed \$10,000. This loan is an open end revolving line of credit which bears interest at PRIME plus 1% variable (4.25% at June 30, 2012). Interest is due monthly with principal due on demand. As of June 30, 2012, no amount has been drawn on the line of credit.

NOTE 4 - OPERATING LEASE

Wide Angle occupies its office space under a long-term lease which expires on July 31, 2014, and requires Wide Angle to pay a proportionate share of increases in the office building's operating expenses in addition to the minimum annual rental. Among other terms and conditions, the lease provides an option for one three-year renewal period.

Minimum annual rentals for future years are as follows:

| | | |
|------|----|-------------|
| 2013 | \$ | 27,586 |
| 2014 | | 28,343 |
| 2015 | | 4,865 |
| | | <hr/> |
| | \$ | 60,794 |
| | | <hr/> <hr/> |

Rent expense for the year ended June 30, 2012 was \$26,856

NOTE 5 - SUBSEQUENT EVENTS

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of Wide Angle through August 30, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL INFORMATION

Wide Angle Youth Media, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended June 30, 2012

| | <u>Program Services</u> | <u>Supporting Services</u> | | <u>Total Expenses</u> |
|------------------------------|-------------------------|----------------------------|-----------------------------------|-----------------------|
| | | <u>Fundraising</u> | <u>General and Administrative</u> | |
| Salaries | \$ 128,570 | \$ 1,246 | \$ 23,905 | \$ 153,721 |
| Payroll taxes | 10,556 | 89 | 1,285 | 11,930 |
| Employee benefits | 11,214 | - | 1,384 | 12,598 |
| Payroll services fees | 1,551 | - | 276 | 1,827 |
| Stipends | 7,423 | - | - | 7,423 |
| In-kind donations | 43,019 | 340 | - | 43,359 |
| Contract/consulting services | 9,792 | 1,170 | 5,399 | 16,361 |
| Legal and accounting | - | - | 6,525 | 6,525 |
| Office supplies | 1,998 | 78 | 928 | 3,004 |
| Telephone | 3,144 | 18 | 552 | 3,714 |
| Postage and delivery | 1,033 | 226 | 48 | 1,307 |
| Rent | 23,216 | - | 3,640 | 26,856 |
| Printing and publications | 2,539 | 404 | 207 | 3,150 |
| Staff travel and conference | 4,206 | 35 | 1,543 | 5,784 |
| Program events | 9,341 | 109 | 167 | 9,617 |
| Depreciation | 1,000 | - | 8,528 | 9,528 |
| Insurance | 2,086 | - | 1,784 | 3,870 |
| Dues | 345 | - | 1,055 | 1,400 |
| Other | 260 | 5 | 292 | 557 |
| Total | <u>\$ 261,293</u> | <u>\$ 3,720</u> | <u>\$ 57,518</u> | <u>\$ 322,531</u> |