

Wide Angle Youth Media, Inc.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2014

Wide Angle Youth Media, Inc.

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Wide Angle Youth Media, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year 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 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 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 Wide Angle Youth Media, Inc. as of June 30, 2014, and the related statements of activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 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.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland
December 9, 2014

Wide Angle Youth Media, Inc.

Statement of Financial Position
June 30, 2014

Assets

Current assets	
Cash	\$ 68,376
Restricted cash	20,000
Accounts receivable	10,117
Grants receivable	81,625
Prepaid expense	81
	<hr/>
Total current assets	180,199
	<hr/>
Property and equipment	
Less accumulated depreciation of \$62,448	25,606
	<hr/>
Other assets	
Security deposit	2,099
	<hr/>
Total assets	<u>\$ 207,904</u>

Liabilities and Net Assets

Current liabilities	
Accounts payable and accrued expenses	\$ 20,425
Deferred revenue	10,375
	<hr/>
Total current liabilities	30,800
	<hr/>
Net assets	
Unrestricted	31,479
Temporarily restricted	125,625
Permanently restricted	20,000
	<hr/>
Total net assets	177,104
	<hr/>
Total liabilities and net assets	<u>\$ 207,904</u>

See Notes to Financial Statements.

Wide Angle Youth Media, Inc.

**Statement of Activities
Year Ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue				
Support				
Grants	\$ 33,800	\$ 308,711	\$ 10,000	\$ 352,511
Contributions	29,318	4,500	10,000	43,818
In-kind contributions	18,265	-	-	18,265
Total support	<u>81,383</u>	<u>313,211</u>	<u>20,000</u>	<u>414,594</u>
Revenue				
Program services fees - net of cost of \$10,772	71,657	-	-	71,657
Special events	6,759	-	-	6,759
Program expense reimbursements	11,731	-	-	11,731
Total revenue	<u>90,147</u>	<u>-</u>	<u>-</u>	<u>90,147</u>
Net assets released from restrictions				
Satisfaction of usage restrictions	215,200	(215,200)	-	-
Total support and revenue	<u>386,730</u>	<u>98,011</u>	<u>20,000</u>	<u>504,741</u>
Expenses				
Program services	324,348	-	-	324,348
Supporting services				
Fundraising	7,772	-	-	7,772
General and administrative	41,597	-	-	41,597
Total expenses	<u>373,717</u>	<u>-</u>	<u>-</u>	<u>373,717</u>
Increase in net assets	13,013	98,011	20,000	131,024
Net assets, beginning of year	<u>18,466</u>	<u>27,614</u>	<u>-</u>	<u>46,080</u>
Net assets, end of the year	<u>\$ 31,479</u>	<u>\$ 125,625</u>	<u>\$ 20,000</u>	<u>\$ 177,104</u>

See Notes to Financial Statements.

Wide Angle Youth Media, Inc.

Statement of Cash Flows
Year Ended June 30, 2014

Cash flows from operating activities	
Increase in net assets	\$ 131,024
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	15,567
Loss on disposal of assets	1,398
(Increase) decrease in assets	
Accounts receivable	(704)
Grants receivable	(58,877)
Prepaid expenses	2,834
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(1,545)
Deferred revenue	(16,386)
	<hr/>
Net cash provided by operating activities	73,311
	<hr/>
Cash flows from investing activities	
Deposit to restricted cash	(20,000)
Purchase of equipment	(2,255)
	<hr/>
Net cash used in investing activities	(22,255)
	<hr/>
Cash flows from financing activities	
Repayment of line of credit	(6,408)
	<hr/>
Net cash used in financing activities	(6,408)
	<hr/>
Net increase in cash	44,648
Cash, beginning of the year	<hr/> 23,728
Cash, end of the year	<hr/> <hr/> \$ 68,376

See Notes to Financial Statements.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2014**

Note 1 - Organization and nature of operations

Wide Angle Youth Media ("WAYM"), founded in 2000, provides Baltimore youth with media education to tell their own stories and become engaged with their communities. Through free out-of-school school programs, in-school workshops, and community events, youth explore the issues that matter to them using digital video, audio, design, photography, and writing. These creative, hands-on and project-based programs help young people explore their internal and external worlds and create powerful media projects that reveal their perspectives on pressing contemporary issues. In a city sharply divided along lines of race and class, Wide Angle programs enable youth from disadvantaged neighborhoods, many of whom are at risk of academic failure, to have access to wider artistic, educational and career opportunities. WAYM's vision is for a more inclusive Baltimore that meets the needs of all its young residents, giving them a voice in decisions and institutions that impact their lives.

WAYM carries out its program through the following five initiatives:

The Baltimore Speaks Out! Program is a free introductory video making and youth development program produced in partnership with the Enoch Pratt Free Library. Workshops are conducted each semester in neighborhood library branches and schools.

Mentoring Video Project is an advanced media production program for Baltimore City youths ages 14-20 the opportunity to gain advanced video and audio production training, and develop their critical thinking, story-telling and creative skills by producing short original films that are distributed nationally.

Traveling Youth Exhibition is a program that provides youths (ages 10-20) with free or low cost photography workshop at city schools and local organization to generate work to be displayed at a range of venues in Baltimore City. The work is displayed in schools, farmer's markets' around Baltimore, galleries and in large-scale public installations.

Attendance and Design Team is an after-school program that offer high school aged youth the opportunity to gain advanced graphic design and media training while developing their public speaking, leadership and marketing skills.

Intensive Media Summer Camp Program provide youths in Baltimore City with intensive video production or graphic design training.

In addition to Wide Angle Youth Media's five core programs, WAYM operates a social enterprise to build organizational capacity. Wide Angle Productions produces videos for clients' year round on a fee-for-service basis. Wide Angle Productions hires youth apprentices and pays them an hourly wage or stipends to produce multimedia projects for client under the director of our adult staff. Students who participate in Wide Angle Youth Media production projects get valuable work experience while generating income for themselves and their families.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2014**

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.

Use of estimates

The preparation of financial statements 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 liabilities and disclosure of contingent assets and liabilities 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.

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.

Revenue for services are recorded once services are completed. Payments received in advance prior to services being completed are recorded as deferred revenue and are classified as current liability on the statement of financial position. The deferred revenue is recognized over the next fiscal year as services are completed.

Restricted cash

Restricted cash includes funds held in the working capital reserve account. As of June 30, 2014, the balance in the working capital fund was \$20,000.

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 its valuation allowance. Management has determined that at June 30, 2014, an allowance was not necessary.

Wide Angle Youth Media, Inc.

Notes to Financial Statements June 30, 2014

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 as support and reported at their estimated fair value at the date of the gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Wide Angle.

Income taxes

Wide Angle 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, 2014. 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. Management has determined that Wide Angle Youth Media, Inc. does not have any uncertain tax positions for any open tax returns. While no income tax returns are currently being examined by the IRS, tax years since 2011 remain open.

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
June 30, 2014**

Note 3 - Grants receivable

Grants receivable are unconditional promises to give that are expected to be realized in one year or less and are classified as temporarily restricted net assets in the statement of activities. Grants receivable are deemed to be fully collectible by management and are composed of the following amounts as of June 30, 2014.

The Harry and Jeanette Weinberg Foundation, Inc.	\$	25,000
Baltimore Office of Promotion and The Arts		1,000
France - Merrick Foundation		48,500
Golfers Charitable Associations		3,825
Maryland Humanities Council		<u>3,300</u>
Total	\$	<u>81,625</u>

Note 4 - In-kind contributions

For the year ended June 30, 2014, in-kind contributions totaled \$18,265, which consisted of consulting expenses of \$3,264 and \$6,168 from Family League of Baltimore City for meals for the students. The remaining in-kind balance consists of other program expenses.

Fair value measurement

Wide Angle uses three-tier hierarchy established by the Accounting Standards Codification issued by the Financial Accounting Standards Board to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1: quoted prices in active markets for identical investments
- Level 2: other significant observable inputs (including quoted prices for similar investment in active markets, interest rates and yield curves, prepayment speed, credit risks, etc.)
- Level 3: significant unobservable inputs (including the Wide Angle's own assumptions in determining the fair value of investments).

In-kind contributions are reported at fair value using prices obtained for similar items. The resulting fair value is a Level 2 measure.

Note 5 - 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% (4.25% at June 30, 2014). Interest is due monthly with principal due on demand. For the year ended June 30, 2014, interest of \$340 was incurred and paid. As of June 30, 2014, no amounts were outstanding on the line of credit.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2014**

Note 6 - 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:

2015	\$	<u>2,361</u>
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Rent expense for the year ended June 30, 2014 was \$29,135.

On July 22, 2014, the operating lease agreement was amended and restated, the new terms of the agreement extends the lease for an additional 10 years commencing on August 1, 2014 through July 31, 2024.

Minimum annual rentals for future years commencing August 1, 2014 under the new lease agreement are as follows:

2015	\$	26,250
2016		42,014
2017		43,230
2018		43,230
2019		43,230
Thereafter		<u>235,112</u>
	\$	<u>433,066</u>

Note 7 - Temporarily restricted net assets

Temporarily restricted net assets are restricted for the following purposes as of June 30, 2014:

Restricted to support new Apple computer lab	\$	48,500
Restricted to Baltimore speak program and time restriction		18,825
Time restriction grants		<u>58,300</u>
Total Temporarily Restricted Net Assets	\$	<u>125,625</u>

Net assets released from restrictions as of June 30, 2014 totaled \$215,200.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2014**

Note 8 - Permanently restricted net assets

Permanently restricted net assets consist of specific working capital reserve funds. The balance as of June 30, 2014 is as follows

Working capital reserve fund	<u>\$ 20,000</u>
Total permanently restricted net assets	<u><u>\$ 20,000</u></u>

Note 9 - 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 December 9, 2014 (the date the financial statements were available to be issued) and concluded except as disclosed in note 6 no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Wide Angle Youth Media, Inc.

**Schedule of Functional Expenses
Year Ended June 30, 2014**

	Program Services	Supporting Services		Total Expenses
		Fundraising	General and Administrative	
Salaries	\$ 172,961	\$ 2,977	\$ 14,761	\$ 190,699
Payroll taxes	16,170	238	2,251	18,659
Employee benefits	25,671	-	4,949	30,620
Payroll services fees	1,163	-	304	1,467
Stipends	7,534	-	19	7,553
In-kind donations	15,001	-	3,264	18,265
Contract/consulting services	19,105	1,565	-	20,670
Legal and accounting	6,300	-	7,000	13,300
Office supplies	3,815	135	265	4,215
Telephone	3,400	-	237	3,637
Postage and delivery	1,764	274.00	234	2,272
Rent	26,588	109	2,438	29,135
Printing and publications	2,048	458	90	2,596
Staff travel and conference	4,153	1,651	456	6,260
Depreciation	14,010	-	1,557	15,567
Insurance	1,755	-	2,437	4,192
Dues	210	-	615	825
Other	2,700	365	720	3,785
Total	\$ 324,348	\$ 7,772	\$ 41,597	\$ 373,717