PragerMetis

Jacob Burns Film Center, Inc.

Financial Statements

September 30, 2020 and 2019

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PragerMetis

Independent Auditor's Report

The Board of Directors of
Jacob Burns Film Center, Inc.
Pleasantville, New York

Prager Metis CPAs, LLC

800 WESTCHESTER AVENUE
SUITE N-400
RYE BROOK, NY 10573

T 914.694.4600
F 914.694.3658

www.pragermetis.com

Report on Financial Statements

We have audited the accompanying financial statements of the Jacob Burns Film Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, 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.

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 Jacob Burns Film Center, Inc. as of September 30, 2020 and 2019, 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.

Prager Metis CPAs, LLC

Prager Metis CPAs, LLC
Rye Brook, New York
January 21, 2021

	2020	2019
Assets		
Cash and cash equivalents	**$ 488,478**	$ 7,171
Pledges receivable, net	**1,211,856**	3,734,426
Other receivables and prepaid expenses	**141,058**	285,226
Investments, endowment funds	**28,012,309**	27,562,858
Grant receivable	**379,875**	379,875
Property and equipment, net	**21,644,339**	22,590,456
Total assets	**$ 51,877,915**	$ 54,560,012
Liabilities and net assets		
Liabilities		
Line of credit	**$ -**	$ 735,000
Accounts payable and accrued expenses	**109,912**	635,847
Note payable	**690,300**	-
Deferred membership dues	**639,877**	529,068
Deferred grant revenue	**379,875**	379,875
Mortgage note payable, net of deferred loan fees	**5,187,446**	5,320,781
Total liabilities	**7,007,410**	7,600,571
Net assets		
Without donor restrictions		
Undesignated	**15,633,045**	15,662,157
Board designated	**1,987,309**	1,837,858
Total without donor restrictions	**17,620,354**	17,500,015
With donor restrictions	**27,250,151**	29,459,426
Total net assets	**44,870,505**	46,959,441
Total liabilities and net assets	**$ 51,877,915**	$ 54,560,012

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

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains			
Contributions	$ 1,247,543	$ 545,000	$ 1,792,543
Ticket sales	1,063,045	-	1,063,045
Membership sales	406,237	-	406,237
Film series	33,415	-	33,415
Concession sales, net of concession costs of $45,737	139,527	-	139,527
Royalty revenue	4,577	-	4,577
Education program revenue	22,999	-	22,999
Grants	-	139,499	139,499
Facilities rental	2,450	-	2,450
Other income	89,749	-	89,749
Investment gain	390	1,033,608	1,033,998
Total support, revenue and gains	3,009,932	1,718,107	4,728,039
Reclassifications			
Net assets released from restrictions, investment gain	1,033,608	(1,033,608)	-
Net assets released from restrictions, program	2,009,617	(2,009,617)	-
Net assets released from restrictions, investment allocation	884,157	(884,157)	-
Total reclassifications	3,927,382	(3,927,382)	-
Total support, revenue, gains and reclassifications	6,937,314	(2,209,275)	4,728,039
Expenses			
Program services			
Theater	3,035,283	-	3,035,283
Education	2,800,985	-	2,800,985
Total program services	5,836,268	-	5,836,268
Supporting services			
Management and general	483,930	-	483,930
Fundraising	496,777	-	496,777
Total supporting services	980,707	-	980,707
Total expenses	6,816,975	-	6,816,975
Change in net assets	120,339	(2,209,275)	(2,088,936)
Net assets, beginning of year	17,500,015	29,459,426	46,959,441
Net assets, end of year	$ 17,620,354	$ 27,250,151	$ 44,870,505

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

Jacob Burns Film Center, Inc.
Statement of Activities
Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains			
Contributions	$ 1,442,093	$ 2,786,377	$ 4,228,470
Ticket sales	2,143,592	-	2,143,592
Membership sales	809,404	-	809,404
Film series	122,880	-	122,880
Concession sales, net of concession costs of $90,197	257,921	-	257,921
Special events, net of expenses of $116,694	416,668	-	416,668
Education program revenue	206,906	-	206,906
Grants	-	237,145	237,145
Facilities rental	18,834	-	18,834
Other income	161,953	-	161,953
Investment gain	133	147,095	147,228
Total support, revenue and gains	5,580,384	3,170,617	8,751,001
Reclassifications			
Net assets released from restrictions, investment gain	147,095	(147,095)	-
Net assets released from restrictions, program	890,988	(890,988)	-
Net assets released from restrictions, investment allocation	866,573	(866,573)	-
Total reclassifications	1,904,656	(1,904,656)	-
Total support, revenue, gains and classifications	7,485,040	1,265,961	8,751,001
Expenses			
Program services			
Theater	4,243,390	-	4,243,390
Education	3,675,836	-	3,675,836
Total program services	7,919,226	-	7,919,226
Supporting services			
Management and general	587,321	-	587,321
Fundraising	594,861	-	594,861
Total supporting services	1,182,182	-	1,182,182
Total expenses	9,101,408	-	9,101,408
Change in net assets	(1,616,368)	1,265,961	(350,407)
Net assets, beginning of year	19,116,383	28,193,465	47,309,848
Net assets, end of year	$ 17,500,015	$ 29,459,426	$ 46,959,441

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

Jacob Burns Film Center, Inc.

Statement of Functional Expenses

Year Ended September 30, 2020

	Program Services			Management		
	Theater	Education	Total	and General	Fundraising	Total
Salaries, benefits and payroll taxes	$ 1,614,401	$ 1,467,731	$ 3,082,132	$ 342,288	$ 453,109	$ 3,877,529
Programming and screening	517,150	72,295	589,445	2,173	-	591,618
Rental and maintenance of equipment	47,781	91,700	139,481	12,555	-	152,036
Promotion	5,299	10,678	15,977	860	27,093	43,930
Marketing/advertising	29,993	29,566	59,559	3,151	972	63,682
Other operating expenses	27,417	54,754	82,171	13,302	3,207	98,680
Printing and publications	9,726	4,773	14,499	236	5,600	20,335
Occupancy	140,565	119,474	260,039	5,964	-	266,003
Telephone	10,388	9,890	20,278	818	-	21,096
Postage and shipping	10,667	6,160	16,827	1,323	6,054	24,204
Supplies	42,985	13,336	56,321	1,320	693	58,334
Professional and consulting fees	57,850	121,826	179,676	11,242	49	190,967
Insurance	55,146	62,225	117,371	6,191	-	123,562
Depreciation	394,545	592,747	987,292	62,449	-	1,049,741
Interest and other financing costs	71,370	143,830	215,200	20,058	-	235,258
	$ 3,035,283	$ 2,800,985	$ 5,836,268	$ 483,930	$ 496,777	$ 6,816,975

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

Jacob Burns Film Center, Inc.
Statement of Functional Expenses
Year Ended September 30, 2019

	Program services			Management		
	Theater	Education	Total	and general	Fundraising	Total
Salaries, benefits and payroll taxes	$ 2,062,692	$ 1,972,207	$ 4,034,899	$ 400,520	$ 530,193	$ 4,965,612
Programming and screening	993,717	122,006	1,115,723	3,915	-	1,119,638
Rental and maintenance of equipment	53,952	103,587	157,539	14,185	-	171,724
Promotion	13,604	27,415	41,019	2,455	40,889	84,363
Marketing/advertising	59,976	56,427	116,403	6,120	1,749	124,272
Other operating expenses	35,198	65,044	100,242	29,832	2,828	132,902
Printing and publications	20,038	16,273	36,311	277	9,065	45,653
Occupancy	201,178	180,422	381,600	7,307	-	388,907
Telephone	9,503	9,301	18,804	797	-	19,601
Postage and shipping	13,910	8,924	22,834	3,948	4,061	30,843
Supplies	119,158	39,994	159,152	4,001	3,931	167,084
Professional and consulting fees	119,462	245,917	365,379	21,797	2,145	389,321
Insurance	63,044	69,635	132,679	6,792	-	139,471
Depreciation	398,758	599,076	997,834	63,116	-	1,060,950
Interest and other financing costs	79,200	159,608	238,808	22,259	-	261,067
	$ 4,243,390	$ 3,675,836	$ 7,919,226	$ 587,321	$ 594,861	$ 9,101,408

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

	2020	2019
Cash flows from operating activities		
Change in net assets	$ (2,088,936)	$ (350,407)
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities		
Depreciation	1,049,741	1,060,950
Interest expense related to amortization of deferred financing costs	3,260	3,260
Realized (gain) loss on marketable investments	(85,894)	279,995
Unrealized (gain) loss on marketable investments	(558,815)	69,384
Valuation adjustment for pledges receivable	119,858	19,688
Contributions restricted for endowments	(300,000)	(100,000)
(Increase) decrease in operating assets		
Pledges receivable	2,402,712	(1,235,649)
Other receivables and prepaid expenses	144,168	14,547
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	(525,935)	109,084
Deferred membership dues	110,809	(13,831)
Accrued interest payable	-	(718)
Net cash provided by (used in) operating activities	270,968	(143,697)
Cash flows from investing activities		
Purchase of property and equipment	(103,624)	(366,292)
Proceeds from sale of marketable investments	7,861,410	18,538,767
Purchase of marketable investments	(7,666,152)	(18,210,698)
Net cash provided by (used in) investing activities	91,634	(38,223)
Cash flows from financing activities		
Contributions restricted for endowments	300,000	100,000
Note payable	690,300	-
Grant receivable	-	(379,875)
Deferred grant revenue	-	379,875
Proceeds from line of credit	475,000	1,290,000
Repayment of line of credit	(1,210,000)	(1,105,000)
Repayment of mortgage loans	(136,595)	(130,170)
Net cash provided by financing activities	118,705	154,830
Net increase (decrease) in cash and cash equivalents	481,307	(27,090)
Cash and cash equivalents, beginning of year	7,171	34,261
Cash and cash equivalents, end of year	$ 488,478	$ 7,171

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

Note 1 Organization

The Jacob Burns Film Center ("JBFC" or "Film Center") is a nonprofit educational and cultural institution in Pleasantville, New York, dedicated to presenting the best of independent, documentary and world cinema; promoting 21st century literacy; and making film a vibrant part of the community. Housing a state-of-the-art theater complex, a 27,000 square-foot media arts lab, and a residence for international filmmakers, the JBFC campus provides opportunities for people of all ages to discover, explore, and learn through the power of film, media and 21st century technology.

A group of Westchester County individuals interested in creating a cultural arts center formed the JBFC in 1998, and in 2000 purchased the old Rome Theater in Pleasantville, New York. The theater was built in 1925 and was one of the first movie theaters in Westchester County. The Film Center building opened on June 12, 2001. The media arts lab building opened for occupancy in August 2008 and the residence for international filmmakers opened in April 2009.

Over 100,000 students in grades 3-12 and in college have participated from inception in the education programs, more than 70% of them from underserved communities throughout the tri-state area. Their participation, including transportation, is funded entirely by the JBFC, thanks in part to support from individuals, foundations, and corporations. Programs range from film, animation and new media production to experiments in emergent technologies – each course helping students master the tools of 21st century communication while fostering intellectual curiosity and creative exploration.

The JBFC Theater houses five screens and is open to the public 365 days a year subject to government restrictions due to the pandemic. Exhibitions include first-run independent features, previews, classic films, and documentaries from around the world. Each month, JBFC presents two to four curated series including annual and monthly programs, as well as special one-time events and retrospectives on important film artists. More than 150 directors, actors, authors, scholars, and other remarkable guests come to speak with the JBFC audience each year.

The Film Center is a not-for-profit corporation organized under the not-for-profit laws of New York State.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting

The accounting and reporting policies of the Film Center conform to accounting principles generally accepted in the United States of America ("GAAP") including recognition of revenues and expenses on the accrual basis of accounting.

Note 2 Summary of Significant Accounting Policies (continued)

Classification of Net Assets
The Film Center's net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets that are available for use and are not subject to donor-imposed, legal or certain grantor restrictions. This class also includes previously restricted net assets where restrictions have been met or expired. Board designated net assets - while legally unrestricted, have been designated by the Board of Directors for program purposes.

- *Net assets with donor restrictions* – Net assets that are subject to usage limitations based on donor-imposed, legal or grantor restrictions. Restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

Pledges Receivable
All unconditional pledges to the Film Center are recorded as income when the promises are made. Conditional pledges are recognized as income when the conditions on which they depend have been substantially met. Pledges to be received after one year are discounted at an appropriate discount rate. An allowance for uncollectible pledges is provided based on management's judgment, including such factors as prior collection history and type of pledge.

Contributions, Revenue and Expense Recognition
Contributions received are recorded at fair value as an unconditional promise to give or when a notification of a beneficial interest is received. Unconditional promises to give are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Revenues are reported as increases in without donor restricted net assets unless use of the related assets are limited by donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as a component of satisfaction of program restrictions. Restrictions satisfied in the same year are considered net assets without donor restrictions. Expenses are reported as decreases in without donor restricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in without donor restricted net assets unless their use is restricted by explicit donor stipulation or by law.

Note 2 Summary of Significant Accounting Policies (continued)

Investment Valuation and Income Recognition
Investments are comprised of money market funds, marketable debt, equity and commodity securities, and accrued interest and dividends thereon and are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See note 5 for a discussion on fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the gains and losses on investments bought and sold as well as held during the period.

Donated investments are reflected as contributions at their fair values at date of receipt.

Investments, Endowment Funds
The Film Center maintains various donor-restricted funds whose purpose is to provide long-term support for its programs. In classifying such funds for financial statement purposes as either donor restricted or without donor restricted net assets, the Board of Directors looks to the explicit directions of the donor, where applicable, and the provisions of the laws of New York State. The Board has determined that, absent donor stipulations to the contrary, the provisions of New York State law do not impose restrictions on the income or capital appreciation derived from the original gift.

The Board of Directors of the Film Center, acting through its Investment Committee, has established an endowment spending policy to support the current level of income needed from the endowment, while sustaining the long-term purchasing power of the endowment assets.

The Board has adopted a modified endowment model approach with its asset allocation target over multiple asset classes and sub-classes. The endowment has a target asset allocation of 5% to cash equivalents, 17% to fixed income securities, 44% to domestic equity securities, 16% to international equity securities, 5% to private equity securities, 5% to real estate equity securities, 5% to hedge funds/absolute return securities, and 3% to commodity securities. This approach incorporates a moderately medium risk profile and is intended to preserve the corpus of the endowment, while providing investment income.

Cash Equivalents
For purposes of the classification in the statements of financial position and presentation in the statements of cash flows, cash equivalents are defined as cash on hand, cash on deposit and money market funds not held for investment with maturities less than three months when acquired to be cash equivalents.

Note 2 Summary of Significant Accounting Policies (continued)

Property and Equipment and Depreciation
Property and equipment are stated at cost, or if donated, at fair value at the date of the gift. Acquisitions of property and equipment costing in excess of $500 with an estimated useful life in excess of one year are capitalized. Repairs and maintenance are expensed as incurred. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Computers and equipment and theater equipment are depreciated over estimated useful lives ranging from 5 to 25 years. The theater building and education center are being depreciated over their estimated useful lives of 40 years from the date placed in service. Theater artwork and books are not depreciated due to their indefinite life.

Impairment Losses
Management reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Impairment is measured at the amount by which the carrying value exceeds the asset's fair value. If the asset is determined to be impaired, an impairment loss is recognized as a non-operating expense (non-cash) in the year the impairment was determined. The Film Center has not identified any such losses recognized during the years ended September 30, 2020 and 2019.

Tax Exempt Status
The Film Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Film Center is not considered a private foundation; therefore all contributions are deductible to the maximum extent as provided by the Internal Revenue Code. The Film Center is also exempt from state income and sales taxes on purchases for charitable activities.

The Film Center's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. There were no tax examinations or adjustments relating therefrom. Tax returns for the years ended September 30, 2017 through 2020 are currently open and subject to audit by the applicable taxing jurisdictions.

Donated Property and Services
Donated non-cash assets are recorded at their fair values at the date of donation. Donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

Contributed Services
Members of the Film Center's governing board donate significant time to the organization's activities. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Film Center. The value of this time is not recorded in the accompanying financial statements because it does not meet the criteria for recognition under GAAP.

Note 2 Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs not specifically charged to a program or support service category have been allocated in reasonable ratios as determined by management.

Advertising

Advertising costs are expensed as incurred and included in the statement of functional expenses. Advertising expense amounted to $63,682 and $124,272, for the years ended September 30, 2020 and 2019, respectively.

Use of Estimates

The preparation of financial statements in conformity with 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 amount of income and expenses during the reporting period. Actual results could differ from those estimates.

Sales Taxes

The Film Center collects sales taxes imposed on nonexempt customers. The Film Center's policy is to exclude the tax collected and remitted from sales revenue and cost of sales. The taxes collected are reported as a liability until remitted to the appropriate taxing authority.

Concentrations of Credit Risk

Financial instruments that potentially subject the Film Center to concentrations of credit risk consist principally of cash, bonds, and mutual funds held in bank accounts and brokerage accounts. Cash in banks may exceed, from time to time, the Federal Deposit Insurance Corporation ("FDIC") coverage limits. Cash in bank accounts are limited to $250,000 of FDIC insurance coverage through September 30, 2020. Investments are insured up to $500,000 (with a limit of $250,000 for cash) by the Security Investor Protection Corporation. The Film Center monitors its accounts with major financial institutions and believes the Film Center is not exposed to any significant credit risk on cash and cash equivalents and investments.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Note 2 Summary of Significant Accounting Policies (continued)

Adoption of New Accounting Standards

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The new standard is effective for the Organization's year ended September 30, 2020 and was applied on a retrospective basis. The Organization adopted the ASU effective October 1, 2019. Adoption of the ASU did not result in any reclassification or restatements to net assets or changes in net assets.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASU also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective October 1, 2019, the first day of the Organization's fiscal year. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a modified retrospective basis.

In August 2016, FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU requires changes in the way certain information is aggregated and reported by the Film Center, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Film Center's year ended September 30, 2019 and must be applied on a retrospective basis. The Film Center adopted the ASU effective October 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

Note 3 Pledges Receivable

Pledges receivable are summarized as follows as of September 30, 2020 and 2019:

	2020	2019
Due in less than one year	**$ 112,000**	$ 1,701,000
Due in one to five years	**1,183,000**	2,244,000
Total pledges receivable	**1,295,000**	3,945,000
Less allowance for uncollectible pledges	**(52,428)**	(60,000)
Less discounts to present value	**(30,716)**	(150,574)
	$ 1,211,856	$ 3,734,426

A discount rate of 1% for 2020 and 2% for 2019 was used to determine the net present value of pledges receivable in more than one year.

Activity in the allowance for uncollectible pledges for the years ended September 30, 2020 and 2019 consists of the following:

	2020	2019
Balance, beginning of year	**$ 60,000**	$ 60,000
Direct write-offs	**(7,572)**	-
Total allowance for uncollectible pledges	**$ 52,428**	$ 60,000

Note 4 Investments, Endowment Funds

The Film Center maintains various security accounts with a brokerage company containing various types of investments, which are summarized below:

	2020		2019	
	Cost	**Fair value**	Cost	Fair value
Money market funds held for investment	**$ 2,331,579**	**$ 2,331,579**	$ 1,223,541	$ 1,223,541
Fixed income securities	**4,938,031**	**5,396,438**	4,433,060	4,838,139
Mutual funds:				
Large cap equity	**8,410,048**	**9,663,114**	9,611,658	10,600,679
Small cap equity	**1,504,419**	**1,419,919**	1,519,728	1,582,724
International equity	**4,554,672**	**5,019,520**	4,998,305	5,255,537
Other funds:				
Real estate funds	**1,456,550**	**1,388,555**	1,291,356	1,370,133
Private equity funds	**285,000**	**362,108**	195,000	229,984
Absolute return funds	**1,472,619**	**1,566,571**	1,707,084	1,638,014
Commodities funds	**831,843**	**864,505**	914,393	824,107
Total investments, endowment funds	**$25,784,761**	**$28,012,309**	$25,894,125	$27,562,858

Note 4 Investments, Endowment Funds (continued)

The following is a summary of the relationship between the cost basis and fair values of investment assets:

	2020			2019
	Cost	**Fair value**	**Excess of fair value over cost**	Excess of cost over fair value
Balance, beginning of year	**$ 25,894,125**	**$ 27,562,858**	**$ 1,668,733**	$ 1,738,117
Balance, end of year	**$ 25,784,761**	**$ 28,012,309**	**2,227,548**	1,668,733
Unrealized gain (loss) on valuation of investments			**558,815**	(69,384)
Realized net gain (loss) from sales and maturities of marketable investments for the year			**85,894**	(279,995)
Net appreciation (depreciation) in fair value of marketable investments			**$ 644,709**	$ (349,379)

Endowment investment income is allocated based on pooling of investments and consists of the following:

	2020	2019
Interest and dividend income	**$ 518,797**	$ 613,314
Net change in unrealized value of investments	**558,815**	(69,384)
Realized gain (loss) on investments	**85,894**	(279,995)
Investment management fees	**(129,898)**	(116,840)
	$ 1,033,608	$ 147,095

Current and prior year investments realized and unrealized gains and losses are reported in the statements of activities.

The Film Center's investment and spending policies are based on the requirements of the New York State Uniform Management of Institutional Funds Act ("UMIFA"). As a result of the Film Center's interpretation of UMIFA, and in accordance with donor restrictions, contributions to the endowment fund are classified as donor restricted net assets. The historic dollar value of those contributions are maintained inviolate. Income from the fund is classified with donor restricted net assets until those amounts are appropriated for expenditure by the Film Center's board for designated operating and capital expenditures. The Board of Directors, acting upon the recommendation of the Finance Committee, has established an annual endowment draw to support the operating needs of the forthcoming fiscal year budget. The annual draw of funds ranges from 3% - 4% of the trailing 12 quarter average total endowment market value. In addition, the Film Center's Board of Directors have approved investing a portion of the endowment investment portfolio in investment entities that generate positive environmental and social impact, supportive of underserved people and communities.

Note 4 Investments, Endowment Funds (continued)

Certain of the Film Center's donor restricted endowments may experience losses due to market fluctuations and the continuing requirements of funding programs and capital requirements. GAAP requires that such excess losses be absorbed by the without donor restricted net assets of the Film Center and that future gains be allocated to without donor restricted net assets until such losses have been restored. There were no cumulative losses as of September 30, 2020 and 2019.

Endowment net asset composition by type of fund as of September 30, 2020 and 2019 is as follows:

September 30, 2020		
Board designated	**With donor restrictions**	**Total net endowment assets**
$ 1,987,309	**$ 26,025,000**	**$ 28,012,309**

September 30, 2019		
Board designated	With donor restrictions	Total net endowment assets
$ 1,837,858	$ 25,725,000	$ 27,562,858

The following is a reconciliation of the activity in the Endowment funds for the year ended September 30, 2020:

	Board designated	**With donor restrictions**	**Total net endowment funds**
Balance, October 1, 2019	**$ 1,837,858**	**$ 25,725,000**	**$ 27,562,858**
Contributions	**-**	**300,000**	**300,000**
Investment gains, net	**-**	**1,033,608**	**1,033,608**
Reclassifications	**1,033,608**	**(1,033,608)**	**-**
Appropriation for expenditure	**(884,157)**	**-**	**(884,157)**
Balance, September 30, 2020	**$ 1,987,309**	**$ 26,025,000**	**$ 28,012,309**

Note 4 Investments, Endowment Funds (continued)

The following is a reconciliation of the activity in the Endowment funds for the year ended September 30, 2019:

	Board designated	With donor restrictions	Total net endowment funds
Balance, October 1, 2018	$ 2,565,306	$ 25,675,000	$ 28,240,306
Contributions	-	100,000	100,000
Investment gains, net	-	147,095	147,095
Reclassifications	147,095	(147,095)	-
Appropriation for expenditure	(874,543)	(50,000)	(924,543)
Balance, September 30, 2019	$ 1,837,858	$ 25,725,000	$ 27,562,858

Note 5 Fair Value Measurements

FASB ASC 820, "*Fair Value Measurement*", establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets at the measurement date that the Film Center has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 5 Fair Value Measurements (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at September 30, 2020 or 2019.

Following is a general description of the valuation methodologies used for investment assets measured at fair value.

Money market funds: Valued using pricing models maximizing the use of observable inputs for similar funds.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by JBFC are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by JBFC are deemed to be actively traded.

Fixed income securities and other funds: Valued using methods based upon market transactions for comparable securities and relationships between securities which are generally recognized by institutional trades. These valuations are based on methods which include the consideration of yields or prices of securities of comparable quality, coupon, maturity and type; indications as to values from dealers; and general market conditions.

The preceding methods described may produce a fair value calculation that may not be reflective of future fair values. Furthermore, management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Note 5 Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Film Center's assets at fair value on a recurring basis as of September 30, 2020 and 2019.

	Assets at fair value as of September 30, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Money market funds	**$ 2,331,579**	**$ 2,331,579**	**$ -**	**$ -**
Fixed income securities	**5,396,438**	**-**	**5,396,438**	**-**
Mutual funds:				
Large cap equity	**9,663,114**	**9,663,114**	**-**	**-**
Small cap equity	**1,419,919**	**1,419,919**	**-**	**-**
International equity	**5,019,520**	**5,019,520**	**-**	**-**
Other funds:				
Real estate funds	**1,388,555**	**-**	**1,388,555**	**-**
Private equity funds	**362,108**	**-**	**-**	**362,108**
Absolute return funds	**1,566,571**	**-**	**1,566,571**	**-**
Commodities funds	**864,505**	**-**	**864,505**	**-**
	$ 28,012,309	**$ 18,434,132**	**$ 9,216,069**	**$ 362,108**

	Assets at fair value as of September 30, 2019			
Description	Total	Level 1	Level 2	Level 3
Assets:				
Money market funds	$ 1,223,541	$ 1,223,541	$ -	$ -
Fixed income securities	4,838,139	-	4,838,139	-
Mutual funds:				
Large cap equity	10,600,679	10,600,679	-	-
Small cap equity	1,582,724	1,582,724	-	-
International equity	5,255,537	5,255,537	-	-
Other funds:				
Real estate funds	1,370,133	-	1,370,133	-
Private equity funds	229,984	-	-	229,984
Absolute return funds	1,638,014	-	1,638,014	-
Commodities funds	824,107	-	824,107	-
	$ 27,562,858	$ 18,662,481	$ 8,670,393	$ 229,984

Note 5 Fair Value Measurements (continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs:

	2020	2019
Balance, beginning of year	**$ 229,984**	$ 213,267
Purchases of Level 3 investment	**90,000**	25,000
Sales proceeds	**-**	(30,000)
Net investment income	**42,124**	21,717
Balance, end of year	**$ 362,108**	$ 229,984

The Film Center's policy is to recognize transfers in and transfers out of levels as of the actual date of the event or change in circumstance that caused the transfer.

Note 6 Risks Related to Investments

The Film Center invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market value changes, foreign exchange rates and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and the statements of activities.

Note 7 Property and Equipment

Property and equipment consists of the following as of September 30, 2020 and 2019:

	2020	2019
Theater building	**$ 10,476,080**	$ 10,470,080
Education center	**16,308,111**	16,308,111
Computers and equipment	**4,286,953**	4,246,624
Theater equipment	**2,277,324**	2,220,029
	33,348,468	33,244,844
Less: accumulated depreciation	**(13,728,222)**	(12,678,481)
	19,620,246	20,566,363
Land	**1,985,232**	1,985,232
Theater artwork and books	**38,861**	38,861
	$ 21,644,339	$ 22,590,456

Depreciation expense for the years ended September 30, 2020 and 2019 totaled $1,049,741 and $1,060,950, respectively.

Note 8 Deferred Financing Costs

Deferred financing costs consist of the following as of September 30, 2020 and 2019:

	2020	2019
Original amount	**$ 65,206**	$ 65,206
Less: accumulated amortization	**(8,965)**	(5,705)
	$ 56,241	$ 59,501

Financing costs related to the mortgage loan are being amortized on a straight line basis over a 20-year period amortization timetable.

Amortization expense included as part of interest and other financing costs in the statement of functional expenses amounted to $3,260 in 2020 and 2019, respectively. Average weighted life of additions is 20 years.

Amortization of the deferred financing costs for the next five years and thereafter is as follows:

Fiscal year ending September 30,	
2021	$ 3,260
2022	3,260
2023	3,260
2024	3,260
2025	3,260
Thereafter	39,941
	$ 56,241

Note 9 Revolving Line of Credit

Effective September 11, 2017, the Film Center entered into a $750,000 revolving credit loan agreement with The Westchester Bank, renewable annually. The line of credit is secured by all business assets of the Film Center and bears a rate of interest at prime less 0.25%, with a minimum interest rate not below 4% (4.0% and 4.75% at September 30, 2020 and 2019, respectively). Interest is payable monthly. The line of credit is subject to an annual 30-day cleanup provision whereby the line of credit will have a zero balance for 30-consecutive calendar days. Interest expense amounted to $1,897 in 2020 and $21,675 in 2019. The balance of the line of credit outstanding at September 30, 2020 and 2019 was $0 and $735,000, respectively.

Note 10 Mortgage Note Payable

On December 20, 2017, the Film Center refinanced its previous bank mortgage loan with a 20-year Westchester Bank mortgage loan in the principal amount of $5,600,000 maturing on December 20, 2037. The loan is collateralized by the land and buildings located at 360, 364 and 401 Manville Road, Pleasantville, New York. The loan is payable in monthly principal and interest installments of $30,531 through December 20, 2024. The interest rate is at the Federal Home Loan Bank of New York (FHLBNY) 7-year rate advance index plus 1.65% through December 20, 2024. Commencing January 20, 2025, monthly principal and interest payments will be readjusted at 1.85% above the FHLBNY 6-year rate advance index, with a minimum interest rate of 4.25% (4.25% at September 30, 2020 and 2019), to fully amortize the then existing debt with a final payment of all outstanding principal and accrued interest at its maturity.

Interest expense amounted to $229,777 in 2020 and $235,550 in 2019. In addition, the Film Center must meet certain financial covenants as defined in the loan agreement and has met the financial covenants.

Mortgage note payable at September 30	**2020**	2019
Principal balance	**$ 5,243,687**	$ 5,380,282
Less deferred loan costs	**(56,241)**	(59,501)
	$ 5,187,446	$ 5,320,781

The future scheduled principal installments are as follows:

Fiscal year ending September 30,	
2021	$ 143,227
2022	149,523
2023	156,094
2024	162,381
2025	170,092
Thereafter	4,462,370
	$ 5,243,687

Note 11 Grant Receivable and Deferred Grant Revenue

In March 2019, the Film Center was awarded a grant from the New York State Council on the Arts totaling $506,500. The grant is to support capital improvements to address structural problems to the original footprint of the theater building. Capital improvements include renovation of the 140-seat theater for optimal viewing and audience experience, replacement of seats in all three original theaters, expansion and renovations of bathrooms, investment in infrastructure, increased functionality for visual art exhibits and musical performances in the third floor gallery and upgrades in lighting controls. $126,625 was received and expended in fiscal 2019. The remaining balance of $379,875 is included in grant receivable and deferred grant revenue on the statement of financial position. The grant expires February 28, 2022 with an option to extend the expiration date.

Note 12 Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

	2020	2019
General purposes of the Film Center	**$ 27,125,151**	$ 29,334,426
Education programming	**125,000**	125,000
	$ 27,250,151	$ 29,459,426

Note 13 Related Party Transactions

Support from Board of Directors

Contributions received, including pledges, from members of the Board of Directors totaled $746,730 and $794,664 for the years ended September 30, 2020 and 2019, respectively.

Note 14 Retirement Plan

The Film Center adopted a 403(b) retirement savings plan for its eligible employees. Participating employees can elect to defer up to the maximum allowed by the Internal Revenue Code per year to the plan. No employer matching contribution is provided.

Note 15 Supplemental Disclosure of Cash Flow Information

Cash paid for interest during the years ended September 30:

	2020	2019
Interest expense	**$ 231,675**	$ 258,525

Note 16 Commitments

The Film Center has entered into an operating equipment lease for an office copier expiring December 31, 2021. Rent expense was $3,900 for 2020 and 2019 and is included as a component of rental and maintenance of equipment in the statements of functional expenses. Future annual minimum lease commitments are $3,900 for 2021 and $975 for 2022.

In addition, the Film Center entered into an agreement with its operations and financial database software provider for annual support and technical service. The agreement is renewable annually October 1 of each fiscal year unless terminated by either party. The agreement calls for a minimum of 120 hours of service annually payable at a rate of $1,500 per month.

Note 17 Liquidity and Availability of Financial Assets

The following represents the financial assets available to meet cash needs for general expenditures within one year as of September 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	**$ 488,478**	$ 7,171
Pledges receivable, net	**112,000**	1,701,000
Other receivables	**18,500**	190,589
Grants receivable	**379,875**	379,875
Investments, endowment funds	**28,012,309**	27,562,858
Financial assets	**29,011,162**	29,841,493
Less: those unavailable for general expenditures within one year due to		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	**(27,250,151)**	(27,426,000)
Restricted for capital projects improvements and renovation	**(379,875)**	(379,875)
Financial assets available to meet cash needs for general expenditures within one year	**$ 1,381,136**	$ 2,035,618

The Film Center manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Film Center are expected to be met on a monthly basis from its revenues, gains and reclassifications. In general, the Film Center maintains financial assets to meet 30 days of operating expenses. In addition, as disclosed in Note 9, the Film Center maintains a $750,000 line of credit.

Note 18 Note Payable

In June 2020, the Film Center obtained a $690,300 loan, with an interest rate of 1% per annum, issued by a bank through the Small Business Administration's Paycheck Protection Program ("PPP") under Division A Title I of the Coronavirus Aid, Relief, and Economic Security Act. PPP loan payments are deferred for a period of ten months until April 19, 2021. Thereafter, monthly payments of principal and interest will be required, in equal monthly amounts, in order to amortize the amount outstanding on the note by the maturity date of June 19, 2022. PPP provides forgiveness of loan proceeds under certain terms and conditions. Management intends to apply for and receive full loan forgiveness within the next fiscal period.

Note 19 Uncertainties

In December 2019, a coronavirus (COVID-19) was reported and, in January 2020, the World Health Organization declared it a Public Health Emergency of International Concern. This contagious disease outbreak, which has continued to spread to additional countries, and any related adverse public health developments, could adversely affect the support provided by and needs of the Film Center, The Film Centers donors and employees as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, customers, economies and financial markets globally, potentially leading to an economic downturn. The effects of an economic downturn cannot be determined at this time.

Note 20 Subsequent Events

Management evaluated the activity of the Film Center through January 21, 2021, which is the date the financial statements were available to be issued.