

**JACOB BURNS FILM CENTER, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**



**LUTZ AND CARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Jacob Burns Film Center, Inc.

We have audited the accompanying statements of Jacob Burns Film Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditors' 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 16 to the financial statements, in March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. Our opinion is not modified with respect to this matter.

*Lotz + Carr, LLP*

New York, New York  
January 25, 2022

**JACOB BURNS FILM CENTER, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2021**

**Assets**

Cash and cash equivalents (Notes 1c and 4)	\$ 3,066,852
Contributions receivable, net (Notes 1d and 5)	576,954
Prepaid expenses and other assets	263,369
Investments - endowment funds (Notes 1e, 1f and 7)	31,902,841
Property and equipment, net (Notes 1g, 1h and 8)	<u>20,812,952</u>

**Total Assets** \$56,622,968

**Liabilities and Net Assets**

## Liabilities

Accounts payable and accrued expenses	\$ 360,133
Conditional advance (Note 13)	218,805
Deferred revenue (Note 1j)	286,223
Loan payable - Paycheck Protection Program (Note 12b)	690,300
Mortgage note payable, net (Note 9)	<u>5,047,442</u>
Total Liabilities	<u>6,602,903</u>

Commitments and Contingencies (Notes 7, 10, 11 and 16)

## Net Assets

Without donor restrictions	15,891,753
With donor restrictions (Note 3)	<u>34,128,312</u>
Total Net Assets	<u>50,020,065</u>

**Total Liabilities and Net Assets** \$56,622,968

## JACOB BURNS FILM CENTER, INC.

## STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 2,056,792	\$ 1,685,158	\$ 3,741,950
Loan forgiveness - Paycheck Protection Program (Note 12a)	690,300	-	690,300
Shuttered Venue Operators Grant (Note 13)	672,000	-	672,000
Contributions - fiscally sponsored projects (Note 14)	406,360	-	406,360
Ticket sales	259,203	-	259,203
Membership sales	655,640	-	655,640
Concession sales, net of concession costs of \$11,169	18,789	-	18,789
Royalty revenue	17,376	-	17,376
Education program revenue	4,540	-	4,540
Facilities rental	1,295	-	1,295
Net investment income (Note 7)	728	5,790,532	5,791,260
Other income	69,038	-	69,038
	<u>4,852,061</u>	<u>7,475,690</u>	<u>12,327,751</u>
Net assets released from restrictions	301,463	(301,463)	-
Investment income appropriated to operations (Note 7)	1,900,000	(1,900,000)	-
Reduction of prior year grant	-	(1,151,000)	(1,151,000)
	<u>-</u>	<u>(1,151,000)</u>	<u>(1,151,000)</u>
<b>Total Revenues, Gains and Other Support</b>	<u>7,053,524</u>	<u>4,123,227</u>	<u>11,176,751</u>
<b>Expenses</b>			
Program Services			
Theater	2,327,753	-	2,327,753
Education	2,773,368	-	2,773,368
Total Program Services	<u>5,101,121</u>	<u>-</u>	<u>5,101,121</u>
Supporting Services			
Management and general	666,326	-	666,326
Fundraising	426,714	-	426,714
Total Supporting Services	<u>1,093,040</u>	<u>-</u>	<u>1,093,040</u>
<b>Total Expenses</b>	<u>6,194,161</u>	<u>-</u>	<u>6,194,161</u>
<b>Increase in Net Assets</b>	<u>859,363</u>	<u>4,123,227</u>	<u>4,982,590</u>
Net assets, beginning of year, as previously reported	17,620,354	27,250,151	44,870,505
Prior period adjustments (Note 15)	(2,587,964)	2,754,934	166,970
	<u>15,032,390</u>	<u>30,005,085</u>	<u>45,037,475</u>
<b>Net Assets, End of Year</b>	<u>\$15,891,753</u>	<u>\$34,128,312</u>	<u>\$50,020,065</u>

See notes to financial statements.

## JACOB BURNS FILM CENTER, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2021

	Program Services			Supporting Services			Total Expenses
	Theater	Education	Total	Management and General	Fundraising	Total	
Salaries, benefits and payroll taxes	\$1,372,705	\$1,199,956	\$2,572,661	\$ 302,381	\$ 400,279	\$702,660	\$3,275,321
Programming and screening	102,122	31,931	134,053	98	-	98	134,151
Rental and maintenance of equipment	55,643	103,898	159,541	14,070	-	14,070	173,611
Promotion	2,691	5,423	8,114	22	14,106	14,128	22,242
Marketing/advertising	12,177	24,540	36,717	3,031	391	3,422	40,139
Grant expense - fiscally sponsored projects (Note 14)	-	406,360	406,360	-	-	-	406,360
Other operating expenses	25,655	28,259	53,914	8,516	3,228	11,744	65,658
Printing and publications	17,282	3,924	21,206	377	2,035	2,412	23,618
Occupancy	159,700	134,415	294,115	6,245	-	6,245	300,360
Telephone	11,950	11,143	23,093	896	-	896	23,989
Postage and shipping	9,557	3,925	13,482	421	5,202	5,623	19,105
Supplies	41,517	22,296	63,813	2,131	1,473	3,604	67,417
Professional and consulting fees	9,208	18,807	28,015	241,747	-	241,747	269,762
Insurance	51,003	57,292	108,295	5,677	-	5,677	113,972
Interest and other financing costs	68,842	138,735	207,577	19,348	-	19,348	226,925
Total expenses before depreciation	1,940,052	2,190,904	4,130,956	604,960	426,714	1,031,674	5,162,630
Depreciation	387,701	582,464	970,165	61,366	-	61,366	1,031,531
Total Expenses	<u>\$2,327,753</u>	<u>\$2,773,368</u>	<u>\$5,101,121</u>	<u>\$ 666,326</u>	<u>\$ 426,714</u>	<u>\$1,093,040</u>	<u>\$6,194,161</u>

See notes to financial statements.

**JACOB BURNS FILM CENTER, INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED SEPTEMBER 30, 2021**

**Cash Flows From Operating Activities**

Increase in net assets	\$4,982,590
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,031,531
Forgiveness of loan payable - Paycheck Protection Program	(690,300)
Interest expense related to amortization of deferred financing costs	3,260
Realized gain on investments	(1,207,189)
Unrealized gain on investments	(4,252,687)
(Increase) decrease in:	
Contributions receivable	634,902
Prepaid expenses and other assets	(33,386)
Increase (decrease) in:	
Accounts payable and accrued expenses	250,221
Conditional advance	218,805
Deferred revenue	(275,609)
Net Cash Provided By Operating Activities	<u>662,138</u>

**Cash Flows From Investing Activities**

Purchase of property and equipment	(200,144)
Purchase of investments	(5,082,596)
Proceeds from sale of investments	6,651,940
Net Cash Provided By Investing Activities	<u>1,369,200</u>

**Cash Flows From Financing Activities**

Proceeds from loan payable - Paycheck Protection Program	690,300
Repayment of mortgage note	(143,264)
Net Cash Used By Financing Activities	<u>547,036</u>

Net increase in cash and cash equivalents	2,578,374
Cash and cash equivalents, beginning of year	<u>488,478</u>

**Cash and Cash Equivalents, End of Year** \$3,066,852

**Supplemental Information**

Interest paid	<u><u>\$ 223,109</u></u>
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**See notes to financial statements.**

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

The Jacob Burns Film Center, Inc. (“the Film Center or “JBFC”) 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.

b - 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.



**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

c - Cash and Cash Equivalents

For purposes of the classification in the statement of financial position and presentation in the statement 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.

d - Contributions and Contributions Receivable

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.

The Film Center uses the allowance method to determine uncollectible promises to give. The allowance, when necessary, is based on prior years' experience and management's analysis of specific promises made.

e - Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. Generally accepted accounting principles establish a framework for measuring fair value which maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Film Center. Unobservable inputs reflect the Film Center's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Fair value measurements are categorized into three levels based on the inputs as follows:

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

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

e - Fair Value Measurements (continued)

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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

f - Investments

Investments in marketable securities with readily determinable fair values are reported at fair value based upon quoted market prices.

The Film Center's alternative investments, consisting of limited partnerships and investment funds, which do not have readily determinable fair values, are reported in the financial statements based upon the underlying net asset value per share or its equivalent as a practical expedient, and are not required to be classified within the fair value hierarchy. The Film Center reviews and evaluates the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the net asset values of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Purchases and sales of investments are recorded on a trade-date basis. Dividend income is recognized on the ex-dividend date. Interest income is recognized as earned on an accrual basis. Cost is determined on the basis of average cost. Investments received as gifts are recorded at fair value at the date of the gift, if available, or at appraised or nominal value.

Interest, dividends and gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Gains and other investment income that are limited to specific uses by donor-imposed restrictions are reported as increases in net assets without donor restrictions if the restrictions are satisfied or expire in the fiscal year in which the gains and other investment income are recognized. All other donor restricted gains and other investment income are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

g - Property and Equipment

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.

h - 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 year ended September 30, 2021.

i - Deferred Financing Costs

The Film Center incurred financing costs in connection with obtaining financing. These costs are recorded as a reduction of the related indebtedness and amortization of the costs is reported as interest expense, on a straight-line basis over the period of the mortgage.

j - Revenue Recognition

The Film Center has multiple revenue streams that are accounted for as exchange transactions including admissions and ticket charges, concession income, facility rentals, memberships and other program revenue. With the exception of memberships, which can be for a period of one or two years, all of the Film Center's revenue from contracts with customers are from performance obligations with an initial expected duration of one year or less. Prices are specific to a distinct performance obligation and do not consist of multiple transactions. The Film Center records deferred revenue in situations when amounts are collected, but the performance obligations have not yet been met.

Admissions and ticket charges are recognized on the date the screening or programming takes place. Concession income is recognized when products are sold. Facility rental income is recognized ratably over the period of rental wage. Other program revenue is recognized at the point or over the period of time during which the program takes place.

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

j - Revenue Recognition (continued)

Membership revenue is collected at the commencement of the membership period. Membership revenue is primarily an exchange transaction and entitles members to certain discounts and events over the course of the membership period. The Film Center allocates fees from membership between contribution and exchange transactions and recognizes the contribution portion upon sale, and the exchange transaction ratably over the membership term.

k - Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$40,139 in 2021.

l - Grants

Unconditional grants are recognized at the time authorized.

m - 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.

n - 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.

o - Financial Statement Presentation

The financial statements of the Film Center have been prepared in accordance with GAAP, which require the Film Center to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Film Center. These net assets may be used at the discretion of the Film Center's management and Board of Directors.

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

o - Financial Statement Presentation (continued)

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature; those restrictions will be met by actions of the Film Center or the passage of time. Other donor restrictions may be perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

p - Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

q - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis as determined by management. A substantial portion of the Film Center's expenses are directly related to program activities. The expenses that are allocated include salaries, taxes and fringe benefits, office and other overhead expenses, which are allocated based on an estimate of employee time and effort, and insurance, depreciation and utilities and other occupancy costs, which are allocated based on square footage.

r - Tax Status

The Film Center is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

s - Subsequent Events

The Film Center has evaluated subsequent events through January 25, 2022, the date that the financial statements are considered available to be issued.

**Note 2 - Information Regarding Liquidity and Availability**

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 thirty days of operating expenses.

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 2 - Information Regarding Liquidity and Availability (continued)**

The Film Center's financial assets as of September 30, 2021 available to meet cash needs for general expenditures within one year are summarized as follows:

Financial Assets at Year End:	
Cash and cash equivalents	\$ 3,066,852
Contributions receivable, net	576,954
Investments	<u>31,902,841</u>
Total Financial Assets	35,546,647
Less: Amounts not Available to be Used within One Year:	
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(8,103,312)
Plus: Net assets with restrictions to be met in less than one year	1,603,471
Net assets with donor restrictions for endowment, subject to spending policy and appropriation	(26,025,000)
Plus: Amounts appropriated for use within one year	<u>975,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$ 3,996,806</u>

The Film Center also has a line of credit, as more fully described in Note 10, available to meet short-term or unanticipated liquidity needs.

**Note 3 - Net Assets With Donor Restrictions**

Net assets with donor restrictions at September 30, 2021 are restricted for the following purposes or periods:

Subject to expenditure for specific purpose:	
Programming	\$ 251,000
Capital projects	1,403,457
Specific periods	<u>571,014</u>
	<u>2,225,471</u>
Endowment:	
Subject to appropriation for use in general operations	<u>5,877,841</u>
Investment in perpetuity	
General purposes of the Film Center	25,900,000
Education programming	<u>125,000</u>
	<u>26,025,000</u>
Total Endowments	<u>31,902,841</u>
Total Net Assets With Donor Restrictions	<u>\$34,128,312</u>

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 4 - Concentration 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 at September 30, 2021. 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.

**Note 5 - Contributions Receivable**

Contributions receivable at September 30, 2021 are due as follows:

Due within one year	\$418,000
Due in one to five years	<u>222,000</u>
	640,000
Less: Allowance for uncollectible amounts	(50,000)
Less: Discount to present value	<u>(13,046)</u>
Total	<u>\$576,954</u>

Contributions to be received after one year are discounted to present value using a discount rate of 3%.

**Note 6 - Conditional Promise to Give**

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 during the year ended September 30, 2019. The remaining balance of \$379,875 is subject to New York State funding and has not been recognized in the accompanying financial statements. The grant expires February 28, 2022 with an option to extend the expiration date. An extension application is in process as of January 2022.

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 7 - Investments - Endowment Funds**

Investments at September 30, 2021 consist of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds held for investment	\$ 1,481,145	\$ 1,481,145
Fixed income securities	6,347,965	6,485,349
Mutual funds:		
Large cap equity	8,979,493	11,875,174
Small cap equity	1,127,755	1,512,168
International equity	4,778,055	6,080,652
Real estate funds	1,415,238	1,586,289
Commodities funds	1,046,236	1,362,654
Other	536,991	382,797
Other funds:		
Private equity funds	455,000	583,124
Absolute return funds	<u>500,000</u>	<u>553,489</u>
	<u>\$26,667,878</u>	<u>\$31,902,841</u>

The following summarizes the fair value of investments that are measured on a recurring basis at September 30, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Measured at Net Asset Value</u>
Money market funds held for investment	\$ 1,481,145	\$ 1,481,145	\$ -	\$ -	\$ -
Fixed income securities	6,485,349	-	6,485,349	-	-
Mutual funds:					
Large cap equity	11,875,174	11,875,174	-	-	-
Small cap equity	1,512,168	1,512,168	-	-	-
International equity	6,080,652	6,080,652	-	-	-
Real estate funds	1,586,289	1,586,289	-	-	-
Commodities funds	1,362,654	1,362,654	-	-	-
Other	382,797	382,797	-	-	-
Limited partnerships:					
Private equity funds	583,124	-	-	-	583,124
Absolute return funds	<u>553,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>553,489</u>
	<u>\$31,902,841</u>	<u>\$24,280,879</u>	<u>\$6,485,349</u>	<u>\$ -</u>	<u>\$1,136,613</u>



**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 7 - Investments - Endowment Funds (continued)**

Investments 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 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.

The investments included in the Film Center's investment portfolio, valued using the net asset value, are redeemable based on the following terms and conditions as of September 30, 2021:

Private equity funds:	
No redemptions until future distributions occur	\$ 583,124
Absolute return funds:	
Quarterly redemption with 75 days' notice	285,892
Semi-annual redemption with 90 days' notice	<u>267,597</u>
	<u>\$1,136,613</u>

The following are descriptions of the investment strategies of these investments:

*Private Equity Funds*

These funds invest in a diversified portfolio of underlying primary, secondary and co-investment private equity sponsors and funds.

*Absolute Return*

These funds invest in a diversified portfolio of underlying hedge fund strategies.

The Film Center has committed to invest a total of \$1,500,000 in limited partnerships which make periodic capital calls. As of September 30, 2021, the Film Center had made investments, as required by the partnerships, of \$1,050,000, leaving outstanding commitments of \$450,000. These capital calls are due at the discretion of the limited partnerships.

Net investment income for the year ended September 30, 2021 is summarized as follows:

Interest and dividends	\$ 477,952
Realized gain	1,207,189
Unrealized gain	4,252,687
Investment management fees	<u>(146,568)</u>
	<u>\$5,791,260</u>

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 7 - Investments - Endowment Funds (continued)**

The Film Center's investment portfolio represents its endowment, which consists of the donor-restricted funds received for the support of education programming and general operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Consistent with New York State Not-For-Profit Corporation Law and the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), the Film Center classifies as net assets with donor restrictions, perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of any applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as subject to spending policy and appropriation until those amounts are appropriated for expenditure.

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.

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 twelve 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.

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, 2021.

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 7 - Investments - Endowment Funds (continued)**

Endowment net asset composition by type of fund as of September 30, 2021 is as follows:

	<u>With Donor Restrictions</u>		
	<u>Investment Income Above Original Gift Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Donor-restricted endowment funds	<u>\$5,877,841</u>	<u>\$26,025,000</u>	<u>\$31,902,841</u>

Changes in endowment funds for the year ended September 30, 2021 are summarized as follows:

	<u>With Donor Restrictions</u>		
	<u>Investment Income Above Original Gift Amount</u>	<u>Investment in Perpetuity</u>	<u>Total</u>
Endowment funds, beginning of year	\$1,987,309	\$26,025,000	\$28,012,309
Net investment income	5,790,532	-	5,790,532
Appropriation for expenditure	<u>(1,900,000)</u>	<u>-</u>	<u>(1,900,000)</u>
Endowment Funds, End of Year	<u>\$5,877,841</u>	<u>\$26,025,000</u>	<u>\$31,902,841</u>

**Note 8 - Property and Equipment**

Property and equipment consist of the following at September 30, 2021:

	<u>Life</u>	<u>Amount</u>
Theater building	5-40 years	\$10,592,299
Education Center	5-40 years	16,335,963
Computers and equipment	3-20 years	4,333,227
Theater equipment	5-25 years	<u>2,287,123</u>
		33,548,612
Less: Accumulated depreciation		<u>(14,759,753)</u>
		18,788,859
Land		1,985,232
Theater artwork and books		<u>38,861</u>
		<u>\$20,812,952</u>

**JACOB BURNS FILM CENTER, INC.**  
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**Note 9 - 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, 2021), to fully amortize the then existing debt with a final payment of all outstanding principal and accrued interest at its maturity.

Interest expense totaled \$226,369, including \$3,260 of amortized financing costs.

Mortgage note payable for the year ended September 30, 2021 is summarized as follows:

Principal balance	\$5,100,424
Less: Unamortized deferred financing costs	<u>(52,982)</u>
	<u>\$5,047,442</u>

The future scheduled principal installments are as follows:

<u>Year Ending September 30,</u>	
2022	\$ 149,523
2023	156,094
2024	162,381
2025	170,092
2026	177,568
Thereafter, through December 20, 2037	<u>4,284,766</u>
	<u>\$5,100,424</u>

The Film Center must meet certain financial covenants as defined in the loan agreement and has met the financial covenants.

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 10 - 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% at September 30, 2021). Interest is payable monthly. The line of credit is subject to an annual thirty-day cleanup provision whereby the line of credit will have a zero balance for thirty-consecutive calendar days. There was no activity on the line of credit during the year ended September 30, 2021.

**Note 11 - Pension 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 12 - Loans Payable - Paycheck Protection Program**

- a - On June 18, 2020, the Film Center received a loan totaling \$690,300 under the Paycheck Protection Program administered by the U.S Small Business Administration. The loan bears interest at 1% per annum, is due on June 18, 2022, and may be forgiven if the the Film Center meets certain employee retention requirements and the funds are used for eligible expenses. In August 2021, the full amount of the loan was forgiven.
- b - On April 12, 2021, the Film Center received a second loan totaling \$690,300 under the Paycheck Protection Program administered by the U.S Small Business Administration. The loan bears interest at 1% per annum, is due on April 12, 2026, and may be forgiven if the Film Center meets certain employee retention requirements and the funds are used for eligible expenses. In October 2021, the loan was forgiven in full.

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 13 - Conditional Advance**

On July 8, 2021, the Film Center received a Shuttered Venue Operators Grant (the "SVOG") from the U.S. Small Business Administration (the "SBA") in the amount of \$890,805. The SVOG is recognized as contribution revenue only when approved expenses have been incurred. During the year ended September 30, 2021, the Film Center incurred approved expenses totaling \$672,000, and recognized this portion of the SVOG as revenue. Accordingly, the remaining \$218,805 of the SVOG is reflected as conditional advance at September 30, 2021.

On October 20, 2021, the Film Center was awarded a supplement SVOG in the amount of \$790,553, bringing the total SVOG award to \$1,681,358.

**Note 14 - Fiscal Sponsorships**

The Film Center offers a fiscal sponsorship program for certain independent film projects whose work furthers the Film Center's mission and exempt purpose. The Film Center collects a 5% administrative management fee on contributions received for fiscal-sponsorship projects. The Film Center recognized administrative fee income of \$15,645, included in other income in the accompanying statement of activities, during the year ended September 30, 2021.

**Note 15 - Prior Period Adjustments**

Net assets as of October 1, 2020 were restated for the following:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
To reclassify accumulated endowment earnings not yet appropriated for expenditure	\$(1,987,309)	\$1,987,309	\$ -
To correct prepaid expenses	88,925	-	88,925
To reclassify donor-restricted contributions	(767,625)	767,625	-
To correct deferred membership revenue	<u>78,045</u>	<u>-</u>	<u>78,045</u>
	<u>\$(2,587,964)</u>	<u>\$2,754,934</u>	<u>\$166,970</u>

**JACOB BURNS FILM CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**Note 16 - Risks and Uncertainties**

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, the Film Center canceled its in-theater screenings at the direction of state and local governmental authorities. Management took immediate steps to mitigate that impact by migrating programmatic offerings online onto a virtual cinema, instituting budget cuts and cost cutting steps wherever possible. The Film Center also obtained two Paycheck Protection Program loans and was awarded an SVOG grant under the federal CARES Act program. Management continues to evaluate the potential impact that the resulting economic uncertainties may have on the Film Center. With these steps, and ongoing oversight, management believes that its current financial assets and remaining income sources are sufficient to support the Film Center's operations. In May 2021, the Film Center was able to reopen and resume film programming in its theaters subject to New York State guidelines.