

THE FILM FOUNDATION, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2017 AND 2016

**THE FILM FOUNDATION, INC.
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YEARS ENDED DECEMBER 31, 2017 AND 2016**

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
The Film Foundation, Inc.
Los Angeles, California

We have reviewed the accompanying financial statements of the Film Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles in the United States of America.

Board of Directors
The Film Foundation, Inc.

Supplementary Information

The supplementary schedules on pages 15 – 17 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the information and, accordingly, do not express an opinion on such information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Pasadena, California
October 2, 2018

THE FILM FOUNDATION, INC
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
Cash	\$ 2,359,448	\$ 2,169,183
Investments	602,114	471,139
Investments restricted for Artists Rights	175,636	175,533
Property and equipment		
Office equipment	67,009	67,009
Accumulated depreciation	(51,524)	(43,382)
Total property and equipment	15,485	23,627
Total assets	\$ 3,152,683	\$ 2,839,482
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 78,117	\$ 135,212
Due to agency recipients	908,657	652,933
Total liabilities	986,774	788,145
NET ASSETS		
Unrestricted	1,990,273	1,875,804
Temporarily restricted	175,636	175,533
Total net assets	2,165,909	2,051,337
Total liabilities and net assets	\$ 3,152,683	\$ 2,839,482

See Accompanying Notes and Independent Accountant's Review Report

THE FILM FOUNDATION, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Contributions	\$ 2,030,478	\$ -	\$ 2,030,478
Investment income	49,384	103	49,487
	<u>2,079,862</u>	<u>103</u>	<u>2,079,965</u>
EXPENSES			
Program expenses	1,695,344	-	1,695,344
Management and general expenses	157,626	-	157,626
Fundraising expenses	112,423	-	112,423
	<u>1,965,393</u>	<u>-</u>	<u>1,965,393</u>
CHANGE IN NET ASSETS	<u>114,469</u>	<u>103</u>	<u>114,572</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,875,804</u>	<u>175,533</u>	<u>2,051,337</u>
NET ASSETS, END OF YEAR	<u>\$ 1,990,273</u>	<u>\$ 175,636</u>	<u>\$ 2,165,909</u>

See Accompanying Notes and Independent Accountant's Review Report

THE FILM FOUNDATION, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Contributions	\$ 2,065,172	\$ -	\$ 2,065,172
Investment income	15,384	818	16,202
	<u>2,080,556</u>	<u>818</u>	<u>2,081,374</u>
EXPENSES			
Program expenses	1,508,644	-	1,508,644
Management and general expenses	180,198	-	180,198
Fundraising expenses	156,631	-	156,631
	<u>1,845,473</u>	<u>-</u>	<u>1,845,473</u>
CHANGE IN NET ASSETS	<u>235,083</u>	<u>818</u>	<u>235,901</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,640,721</u>	<u>174,715</u>	<u>1,815,436</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,875,804</u></u>	<u><u>\$ 175,533</u></u>	<u><u>\$ 2,051,337</u></u>

See Accompanying Notes and Independent Accountant's Review Report

THE FILM FOUNDATION, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 114,572	\$ 235,901
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	8,142	7,874
Net realized and unrealized gain	(39,506)	(8,961)
Accounts payable and accrued expenses	(57,095)	52,589
Due to agency recipients	255,724	626,308
	<u>281,837</u>	<u>913,711</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	-	(3,544)
Purchases of investments	(91,572)	(172,647)
	<u>(91,572)</u>	<u>(176,191)</u>
Net cash used in investing activities		
	<u>190,265</u>	<u>737,520</u>
CHANGE IN CASH		
	<u>2,169,183</u>	<u>1,431,663</u>
CASH - BEGINNING OF YEAR		
	<u>\$ 2,359,448</u>	<u>\$ 2,169,183</u>
CASH - END OF YEAR		

See Accompanying Notes and Independent Accountant's Review Report

THE FILM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 NATURE OF ORGANIZATION

The Film Foundation (the Foundation) is dedicated to protecting motion pictures and the rights of the artists who create them, educating the public about the importance of film preservation, raising the funds needed to save our cinematic heritage, and providing public access to these restorations.

For nearly 30 years, the Foundation has collaborated with film archives and studios to save over 800 endangered films. Led by the filmmakers on its board of directors, the Foundation has identified, managed and funded the preservation and restoration of works from every genre and every era – from studio releases to independent films, newsreels, and documentary, silent and experimental films. The Foundation established the World Cinema Project (WCP), to preserve, restore and share neglected works by filmmakers from regions all across the globe, including Central and Southeast Asia, Central America, South America, Africa, Eastern Europe, and the Middle East. The Foundation also educates new generations about classic cinema and the need for film preservation. Through its innovative *Story of Movies* program, students learn to understand the language of film and to appreciate its artistic, social and historical significance.

Further, the Foundation is a champion of artists' rights, working to ensure that films are protected from censorship, distortion and alteration of any kind.

The Foundation is committed to the art of cinema – past, present, and future.

The Foundation was created by Martin Scorsese and a group of filmmakers – Woody Allen, Robert Altman, Francis Ford Coppola, Clint Eastwood, Stanley Kubrick, George Lucas, Sydney Pollack, Robert Redford, and Steven Spielberg. The Foundation's board of directors also includes Paul Thomas Anderson, Wes Anderson, Peter Jackson, Ang Lee, Christopher Nolan, and Alexander Payne. The Foundation is aligned with the Directors Guild of America, whose President and Secretary-Treasurer serve on the Foundation's board.

To achieve its goals in the area of film preservation, the Foundation partners with major film archives – the Academy Film Archive (Los Angeles, CA), Anthology Film Archives (New York, NY), George Eastman Museum (Rochester, NY), Library of Congress (Washington, D.C.), Museum of Modern Art (New York, NY), and UCLA Film & Television Archive (Los Angeles, CA), as well as the BFI National Archive (London, UK) and Cineteca di Bologna (Bologna, Italy). In addition, the Foundation supports the National Film Preservation Foundation, which awards grants to over 100 regional archives, libraries and historical societies in support of "orphan" films.

Specifically, the Foundation works with these archives to:

- Identify titles in need of preservation and restoration;
- Locate and secure picture and sound elements from public, private and studio archives;
- Negotiate preservation contracts involving the studios/copyright holders, the archives, and the Foundation and its funders;
- Increase public access to restored films;
- Advise on "best practices" for the preservation of current film production;
- Facilitate corporate and philanthropic partnerships in support of the work of the archives.

THE FILM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 NATURE OF ORGANIZATION (CONTINUED)

Preservation and restoration projects undertaken by the Foundation include (partial listing, organized chronologically): THE GREAT TRAIN ROBBERY (1903, d. Edwin S. Porter), TRAMP STRATEGY (1911, d. Alice Guy Blaché), THE COUNT (1916, d. Charlie Chaplin), ROSITA (1923, d. Ernst Lubitsch), THE LODGER (1926, d. Alfred Hitchcock), HELL'S HEROES (1929, d. William Wyler), HER MAN (1930, d. Tay Garnett), THE BRAT (1931, d. John Ford), THE FRONT PAGE (1931, d. Lewis Milestone), TROUBLE IN PARADISE (1932, d. Ernst Lubitsch), L'ATALANTE (1934, d. Jean Vigo), THE ROAD BACK (1937, d. James Whale), SUSPICION (1941, d. Alfred Hitchcock), THE CHASE (1946, d. Arthur D. Ripley), EARLY ABSTRACTIONS (1946-57, d. Harry Smith), HE WALKED BY NIGHT (1948, dirs. Alfred Werker and Anthony Mann), MACBETH (1948, d. Orson Welles), THE TALES OF HOFFMAN (1951, dirs. Michael Powell and Emeric Pressburger), two films by Kenji Mizoguchi, CHIKAMATSU MONOGATARI (1954) and SANSHO DAYU (1954), BEAT THE DEVIL (1953, d. John Huston), PATHER PANCHALI (1955, d. Satyajit Ray), RICHARD III (1955, d. Laurence Olivier), 23 PACES TO BAKER STREET (1956, d. Henry Hathaway), A FACE IN THE CROWD (1957, d. Elia Kazan), SHADOWS (1959, d. John Cassavetes), I WAS A TEENAGE RUMPOT (1960, d. George and Mike Kuchar), THE CONNECTION (1961, d. Shirley Clarke), ONE-EYED JACKS (1961, d. Marlon Brando), SALVATORE GIULIANO (1962, d. Francesco Rosi), SCORPIO RISING (1963, d. Kenneth Anger), SHOCK CORRIDOR (1963, d. Samuel Fuller), TWO FOR THE ROAD (1967, d. Stanley Donen), Albert and David Maysles' seminal documentary SALESMAN (1968), UNCLE YANCO (1967, d. Agnes Varda), NIGHT OF THE LIVING DEAD (1968, d. George A. Romero), INVESTIGATION OF A CITIZEN ABOVE SUSPICION (1970, d. Elio Petri), WANDA (1970, d. Barbara Loden), REMINISCENCES OF A JOURNEY TO LITHUANIA (1971-72, d. Jonas Mekas), IL CASO MATTEI (1972, d. Francesco Rosi), THE MEMORY OF JUSTICE (1976, d. Marcel Ophuls), WE CAN'T GO HOME AGAIN (1976, d. Nicholas Ray), JABBERWOCKY (1977, d. Terry Gilliam), THE TREE OF WOODEN CLOGS (1978, d. Ermanno Olmi), ALL THAT JAZZ (1979, d. Bob Fosse), WATER RITUAL #1: AN URBAN RITE OF PASSAGE (1979, d. Barbara McCullough), BORN IN FLAMES (1983, d. Lizzie Borden), ONCE UPON A TIME IN AMERICA (1984, d. Sergio Leone), and REAR WINDOW (1991, d. Ernie Gehr) in addition to newsreels, shorts, home movies, and hundreds of other films whose titles may not be widely known, but are essential to our culture.

Films that were restored through the World Cinema Project – DOS MONJES (Mexico, 1934, d. Juan Bustillo Oro), LUCIA (Cuba, 1968, d. Humberto Solas), and SOLEIL O (Mauritania, 1970, d. Med Hondo). As part of the World Cinema Project, The Foundation created the African Film Heritage Project to locate, restore and preserve significant African titles in partnership with the Pan African Federation of Filmmakers and UNESCO. In addition, the World Cinema Project provides training for students and archivists through its Restoration Film School in underserved regions.

Crucial to the Foundation's mission is providing access to all the titles it helps to preserve and restore. In 2017, there were more than 500 screenings of TFF-funded restorations at festivals, museums, archives and other venues around the globe. In keeping with the Foundation's commitment to projecting film, it partnered with the Association of Moving Image Archivists (AMIA) and Boston Light & Sound to host a Film Projection Workshop in Boston, Massachusetts. In addition, the Foundation's nitrate projection booth at the Egyptian Theater in Hollywood continued to program nitrate films all year round.

THE FILM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 NATURE OF ORGANIZATION (CONTINUED)

The Foundation maintains a conservation collection for films restored with its funding. 200 titles are in The Film Foundation Conservation Collection held at the Academy Film Archive. Archival 35mm prints, as well as DCPs, on all projects are added to the collection when restoration work is completed.

The Story of Movies is an educational program created by the Foundation. This unique interdisciplinary curriculum is designed to teach middle and high school students to comprehend the visual language of film, to view films in a cultural context, and to have an appreciation of cinematic art. The Foundation has made the *Story of Movies* program materials available free of charge on its newly designed website (storyofmovies.org). To date, the curriculum has been distributed to over 100,000 educators at public, private, and parochial schools across the country. Four units continue to be distributed: TO KILL A MOCKINGBIRD (1962, d. Robert Mulligan), MR. SMITH GOES TO WASHINGTON (1939, d. Frank Capra), THE DAY THE EARTH STOOD STILL (1951, d. Robert Wise); and The AMERICAN WEST AND THE WESTERN FILM GENRE, which incorporates a wide cross-section of Western films, from the earliest silents to revisionist works of the 1960s. In addition, the Foundation began developing its newest unit titled PORTRAITS OF AMERICA: DEMOCRACY ON FILM which will be launched in 2018. Professional development workshops were held at the Library of Congress and the Academy Film Archive.

Protecting the work of film artists from censorship and alteration is another primary objective for the Foundation. The Artists Rights Advisory Council was formed to advocate for the protection and expansion of the rights of filmmakers.

The Directors Guild of America (Directors Guild) is the sole corporate member of the Foundation and lends its considerable support and resources. Through in-kind financial and administrative support, its involvement has been critical to the Foundation's success.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America as applicable to non-for-profit organizations. Net assets, revenues expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein have been classified and are reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations; donor-restricted contributions whose restrictions are met in the same reporting period; and net assets designated by the Board of Directors for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation or a lapse of time.

THE FILM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained in the perpetuity by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Investments

Investments are recorded at fair value. Fair values of equities are based on quoted market prices. The fair value of bonds are estimated using recently executed transactions, market price quotations and pricing models. Net realized and unrealized gains and losses on investments are recorded in the statement of activities.

Fair Value

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the 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 – Quoted market prices are available in active market for identical assets or liabilities as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Pricing inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. The inputs into the determination of fair value are based upon the best information available and require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Property and Depreciation

Property and equipment is stated at cost. Depreciation is computed using the straight-line method based on useful life of 5-7 years.

THE FILM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to Agency Recipients

The Foundation receives and distributes assets under certain agency and intermediary arrangements. FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Entity or Charitable Trust That Raises or Holds Contributions for Others* stipulates that a nonprofit is not a donee but an agent if the nonprofit accepts assets from a donor and agrees to transfer those assets to a specified beneficiary. Accordingly, the Foundation accounts for the transfer of such assets as a liability rather than as contribution income.

Restricted and Unrestricted Support

The Foundation reports gifts of cash and other assets as temporarily restricted, if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. Net assets not subject to donor-imposed stipulations, donor-restricted contributions whose restrictions are met in the same reporting period, and net assets designated by the Board of Directors or management for specific purposes are classified as unrestricted net assets.

In-Kind Donations

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair values in the period received. Donated rent is recorded as contribution at their fair value at the date of donation.

Concentration of Credit Risk

The Foundation places its cash with a recognized financial institution. At times, such cash may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Federal Deposit Insurance Corporation (FDIC) insures accounts held in banks up to statutory limits. The Foundation has not experienced any losses in such accounts.

The Foundation also maintains all of its investments with one stock brokerage firm, which is insured by the Securities Investor Protection Corporation.

The Foundation had five and two contributors that accounted for 89% and 60% of total revenue during the years ended December 31, 2017 and 2016, respectively.

Income Taxes

The Foundation is a non-profit corporation defined in Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxation under section 501(a) of the Code. In addition, the Foundation is a Section 509(a)(2) organization as defined in the Code and is, therefore, not a private Foundation and qualifies for the maximum charitable contribution deduction for donors. The Foundation is also exempt from state income taxation under 23701(d) of the California Revenue and Taxation Code.

THE FILM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 2, 2018, the date the financial statements were available to be issued.

Functional Expenses

Expenses incurred in providing programs and supporting services have been summarized on a functional basis in the statement of activities. Salaries and related expenses are allocated among the program and supporting service categories based upon the estimated time expended by the employees in those categories. Other expenses are allocated according to management's estimates or on a direct basis.

New Accounting Pronouncements

ASU 2016-14 Not-For-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. This standard was issued to improve the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. It is effective for fiscal years beginning after December 15, 2017 (e.g., 6/30/2019). Management will be evaluating the effects of this new standard.

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. It is effective for fiscal years beginning after December 15, 2018 (e.g., 6/30/2020). Management will be evaluating the effects of this new standard.

ASU 2018-08 Not-For-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions received, the effective date is for annual periods beginning after December 15, 2018; for contributions made, the effective date is for annual periods beginning after December 15, 2019. Management will be evaluating the effects of this new standard.

THE FILM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments at December 31, 2017 and 2016 comprised of the following:

	<u>2017</u>	<u>2016</u>
Investments	\$ 602,114	\$ 471,139
Investments restricted for Artists Rights	<u>175,636</u>	<u>175,533</u>
	<u>\$ 777,750</u>	<u>\$ 646,672</u>

Investment income for the years ended December 31, 2017 and 2016 is comprised of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 9,981	\$ 7,241
Realized and unrealized gain, net	<u>39,506</u>	<u>8,961</u>
	<u>\$ 49,487</u>	<u>\$ 16,202</u>

The following is the fair value measurement for investments measured on a recurring basis at December 31, 2017 and 2016:

2017	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate bonds	\$ 215,207	\$ -	\$ 215,207	\$ -
Certificates of deposit	206,440	206,440	-	-
Domestic equities	180,467	180,467	-	-
Money market fund	<u>175,636</u>	<u>175,636</u>	-	-
	<u>\$ 777,750</u>	<u>\$ 562,543</u>	<u>\$ 215,207</u>	<u>\$ -</u>
2016	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate bonds	\$ 210,915	\$ -	\$ 210,915	\$ -
Domestic equities	145,097	145,097	-	-
Money market fund	<u>290,661</u>	<u>290,661</u>	-	-
	<u>\$ 646,672</u>	<u>\$ 435,757</u>	<u>\$ 210,915</u>	<u>\$ -</u>

THE FILM FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 4 RELATED PARTY TRANSACTIONS

As organized under the Bylaws, the Board of Directors of the Foundation includes various "corporate trustees" who serve by virtue of their capacity as officers or employees of the Directors Guild.

During the years ended December 31, 2017 and 2016, the Foundation reimbursed the Directors Guild \$243,458 and \$273,086, respectively, for salaries, benefits, payroll taxes, postage, rent, parking and other expenses paid on the Foundation's behalf.

The Foundation occupied its office facility in the Directors Guild building, and it pays the Directors Guild rent and parking at \$6,530 on a month-to-month basis. The Foundation receives a corresponding monthly contribution from the Directors Guild for the purpose of fully offsetting the Foundation's rent and parking expenses.

NOTE 5 TEMPORARILY RESTRICTED ASSETS

At December 31, 2017 and 2016, \$175,636 and \$175,533 is temporarily restricted for Artists Rights, respectively. During the years ended December 31, 2017 and 2016, no temporarily restricted net assets were released from this fund.

THE FILM FOUNDATION, INC.
SCHEDULES OF PROGRAM EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Archival Restoration/Preservation Projects	\$ 1,044,478	\$ 679,161
Educational Programs: The Story Of Movies	247,173	220,389
World Cinema Project	155,157	145,646
Educational Programs:		
Preservation Screening Program/Nitrate Retrofit Project	79,360	247,586
Educational Mailings, Outreach and Program Developments	80,924	102,365
Educational Programs: Communication	63,952	88,980
Artists Rights Legal Defense Activities	<u>24,300</u>	<u>24,517</u>
 Total program costs	 <u>\$ 1,695,344</u>	 <u>\$ 1,508,644</u>

THE FILM FOUNDATION, INC.
SCHEDULES OF MANAGEMENT AND GENERAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Accounting and bookkeeping services	\$ 44,787	\$ 10,100
Salaries	66,785	121,148
Insurance - workers compensation and general	9,911	8,420
Depreciation	8,142	7,874
Rent and parking	7,836	13,713
Payroll service	3,848	3,968
Payroll taxes	3,598	3,393
Insurance - Health	3,827	4,448
Messenger	3,191	2,010
Storage	2,340	2,340
Temp Personnel and Fees	1,543	-
Equipment maintenance	1,236	202
Office supplies	210	1,958
Business development	201	135
Taxes and Licenses	160	230
Travel	11	-
Bank Charges	-	133
Dues and Membership Fees	-	100
Postage expense	-	26
	<u> </u>	<u> </u>
Total management and general expenses	<u>\$ 157,626</u>	<u>\$ 180,198</u>

THE FILM FOUNDATION, INC.
SCHEDULES OF FUNDRAISING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Salaries	\$ 39,216	\$ 45,048
Fundraising expenses	<u>73,207</u>	<u>111,583</u>
Total fundraising expenses	<u>\$ 112,423</u>	<u>\$ 156,631</u>