

**THE FILM FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**



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**THE FILM FOUNDATION, INC.  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>Page</b>
<b>INDEPENDENT ACCOUNTANTS' REVIEW REPORT</b>	<b>1</b>
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>2</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>3</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>



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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, 2019 and 2018, and the related statements of activities, functional expenses, 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 reviews, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Pasadena, California  
April 21, 2021

**THE FILM FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Cash	\$ 2,505,248	\$ 2,140,351
Investments	649,993	572,945
Investments restricted for Artists Rights	180,455	177,494
Property and equipment		
Office equipment	54,184	67,009
Accumulated depreciation	(40,486)	(58,286)
Total property and equipment	13,698	8,723
Total assets	\$ 3,349,394	\$ 2,899,513
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 81,582	\$ 83,864
Refundable advances	149,970	-
Due to agency recipients	400,033	273,051
Total liabilities	631,585	356,915
<b>NET ASSETS</b>		
Without donor restrictions	2,537,354	2,365,104
With donor restrictions	180,455	177,494
Total net assets	2,717,809	2,542,598
Total liabilities and net assets	\$ 3,349,394	\$ 2,899,513

*See Accompanying Notes and Independent Accountants' Review Report*

**THE FILM FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions	\$ 2,050,954	\$ -	\$ 2,050,954
Investment income	77,048	2,961	80,009
	<u>2,128,002</u>	<u>2,961</u>	<u>2,130,963</u>
<b>EXPENSES</b>			
Program expenses	1,616,751	-	1,616,751
Management and general expenses	240,786	-	240,786
Fundraising expenses	98,215	-	98,215
	<u>1,955,752</u>	<u>-</u>	<u>1,955,752</u>
<b>CHANGE IN NET ASSETS</b>	<u>172,250</u>	<u>2,961</u>	<u>175,211</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,365,104</u>	<u>177,494</u>	<u>2,542,598</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 2,537,354</u></u>	<u><u>\$ 180,455</u></u>	<u><u>\$ 2,717,809</u></u>

*See Accompanying Notes and Independent Accountants' Review Report*

**THE FILM FOUNDATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
Contributions	\$ 2,037,444	\$ -	\$ 2,037,444
Investment loss	(29,168)	1,858	(27,310)
	<u>2,008,276</u>	<u>1,858</u>	<u>2,010,134</u>
Total revenue			
<b>EXPENSES</b>			
Program expenses	1,290,592	-	1,290,592
Management and general expenses	246,349	-	246,349
Fundraising expenses	96,504	-	96,504
	<u>1,633,445</u>	<u>-</u>	<u>1,633,445</u>
Total expenses			
<b>CHANGE IN NET ASSETS</b>	<u>374,831</u>	<u>1,858</u>	<u>376,689</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,990,273</u>	<u>175,636</u>	<u>1,815,436</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,365,104</u>	<u>\$ 177,494</u>	<u>\$ 2,542,598</u>

*See Accompanying Notes and Independent Accountants' Review Report*

**THE FILM FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
Archival restoration/preservation projects	\$ 503,842	\$ 354,043
Educational programs: The Story Of Movies	412,942	464,378
World Cinema Project	419,042	122,829
Educational programs:		
Preservation screening program/nitrate retrofit project	109,981	128,625
Educational mailings, outreach and program developments	82,909	115,329
Educational programs: communication	63,369	80,145
Artists Rights legal defense activities	24,667	25,243
	<hr/>	<hr/>
Total program costs	1,616,751	1,290,592
	<hr/>	<hr/>
Rent and parking	84,890	35,374
Salaries	73,993	117,477
Accounting and bookkeeping services	33,904	42,468
Insurance - health	8,555	4,087
Insurance - workers compensation and general	7,030	8,372
Pension	6,149	-
Depreciation	5,947	6,762
Payroll taxes	5,776	11,266
Messenger	4,518	4,032
Payroll service	3,912	4,357
Storage	2,820	4,980
Temp personnel and fees	2,606	4,545
Office supplies	370	335
Taxes and licenses	185	235
Equipment maintenance	99	1,238
Postage expense	32	48
Printing	-	487
Telephone	-	284
Bank charges	-	2
	<hr/>	<hr/>
Total management and general expenses	240,786	246,349
	<hr/>	<hr/>
Salaries	46,902	64,884
Fundraising expenses	51,313	31,620
	<hr/>	<hr/>
Total fundraising expenses	98,215	96,504
	<hr/>	<hr/>
<b>Total Expenses</b>	<b>\$ 1,955,752</b>	<b>\$ 1,633,445</b>

*See Accompanying Notes and Independent Accountants' Review Report*

**THE FILM FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 175,211	\$ 376,689
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	5,947	6,762
Net realized and unrealized loss (gain)	(64,300)	41,483
Accounts payable and accrued expenses	(2,282)	85,747
Refundable advances	149,970	-
Due to agency recipients	126,982	(715,606)
	<u>391,528</u>	<u>(204,925)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(10,922)	-
Purchases of investments	(15,709)	(14,172)
	<u>(26,631)</u>	<u>(14,172)</u>
<b>CHANGE IN CASH</b>	<u>364,897</u>	<u>(219,097)</u>
<b>CASH - BEGINNING OF YEAR</b>	<u>2,140,351</u>	<u>2,359,448</u>
<b>CASH - END OF YEAR</b>	<u>\$ 2,505,248</u>	<u>\$ 2,140,351</u>

*See Accompanying Notes and Independent Accountants' Review Report*



**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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 825 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, Kathryn Bigelow, Sofia Coppola, Guillermo del Toro, Joanna Hogg, Peter Jackson, Barry Jenkins, Ang Lee, Christopher Nolan, Alexander Payne, and Lynne Ramsay. The Foundation is aligned with the Directors Guild of America (DGA), whose President and Secretary-Treasurer serve on DGA'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 regional archives, libraries and historical societies in support of "orphan" films.

**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 1 NATURE OF ORGANIZATION (CONTINUED)**

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 Foundation supports the restoration of films from every genre, era and region and shares these treasures with audiences through hundreds of screenings every year at festivals, archives, repertory theaters, and other venues around the world. Working in partnership with archives and studios, TFF has helped save over 850 films to date. Restoration projects completed in 2019 include (partial listing): Roland West’s ALIBI (1929); William Wyler’s DODSWORTH (1936); Herbert Kline’s acclaimed documentary CRISIS: A FILM OF “THE NAZI WAY” (1939); Arthur Ripley’s film noir VOICE IN THE WIND (1944); Robert Florey’s THE CROOKED WAY (1949); and John Huston’s 3-strip Technicolor biography of Toulouse-Lautrec, MOULIN ROUGE (1952) to name a few.

The Film Foundation’s World Cinema Project (WCP) has restored 40 films from 24 countries to date. Completed projects in 2019 include: THE CLOUD-CAPPED STAR (India, 1960, d. Ritwik Ghatak), EL FANTASMA DEL CONVENTO (Mexico, 1934, d. Fernando de Fuentes), LOS OLVIDADOS (Mexico, 1950, d. Luis Buñuel), LA FEMME AU COUTEAU (Côte d’Ivoire, 1969, d. Timité Bassori), and MUNA MOTO (Cameroon, 1975, d. Jean-Pierre Dikongué-Pipa), the latter two films restored as part of the WCP’s African Film Heritage Project (AFHP). The foundation also continued its support for the Film Heritage Foundation’s Film Preservation & Restoration Workshop India, as well as NYU’s Audio Visual Preservation Exchange (APEX) program, which took place in Puerto Rico.

Crucial to the Foundation’s mission is providing access to all the titles it helps to preserve and restore. In 2019, over 700 screenings of TFF-funded restorations were presented at festivals, museums, archives and other venues around the world. Some highlights include: eleven WCP and AFHP restorations were presented at FESPACO’s 50<sup>th</sup> Anniversary; the restoration of PUTNEY SWOPE was selected to screen in theaters across the U.S. as part of “Art House Theater Day”; and the restoration of THE BROKEN BUTTERFLY screened in special events in New York, London, and Los Angeles, marking the 100<sup>th</sup> anniversary of the film’s original release. To ensure that projectionists are taught the best possible presentation standards, TFF partnered again with the Association of Moving Image Archivists (AMIA) on a four–day Level 2 Projection Workshop held at Boston Light & Sound.

The Foundation maintains a conservation collection for films restored with its funding. 208 titles are in The Film Foundation Conservation Collection held at the Academy Film Archive. Archival 35mm prints and DCPs are added to the collection when restoration work is completed.

**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 1 NATURE OF ORGANIZATION (CONTINUED)**

The Film Foundation’s educational initiative, The Story of Movies (SOM), launched its most recent curriculum program in 2019. “Portraits of America: Democracy on Film” utilizes SOM’s groundbreaking interdisciplinary approach to cinema literacy, and its emphasis on the historical and cultural significance of film, to highlight movies that express the ideals and challenges inherent in our democratic society. The films in this program were selected because they humanize the abstract concepts of democracy through the compelling stories they tell about people — fictional and real, famous and not. The first three modules from “Portraits of America” became available in May: The Immigrant Experience, The American Laborer, and Civil Rights. Each thematic module focuses on five or more classic films from the earliest days of cinema throughout the 20th century. All materials are available online at [storyofmovies.org](http://storyofmovies.org) and are free of charge to qualified teachers.

The module on immigration features THE IMMIGRANT (1917, d. Charlie Chaplin), AMERICA AMERICA (1963, d. Elia Kazan), THE GODFATHER, PART II (1974, d. Francis Ford Coppola), EL NORTE (1983, d. Gregory Nava) and THE NAMESAKE (2006, d. Mira Nair). The titles in the labor module include the 1912 social drama, CHILDREN WHO LABOR, as well as MATEWAN (1987, d. John Sayles), HARLAN COUNTY U.S.A. (1976, d. Barbara Kopple), AT THE RIVER I STAND (1993, dirs. David Appleby, Allison Graham and Steven Ross), SALT OF THE EARTH (1954, d. Herbert Biberman) and NORMA RAE (1979, d. Martin Ritt). The civil rights module begins with rare footage of Dr. Martin Luther King Jr. and then covers KING: A FILMED RECORD... MONTGOMERY TO MEMPHIS (1970, d. Ely Landau), INTRUDER IN THE DUST (1949, d. Clarence Brown), THE TIMES OF HARVEY MILK (1984, d. Robert Epstein) and SMOKE SIGNALS (1998, d. Chris Eyre).

TFF was selected to present a workshop about “Portraits of America” at the 2019 annual conference of the National Council for the Social Studies (NCSS). Focusing on films about labor, the presentation was attended by educators from across the U.S. and beyond. The foundation was also invited to partner with the American Federation of Teachers by participating in its “Share My Lesson” website, reaching over one million users nationwide.

Three previous units continue to be distributed: TO KILL A MOCKINGBIRD (1962, d. Robert Mulligan), MR. SMITH GOES TO WASHINGTON (1939, d. Frank Capra), and THE DAY THE EARTH STOOD STILL (1951, d. Robert Wise).

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.

**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Statement Presentation**

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations. Net assets, revenue, expenses, and 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:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are resources available to support operations, including 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.

*Net Assets With Donor Restrictions* – Net assets subject to donor - (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Promises to Give**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

**Investments**

Investments are recorded at fair value. Fair values of equities are based on quoted market prices. The fair value of bonds is 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.

**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 to 7 years.

**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.

**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue and Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**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 revenue at 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 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 three contributors that accounted for 93% and 80% of total revenue during the years ended December 31, 2019 and 2018, respectively.

**Income Taxes**

The Foundation is a nonprofit 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.

**Liquidity**

Assets are presented according to their proximity to cash and liabilities are presented according to their nearness of payment or use of cash.

**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.

**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassification**

Certain prior year balances have been reclassified to conform to current year presentation. Such reclassification had no effect on previously reported changes in net assets or net asset amounts.

**Subsequent Events**

Subsequent events have been evaluated through April 21, 2021, the date that these financial statements were available to be issued. There were no other subsequent events that would require adjustments or disclosure in these financial statements.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Foundation, COVID-19 may impact the financial results due to declines in investment income. Management believes the Foundation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

**Functional Expense Allocation Methodology**

Management's estimate of the functional allocation of expenses shared between program, management and general, and fundraising on a reasonable and consistent basis using factors, such as direct payroll allocation, square footage, full time equivalents within each department, and total direct expenses.

**New Accounting Pronouncements Adopted During Current Accounting Period**

In 2019, the Foundation has adopted Financial Accounting Standards Board (FASB) 2018-08 *Not-For-Profit Entities* (Topic 958), *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This standard distinguishes between contributions and exchange transactions and assists in determining which guidance to apply.

**New Accounting Pronouncements Effective in Future Accounting Period**

The FASB has issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The FASB is issuing this ASU to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. Nonfinancial assets are defined within the ASU as including fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments do not change the recognition and measurement of nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021. The amendments should be applied on a retrospective basis. Management is evaluating the effects of the new standards.

**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 3 LIQUIDITY AND RESERVES**

At December 31, 2019 and 2018, the Foundation has the following financial assets available to meet cash needs for general expenditures within one year:

	<u>2019</u>	<u>2018</u>
Cash	\$ 2,505,248	\$ 2,140,351
Investments	<u>649,993</u>	<u>572,945</u>
Total	<u>\$ 3,155,241</u>	<u>\$ 2,713,296</u>

The Foundation has the ability to use all of its net assets without donor restrictions to meet its cash needs. During the years ended December 31, 2019 and 2018, the Foundation was able to meet its cash needs.

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments at December 31, 2019 and 2018 comprised of the following:

	<u>2019</u>	<u>2018</u>
Investments	\$ 649,993	\$ 572,945
Investments restricted for Artists Rights	<u>180,455</u>	<u>177,494</u>
	<u>\$ 830,448</u>	<u>\$ 750,439</u>

Investment income for the years ended December 31, 2019 and 2018 is comprised of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 15,709	\$ 14,173
Realized and unrealized gain (loss), net	<u>64,300</u>	<u>(41,483)</u>
	<u>\$ 80,009</u>	<u>\$ (27,310)</u>



**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 4 INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is the fair value measurement for investments measured on a recurring basis at December 31, 2019 and 2018:

2019	Total	Level 1	Level 2	Level 3
Corporate bonds	\$ 223,051	\$ -	\$ 223,051	\$ -
Certificates of deposit	200,022	-	-	-
Domestic equities	195,257	195,257	-	-
CNB Deposit Sweep	212,118	-	-	-
	<u>\$ 830,448</u>	<u>\$ 195,257</u>	<u>\$ 223,051</u>	<u>\$ -</u>
2018	Total	Level 1	Level 2	Level 3
Corporate bonds	\$ 209,190	\$ -	\$ 209,190	\$ -
Certificates of deposit	196,702	-	-	-
Domestic equities	148,142	148,142	-	-
Money market fund	177,494	177,494	-	-
CNB Deposit Sweep	18,911	-	-	-
	<u>\$ 750,439</u>	<u>\$ 325,636</u>	<u>\$ 209,190</u>	<u>\$ -</u>

**NOTE 5 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, 2019 and 2018, the Foundation reimbursed the Directors Guild \$310,868 and \$273,539, 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 6 NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, 2019 and 2018, \$180,455 and \$177,494 is donor restricted for Artists Rights, respectively. During the years ended December 31, 2019 and 2018, no donor restricted net assets were released from this fund.

**THE FILM FOUNDATION, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**NOTE 7 RETIREMENT PLANS**

The Foundation sponsors a Savings Incentive Match Plan for Employees of Small Employers for employees who earn a minimum of \$5,000 a year. The Foundation matched annual contributions of up to 6% of eligible employees' annual salaries. For the year ended December 31, 2019, the Foundation's contribution under the Plan was \$4,588.

