

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

WIDE ANGLE YOUTH MEDIA, INC.

JUNE 30, 2011

Wide Angle Youth Media, Inc.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of Wide Angle Youth Media, Inc. as of June 30, 2011, and the related statements of activities and changes in net assets and cash flows for the year then ended. These statements are the responsibility of the management of Wide Angle Youth Media, Inc. Our responsibility is to express any 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wide Angle Youth Media, Inc. as of June 30, 2011 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Subsequent to the issuance of the June 30, 2011 financial statements, management discovered errors in the account descriptions of certain lines in the statement of activities and changes in the net assets, as discussed in note 7. Accordingly, these financial statements have been reissued to reflect the correction of these errors.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Baltimore, Maryland
December 19, 2011, except for note 7
as to which the date is March 2, 2012

Wide Angle Youth Media, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2011

ASSETS

CURRENT ASSETS

Cash	\$	32,088
Accounts receivable		9,744
Grant receivable		6,216
Prepaid expense		1,087

Total current assets 49,135

PROPERTY AND EQUIPMENT

Less accumulated depreciation of \$18,617		20,867
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OTHER ASSETS

Security deposit		2,099
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\$ 72,101

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	15,860
Deferred revenue		5,000

Total current liabilities 20,860

NET ASSETS

Unrestricted		51,241
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Total liabilities and unrestricted net assets \$ 72,101

See notes to financial statements

Wide Angle Youth Media, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total</u>
Support and revenue			
Support			
Grants	\$ 23,432	\$ 132,626	\$ 156,058
Contributions	<u>17,092</u>	<u>15,500</u>	<u>32,592</u>
Total support	<u>40,524</u>	<u>148,126</u>	<u>188,650</u>
Revenue			
Program services fees	119,603	-	119,603
Special events	2,918	-	2,918
Program expense reimbursements	<u>5,743</u>	<u>-</u>	<u>5,743</u>
Total revenue	<u>128,264</u>	<u>-</u>	<u>128,264</u>
Net assets released from restrictions			
Satisfaction of usage restrictions	<u>148,126</u>	<u>(148,126)</u>	<u>-</u>
Total support and revenue	<u>316,914</u>	<u>-</u>	<u>316,914</u>
Expenses			
Program services	<u>263,269</u>	<u>-</u>	<u>263,269</u>
Supporting services			
Fundraising	1,991	-	1,991
General and administrative	<u>39,423</u>	<u>-</u>	<u>39,423</u>
Total expenses	<u>304,683</u>	<u>-</u>	<u>304,683</u>
Increase in net assets	12,231	-	12,231
Net assets, beginning of year	<u>39,010</u>	<u>-</u>	<u>39,010</u>
Net assets, end of the year	<u>\$ 51,241</u>	<u>\$ -</u>	<u>\$ 51,241</u>

See notes to financial statements

Wide Angle Youth Media, Inc.

STATEMENT OF CASH FLOWS

Year ended June 30, 2011

Cash flows from operating activities	
Increase in net assets	\$ 12,231
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	9,900
(Increase) decrease in assets	
Accounts receivable	(9,744)
Grant receivable	36,268
Prepaid expenses	(1,087)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(8,139)
Deferred contracts and grants	5,000
	<hr/>
Net cash provided by operating activities	44,429
	<hr/>
Cash flows from investing activities	
Purchase of equipment	(9,468)
	<hr/>
Net cash used in investing activities	(9,468)
	<hr/>
Cash flows from financing activities	
Repayment on notes payable	(12,000)
Repayment on line of credit	(1,563)
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Net cash used in financing activities	(13,563)
	<hr/>
NET INCREASE IN CASH	21,398
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Cash, beginning of the year	10,690
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Cash, end of the year	\$ 32,088
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Supplemental disclosure of cash flow information	
Cash paid during the year for interest	\$ 134
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See notes to financial statements

Wide Angle Youth Media, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Wide Angle Youth Media, Inc. (Wide Angle), is a nonprofit organization that provides Baltimore youth with media education to tell their own stories and engaged in their communities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby support and revenue are recognized when committed or earned and expenses and purchases are recognized when the related obligations are incurred.

Net Assets

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2011, all net assets are unrestricted.

Use of Estimates

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

Wide Angle Youth Media, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Revenue Recognition

Contributions, including unconditional promises to give, are recorded as made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realized value.

Grants revenues are recognized as the term of the grants are met. Grants revenue received prior to fulfilling the commitments under the term of the grant or contract is recorded as deferred revenue.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, Wide Angle considers all highly liquid investment available for current use with maturities of less than three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides probable uncollectible amounts through a provision for bad debt expense and adjustment to valuation allowance. Management has determined that at June 30, 2011, an allowance was not necessary.

Grants Receivable

Grants receivable are deemed to be fully collectible by management and are composed of the following amount.

Henry and Ruth Blaustein Rosenberg Foundation \$ 5,000

Property and Equipment

Property and equipment are reported at cost if purchased or fair market values at the time of donation if donated. Wide Angle capitalizes all expenditures of the property and equipment of \$600 or greater. Depreciation is computed using the straight-line basis over the estimated useful lives of the assets.

Wide Angle Youth Media, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

Cost of repair and maintenance are expensed when incurred.

Income Taxes

Wide Angle has applied for and received a determination letter from the Internal Revenue Service (IRS) to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended June 30, 2011. Due to its tax-exempt status, Wide Angle is not subject to income taxes. Wide Angle is required to file and does file tax returns with the IRS and other taxing authorities. The open tax years for Wide Angle are 2008, 2009 and 2010.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been either directly charged to the programs and supporting services as incurred or allocated based on salaries and wages or usage for items such as occupancy.

NOTE 3 - NOTE PAYABLE

In December 2009, Wide Angle entered into a loan with Baltimore Community Foundation in the amount of \$15,000 designated for general operating support. The loan accrued interest at a rate of 1% and matured on December 31, 2010. Interest expense for the year ended June 30, 2011 was \$134. The loan was repaid in full during December 2010.

NOTE 4 - BANK LINE OF CREDIT

Wide Angle has a line of credit with M&T Bank in an amount not to exceed \$10,000. This loan is an open end revolving line of credit which bears interest at PRIME plus 1% variable (4.25% at June 30, 2011). Interest is due monthly with principal due on demand. As of June 30, 2011, no amount has been drawn on the line of credit.

Wide Angle Youth Media, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

NOTE 5 - OPERATING LEASE

Wide Angle occupies its office space under a long-term lease which expires on July 31, 2014, and requires Wide Angle to pay a proportionate share of increases in the office building's operating expenses in addition to the minimum annual rental. Among other terms and conditions, the new lease provides an option for one three-year renewal period.

Minimum annual rentals for future years are as follows:

2012	\$	26,782
2013		27,586
2014		28,343
2015		<u>2,433</u>
	\$	<u>85,144</u>

Rent expense for the year ended June 30, 2011 was \$27,657.

NOTE 6 - CONCENTRATION OF CREDIT RISK

Wide Angle maintains its cash accounts with a major financial institution. The balance consists of a checking and savings account. These accounts are insured by the Federal Deposit Insurance Corporation. At times, Wide Angle's cash balances may exceed the Federal Deposit Insurance Corporation; however, Wide Angle has not experienced any losses with respect to bank balances in excess of the government provided insurance. Management believes no significant concentration of credit risk exists with respect to these cash balances on June 30, 2011.

Wide Angle Youth Media, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2011

NOTE 7- RESTATEMENT

Subsequent to the issuance of the June 30, 2011 financial statements, management discovered errors in the account descriptions of fundraising and general and administrative expenses as originally presented in the statement of activities and changes in net assets. Accordingly the errors on the statement of activities and changes in net assets have been corrected to reflect the reclassification of amounts between these expenses. The above corrections had no impact the balance or the change in net assets as previously reported. The following is a summary of corrections:

<u>Account Descriptions</u>	<u>As Previously Stated</u>	<u>As Restated</u>
Fundraising	<u>\$ 39,423</u>	<u>\$ 1,991</u>
General and administrative	<u>\$ 1,991</u>	<u>\$ 39,423</u>

NOTE 8 - SUBSEQUENT EVENTS

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of Wide Angle through December 19, 2011 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL INFORMATION

Wide Angle Youth Media, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES

Year ended June 30, 2011

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Fundraising</u>	<u>General and Administrative</u>	
Salaries	\$ 173,064	\$ 618	\$ 18,010	\$ 191,692
Payroll taxes	11,835	45	1,798	13,678
Employee benefits	11,262	-	198	11,460
Payroll services fees	1,762	-	296	2,058
Stipends	3,671	-	-	3,671
Contract/consulting services	5,601	-	-	5,601
Legal and accounting	3,315	-	685	4,000
Office supplies	1,145	61	1,509	2,715
Telephone	3,282	-	223	3,505
Postage and delivery	1,053	568	256	1,877
Rent	23,483	1	4,173	27,657
Printing and publications	4,395	627	232	5,254
Staff travel and conference	5,462	-	575	6,037
Program events	10,882	71	538	11,491
Depreciation	-	-	9,900	9,900
Insurance	2,607	-	127	2,734
Dues	335	-	500	835
Other	115	-	403	518
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 263,269</u>	<u>\$ 1,991</u>	<u>\$ 39,423</u>	<u>\$ 304,683</u>