

Wide Angle Youth Media, Inc.

**Financial Statements
(With Supplementary Information)
and Independent Auditor's Report**

June 30, 2015 and 2014

Wide Angle Youth Media, Inc.

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Wide Angle Youth Media, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wide Angle Youth Media, Inc. as of June 30, 2015 and 2014, and the related statement of activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "CohnReznick LLP".

Baltimore, Maryland
December 7, 2015

Wide Angle Youth Media, Inc.
Statements of Financial Position
June 30, 2015 and 2014

	<u>Assets</u>	
	<u>2015</u>	<u>2014</u>
Current assets		
Cash	\$ 69,278	\$ 68,376
Restricted cash	20,056	20,000
Accounts receivable	20,320	10,117
Grants receivable	141,073	81,625
Prepaid expense	-	81
Total current assets	<u>250,727</u>	<u>180,199</u>
Property and equipment		
Less accumulated depreciation of \$79,993 and \$62,448, respectively	<u>185,408</u>	<u>25,606</u>
Other assets		
Security deposit	<u>2,099</u>	<u>2,099</u>
Total assets	<u><u>\$ 438,234</u></u>	<u><u>\$ 207,904</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 24,411	\$ 20,425
Deferred revenue	<u>19,564</u>	<u>10,375</u>
Total current liabilities	<u>43,975</u>	<u>30,800</u>
Net assets		
Unrestricted	186,428	31,479
Temporarily restricted	187,775	125,625
Permanently restricted	<u>20,056</u>	<u>20,000</u>
Total net assets	<u>394,259</u>	<u>177,104</u>
Total liabilities and net assets	<u><u>\$ 438,234</u></u>	<u><u>\$ 207,904</u></u>

See Notes to Financial Statements.

Wide Angle Youth Media, Inc.
Statements of Activities
Years Ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue								
Support								
Grants	\$ 33,675	\$ 452,365	\$ -	\$ 486,040	\$ 33,800	\$ 308,711	\$ 10,000	\$ 352,511
Contributions	46,090	-	-	46,090	29,318	4,500	10,000	43,818
In-kind contributions	53,849	-	-	53,849	18,265	-	-	18,265
Total support	<u>133,614</u>	<u>452,365</u>	<u>-</u>	<u>585,979</u>	<u>81,383</u>	<u>313,211</u>	<u>20,000</u>	<u>414,594</u>
Revenue								
Program services fees	117,049	-	-	117,049	82,429	-	-	82,429
Special events	381	-	-	381	6,759	-	-	6,759
Program expense reimbursements	11,861	-	-	11,861	11,731	-	-	11,731
Interest Income	-	-	56	56	-	-	-	-
Total revenue	<u>129,291</u>	<u>-</u>	<u>56</u>	<u>129,347</u>	<u>100,919</u>	<u>-</u>	<u>-</u>	<u>100,919</u>
Net assets released from restrictions								
Satisfaction of usage restrictions	390,215	(390,215)	-	-	215,200	(215,200)	-	-
Total support and revenue	<u>653,120</u>	<u>62,150</u>	<u>56</u>	<u>715,326</u>	<u>397,502</u>	<u>98,011</u>	<u>20,000</u>	<u>515,513</u>
Expenses								
Program services								
Baltimore Speaks Out!	124,648	-	-	124,648	111,116	-	-	111,116
Mentoring Video Project	78,485	-	-	78,485	101,841	-	-	101,841
Youth Traveling Photography	60,337	-	-	60,337	40,481	-	-	40,481
The Design Team	70,635	-	-	70,635	53,393	-	-	53,393
Youth Speaks Out	12,540	-	-	12,540	4,616	-	-	4,616
Other programs	86,841	-	-	86,841	21,309	-	-	21,309
Supporting services								
Fundraising	20,259	-	-	20,259	9,794	-	-	9,794
General and administrative	44,426	-	-	44,426	41,939	-	-	41,939
Total expenses	<u>498,171</u>	<u>-</u>	<u>-</u>	<u>498,171</u>	<u>384,489</u>	<u>-</u>	<u>-</u>	<u>384,489</u>
Increase in net assets	154,949	62,150	56	217,155	13,013	98,011	20,000	131,024
Net assets, beginning of year	31,479	125,625	20,000	177,104	18,466	27,614	-	46,080
Net assets, end of the year	<u>\$ 186,428</u>	<u>\$ 187,775</u>	<u>\$ 20,056</u>	<u>\$ 394,259</u>	<u>\$ 31,479</u>	<u>\$ 125,625</u>	<u>\$ 20,000</u>	<u>\$ 177,104</u>

See Notes to Financial Statements.

Wide Angle Youth Media, Inc.
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Increase in net assets	\$ 217,155	\$ 131,024
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	17,535	15,567
Loss on disposal of assets	-	1,398
In-kind contributions - property and equipment	(14,310)	-
(Increase) decrease in assets		
Accounts receivable	(10,203)	(704)
Grants receivable	(59,448)	(58,877)
Prepaid expenses	81	2,834
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	3,986	(1,545)
Deferred revenue	9,189	(16,386)
Net cash provided by operating activities	163,985	73,311
Cash flows from investing activities		
Deposit to restricted cash	(56)	(20,000)
Purchase of property and equipment	(163,027)	(2,255)
Net cash used in investing activities	(163,083)	(22,255)
Cash flows from financing activities		
Repayment of line of credit	-	(6,408)
Net cash used in financing activities	-	(6,408)
Net increase in cash	902	44,648
Cash, beginning of the year	68,376	23,728
Cash, end of the year	\$ 69,278	\$ 68,376

See Notes to Financial Statements.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2015 and 2014**

Note 1 - Organization and nature of operations

Wide Angle Youth Media ("WAYM") was formed as a nonprofit Corporation under Section 501(c)(3) of the Internal Revenue Code of 1986, under the laws of Maryland on October 30, 2000. WAYM provides Baltimore youth with media education to tell their own stories and become engaged with their communities. Through free out-of-school programs, in-school workshops, and community events, youth explore the issues that matter to them using digital video, audio, design, photography, and writing. These creative, hands-on and project-based programs help young people explore their internal and external worlds and create powerful media projects that reveal their perspectives on pressing contemporary issues. WAYM programs enable youth from disadvantaged neighborhoods, many of whom are at risk of academic failure, to have access to wider artistic, educational and career opportunities. WAYM's vision is for a more inclusive Baltimore that meets the needs of all its young residents, giving them a voice in decisions and institutions that impact their lives.

WAYM carries out its program through the following five initiatives:

The Baltimore Speaks Out! Program is a free introductory video making and youth development program produced in partnership with the Enoch Pratt Free Library. Workshops are conducted each semester in neighborhood library branches and schools.

The Mentoring Video Project is an advanced media production program for Baltimore City youth ages 14-20 giving them the opportunity to gain advanced video and audio production training, and develop their critical thinking, story-telling and creative skills by producing short original films that are distributed nationally.

The Youth Traveling Photography Exhibition is a program that provides youth (ages 10-20) with free or low cost photography workshop at city schools and local organizations to generate work to be displayed at a range of venues in Baltimore City. The work is displayed in schools, Farmer's Markets' around Baltimore, galleries and in large-scale public installations.

The Design Team is an after-school program that offers Baltimore City youth ages 14-20 giving them the opportunity to gain advanced graphic design and media training while developing their public speaking, leadership and marketing skills.

Youth Speak Out provides youth in Baltimore City with media training through custom workshops with community partners.

In addition to Wide Angle Youth Media's five core programs, WAYM operates a social enterprise to build organizational capacity. Wide Angle Productions produces videos for clients' year round on a fee-for-service basis. Wide Angle Productions hires youth apprentices and pays them an hourly wage or stipends to produce multimedia projects for clients under the direction of our adult staff. Apprentices who participate in Wide Angle Productions get valuable work experience while generating income for themselves and their families.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2015 and 2014**

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 statements of activities as net assets released from restrictions.

Use of estimates

The preparation of financial statements 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 liabilities and disclosure of contingent assets and liabilities 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.

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 realizable value.

Revenue for services are recorded once services are completed. Payments received in advance prior to services being completed are recorded as deferred revenue and are classified as current liabilities on the statements of financial position. The deferred revenue is recognized as services are completed.

Restricted cash

Restricted cash includes funds held in the working capital reserve account. As of June 30, 2015 and 2014, the balance in the working capital reserve account was \$20,056 and \$20,000, respectively.

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 its valuation allowance. Management has determined that at June 30, 2015 and 2014, an allowance was not necessary.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2015 and 2014**

Property and equipment

Property and equipment are reported at cost if purchased or fair market values at the time of donation if donated. WAYM 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. Cost of repair and maintenance are expensed when incurred.

	<u>Method</u>	<u>Estimated useful lives</u>
Leasehold improvements	Straight-line	10 years
Equipment	Straight-line	5 years
Furniture and fixtures	Straight-line	3 years

In-kind contributions

WAYM records various types of in-kind contributions. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose.

Directors and officers have made a significant contributions of their time to develop the organization and its programs. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such efforts under GAAP have not been satisfied.

Income taxes

Wide Angle 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, 2015. 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. Management has determined that Wide Angle Youth Media, Inc. does not have any uncertain tax positions for any open tax returns. While no income tax returns are currently being examined by the IRS, tax years since 2012 remain open.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements 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.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2015 and 2014**

Advertising costs

Advertising costs are expensed as incurred. Total advertising expenses for the years ended June 30, 2015 and 2014 amounted to \$5,000 and \$-, respectively.

Note 3 - Grants receivable

Grants receivable are unconditional promises to give that are expected to be realized in one year or less and are classified as temporarily restricted net assets in the statements of activities. Grants receivable are deemed to be fully collectible by management and are composed of the following amounts as of June 30:

	2015	2014
The Harry and Jeanette Weinberg Foundation, Inc.	\$ 25,000	\$ 25,000
Baltimore Office of Promotion and the Arts	1,400	1,000
France - Merrick Foundation	-	48,500
Golfers Charitable Associations	-	3,825
Maryland Humanities Council	330	3,300
Allegis Global Solutions	720	-
Gutierrez Memorial Fund	1,875	-
Maryland State Arts Council	258	-
National Endowment for the Arts	1,062	-
Baltimore Community Foundation	14,500	-
Baltimore Metropolitan Council	3,850	-
Department of Housing and Community Development	9,578	-
The Henry and Ruth Blaustein Rosenberg Foundation	7,500	-
Open Society Institute - Baltimore	75,000	-
	<u>\$ 141,073</u>	<u>\$ 81,625</u>
Total	<u>\$ 141,073</u>	<u>\$ 81,625</u>

Note 4 - In-kind contributions

During the years ended June 30, 2015 and 2014, WAYM received the following noncash donations of materials and services and that have been reflected in the financial statements of WAYM:

	2015	2014
Advertising	\$ 5,000	\$ -
Information technology professional services	26,250	-
Leasehold improvements	14,310	-
Snacks/supper program	7,122	7,692
Other goods and materials	-	5,211
Other professional fees	1,017	5,362
Web hosting	150	-
	<u>\$ 53,849</u>	<u>\$ 18,265</u>
	<u>\$ 53,849</u>	<u>\$ 18,265</u>

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2015 and 2014**

Fair value measurement

Wide Angle uses a three-tier hierarchy framework for measuring fair value as established by FASB Accounting Standards Codification ASC-820, Fair Value Measurements and Disclosures. 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 measurement") and the lowest priority to unobservable inputs ("Level 3 measurements"). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the WYAM has the ability to access.
- Level 2 - Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets.
 - Quoted prices for identical or similar assets or liabilities in inactive markets.
 - Inputs other than quoted prices that are observable for the asset or liability.
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The assets or liabilities fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

All in-kind contributions received were valued at level 2.

Note 5 - Related party transactions

For the years ended June 30, 2015 and 2014, WAYM received donated advertising services with an estimated fair value of \$5,000 and \$-, respectively, from a Company in which a member of the board of directors holds a key management position.

For the years ended June 30, 2015 and 2014, WAYM received donated information technology professional services with an estimated fair value of \$26,500 and \$-, respectively, from a Company which a member of the board of directors owns.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2015 and 2014**

For the years ended June 30, 2015 and 2014, WAYM provided production services in the amount of \$51,169 and \$65,884, respectively, to Companies which members of the board of directors hold key management positions.

Note 6 - 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% (4.25% at June 30, 2015 and 2014, respectively). Interest is due monthly with principal due on demand. For the years ended June 30, 2015 and 2014, interest of \$- and \$340, respectively, was incurred and paid. As of June 30, 2015 and 2014, no amounts were outstanding on the line of credit.

Note 7 - Operating lease

Wide Angle occupies its office space under a long-term lease which expired 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. On July 22, 2014, the operating lease agreement was amended and restated; the new terms of the agreement extend the lease for an additional 10 years commencing on August 1, 2014 through July 31, 2024.

Rent expense for the years ended June 30, 2015 and 2014, was \$44,518 and \$29,135, respectively.

Minimum annual rentals for future years under lease agreement are as follows:

2016	\$	43,230
2017		43,230
2018		43,230
2019		43,230
2020		44,298
Thereafter		<u>190,335</u>
	\$	<u><u>407,553</u></u>

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2015 and 2014**

Note 8 - Temporarily restricted net assets

Temporarily restricted net assets are restricted for the following purposes as of June 30:

	<u>2015</u>	<u>2014</u>
Restricted to support new Apple computer lab	\$ -	\$ 48,500
Restricted to Baltimore speak program and time restriction	-	18,825
Restricted to traveling youth program and time restriction	11,500	-
Restricted to attendance, design team program and time restriction	75,000	-
Restricted to production and time restriction	65,000	-
Time restriction grants	<u>36,275</u>	<u>58,300</u>
Total Temporarily Restricted Net Assets	<u>\$ 187,775</u>	<u>\$ 125,625</u>

Net assets released from restrictions as of June 30, 2015 and 2014 totaled \$390,215 and \$215,200, respectively.

Wide Angle Youth Media, Inc.

**Notes to Financial Statements
June 30, 2015 and 2014**

Note 9 - Permanently restricted net assets

Permanently restricted net assets consist of specific working capital reserve funds. The balance as of June 30 is as follows:

	<u>2015</u>	<u>2014</u>
Working capital reserve fund	<u>\$ 20,056</u>	<u>\$ 20,000</u>

Note 10 - 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 7, 2015 (the date the financial statements were available to be issued) and concluded that, except as disclosed in note 6, no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Supplementary Information

Wide Angle Youth Media, Inc.

**Schedules of Functional Expenses
Years Ended June 30, 2015 and 2014**

2015				
	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Fundraising</u>	<u>General and Administrative</u>	
Salaries	\$ 194,773	\$ 6,969	\$ 19,597	\$ 221,339
Payroll taxes	17,490	544	1,986	20,020
Employee benefits	31,296	-	3,769	35,065
Payroll service fees	1,655	-	113	1,768
Stipends	10,055	110	-	10,165
In-kind donations	39,618	-	-	39,618
Contract/consulting services	19,385	515	30	19,930
Legal and accounting	6,682	-	7,042	13,724
Office supplies	4,262	6,360	1,159	11,781
Telephone	3,612	19	82	3,713
Postage and delivery	783	639	90	1,512
Rent	39,973	636	3,909	44,518
Printing and publications	2,721	693	51	3,465
Staff travel and conference	5,257	264	445	5,966
Depreciation	15,790	-	1,745	17,535
Insurance	3,462	-	3,750	7,212
Dues	219	98	345	662
Other	36,453	3,412	313	40,178
	<u>\$ 433,486</u>	<u>\$ 20,259</u>	<u>\$ 44,426</u>	<u>\$ 498,171</u>
Total				
2014				
	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
		<u>Fundraising</u>	<u>General and Administrative</u>	
Salaries	\$ 172,961	\$ 2,977	\$ 14,761	\$ 190,699
Payroll taxes	16,170	238	2,251	18,659
Employee benefits	25,671	-	4,949	30,620
Payroll service fees	1,163	-	304	1,467
Stipends	7,534	-	19	7,553
In-kind donations	15,001	-	3,264	18,265
Contract/consulting services	19,105	1,565	-	20,670
Legal and accounting	6,300	-	7,000	13,300
Office supplies	3,815	135	265	4,215
Telephone	3,400	-	237	3,637
Postage and delivery	1,764	274	234	2,272
Rent	26,588	109	2,438	29,135
Printing and publications	2,048	458	90	2,596
Staff travel and conference	4,153	1,651	456	6,260
Depreciation	14,010	-	1,557	15,567
Insurance	1,755	-	2,437	4,192
Dues	210	-	615	825
Other	11,108	2,387	1,062	14,557
	<u>\$ 332,756</u>	<u>\$ 9,794</u>	<u>\$ 41,939</u>	<u>\$ 384,489</u>
Total				

See Independent Auditor's Report.