NEW YORK INTERNATIONAL CHILDREN'S FILM FESTIVAL INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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FINANCIAL STATEMENTS
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TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
New York International Children's Film Festival Inc.
New York, New York 10007

Opinion

We have audited the accompanying financial statements of New York International Children's Film Festival Inc.(a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New York International Children's Film Festival Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New York International Children's Film Festival Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New York International Children's Film Festival Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New York International Children's Film Festival Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New York International Children's Film Festival Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Wagner Ferber Fine & Ackerman PLLC

Floral Park, New York
May 2, 2023

NEW YORK INTERNATIONAL CHILDREN'S FILM FESTIVAL INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30, 2022	June 30, 2021
Current Assets		
Cash and cash equivalents	$ 532,812	$ 592,936
Accounts receivable	67,024	110,419
Prepaid expenses	2,988	-
Investments at market, (cost $7,913)	27,302	27,792
Total current assets	630,126	731,147
Property and Equipment, net	2,116	2,322
Other Assets		
Security deposit	17,327	17,327
Total assets	$ 649,569	$ 750,796

LIABILITIES AND NET ASSETS

	June 30, 2022	June 30, 2021
Current Liabilities		
Accounts payable	$ 67,238	$ 72,910
Payroll protection program loan	-	71,395
Deferred income	25,409	34,059
Total current liabilities	92,647	178,364
Commitments and Contingencies		
Net Assets		
Without donor restrictions	556,922	572,432
Total liabilities and net assets	$ 649,569	$ 750,796

NEW YORK INTERNATIONAL CHILDREN'S FILM FESTIVAL INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Years Ended June 30, 2022	Years Ended June 30, 2021
Revenues and Support		
Contributions		
Individuals and corporate	$ 170,188	$ 154,752
Foundations	74,500	123,985
Government	92,000	71,250
Government grant - forgiveness payroll protection program	71,395	65,357
Admissions and performance fees	108,228	96,200
Programming services	113,725	92,200
Contributed services, merchandise and other in-kind contributions at fair value	13,921	70,742
Special event, net of direct donor benefits of $5,870 and $7,578 in 2022 and 2021, respectively	158,829	120,300
Interest income	64	178
Investment income (loss)	(490)	9,941
Total revenues and support	802,360	804,905
Expenses		
Program services		
Production costs	102,908	129,902
Program expenses	487,803	447,105
Support services		
General and administrative expenses	194,257	183,106
Fundraising	32,902	43,068
Total expenses	817,870	803,181
Change in net assets	(15,510)	1,724
Net assets without donor restrictions - beginning	572,432	570,708
Net assets without donor restrictions - ending	$ 556,922	$ 572,432

NEW YORK INTERNATIONAL CHILDREN'S FILM FESTIVAL INC.
STATEMENTS OF FUNCTIONAL EXPENSES
JUNE 30, 2022

	Program Services	Support Services		
	Production Costs	General and Administrative	Fundraising	Total Expenses
Programming services	$ 102,908	$ -	$ -	$ 102,908
Annual appeal	-	-	638	638
Payroll expense	218,759	27,345	27,345	273,449
Payroll taxes	29,525	3,691	3,691	36,907
Depreciation	-	1,566	-	1,566
Rent and utilities	-	42,513	-	42,513
Insurance	-	6,774	-	6,774
Telephone	-	1,198	-	1,198
Postage and delivery	-	408	-	408
Dues and subscriptions	-	2,686	-	2,686
Office expense	-	1,773	-	1,773
Bookkeeping and accounting	-	67,031	-	67,031
Outside services	92,759	36,832	1,228	130,819
Filing fees	-	125	-	125
Working meals	-	1,580	-	1,580
Web and graphic design	4,164	735	-	4,899
Public relations	50,404	-	-	50,404
Special events	-	-	5,870	5,870
Printing	21,850	-	-	21,850
Merchandise	4,271	-	-	4,271
Film research	455	-	-	455
School partnership program	1,338	-	-	1,338
Production and supplies	3,239	-	-	3,239
Working meals	549	-	-	549
Theater rental	60,490	-	-	60,490
Total expenses	590,711	194,257	38,772	823,740
Less: direct donor benefits included with revenue on the Statement of Activities	-	-	5,870	5,870
Total functional expenses	$ 590,711	$ 194,257	$ 32,902	$ 817,870

NEW YORK INTERNATIONAL CHILDREN'S FILM FESTIVAL INC.
STATEMENT OF FUNCTIONAL EXPENSES
JUNE 30, 2021

	Program Services	Support Services		
	Production Costs	General and Administrative	Fundraising	Total Expenses
Programming services	$ 129,902	$ -	$ -	$ 129,902
Annual appeal	-	-	5,308	5,308
Payroll expense	261,004	32,625	32,625	326,254
Payroll taxes	34,206	4,276	4,276	42,758
Depreciation	-	1,598	-	1,598
Rent and utilities	-	41,763	-	41,763
Insurance	-	12,262	-	12,262
Telephone	-	3,319	-	3,319
Postage and delivery	-	16	-	16
Dues and subscriptions	-	246	-	246
Office expense	-	23,167	-	23,167
Bookkeeping and accounting	-	37,065	-	37,065
Outside services	64,890	25,766	859	91,515
Filing fees	-	168	-	168
Working meals	-	119	-	119
Web and graphic design	4,057	716	-	4,773
Public relations	55,102	-	-	55,102
Special events	15	-	7,578	7,593
Printing	13,475	-	-	13,475
Merchandise	350	-	-	350
Film research	1,244	-	-	1,244
School partnership program	42	-	-	42
Production and supplies	2,383	-	-	2,383
Theater rental	10,337	-	-	10,337
Total expenses	577,007	183,106	50,646	810,759
Less: direct donor benefits included with revenue on The Statement of Activites	-	-	7,578	7,578
Total functional expenses	$ 577,007	$ 183,106	$ 43,068	$ 803,181

NEW YORK INTERNATIONAL CHILDREN'S FILM FESTIVAL INC.
STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2022	Years Ended June 30, 2021
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ (15,510)	$ 1,724
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	1,566	1,598
Government Grant - forgiveness of payroll protected program loan	(71,395)	(65,357)
Unrealized (gain) loss on investment	490	(9,941)
Changes in operating assets and liabilities		
Accounts receivable	43,395	3,803
Accounts payable	(5,669)	34,836
Prepaid expenses	(2,988)	-
Deferred income	(8,650)	(5,941)
Net cash used in operating activities	(58,761)	(39,278)
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,362)	-
Cash Flows from Financing Activities		
Proceeds from Payroll Protection Plan	-	71,395
Net increase (decrease) in cash and cash equivalents	(60,123)	32,117
Cash and cash equivalents - beginning	592,936	560,819
Cash and cash equivalents - ending	$ 532,813	$ 592,936

NOTE 1 - NATURE OF BUSINESS

New York International Children's Film Festival Inc. (the “Organization”) is a New York not-for-profit organization and was founded in August 2004. The Organization plans children’s film festivals for the benefit of the general public.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization’s financial statements have been prepared in conformity with accounting policies generally accepted in the United States of America, which involves the application of the accrual method of accounting; accordingly, the financial statements reflect all material receivables, payables and other liabilities.

Basis of Presentation

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, “Revenue Recognition”, contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

The financial statement presentation is in conformity with FASB ASC 958, “Not-for-Profit Entities” which requires the Organization to report information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

1) Net assets without donor restrictions include assets, revenues, and gains that are available for support of the Organization’s general operations. The net assets without donor restrictions at June 30, 2022 and 2021 were $556,922 and $572,432.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Presentation *(Continued)*

2) Net assets with donor restrictions include contributions that are donor restricted for uses which have not yet been fulfilled whether by the passage of time or by purpose. When a time restriction ends or a purpose restriction is accomplished, they are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions. The Organization had no net assets with donor restrictions at June 30, 2022 and 2021.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities are classified and accounted for as available-for-sale and accordingly, are carried at fair value based on market quotes, with unrealized and realized gains and/or losses reported included in earnings along with charges for impairments that are other than temporary. All other investments are carried at fair value based on management's estimate.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give the Organization a contribution that is, in substance, unconditional. The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current risk-free rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period.

The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Organization's estimate is based on historical collection experience and a review of the current status of unconditional promises to give. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. At June 30, 2022 and 2021, no allowance for uncollectible unconditional promises to give was deemed necessary.

The unconditional promises to give from various sources are as follows:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Unconditional Promises to Give *(Continued)*

	2022	2021
In less than one year	$67,024	$ 110,419
After one year	-	-
	$67,024	$ 110,419

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

In accordance with FASB ASC 360, long-lived assets, including property and equipment and intangible assets subject to amortization, if any, are reviewed for impairment and written down to fair value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future undiscounted cash flows. An impairment loss is measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No impairment losses have been recognized for the years ended June 30, 2022 and 2021.

Contributions

Contributions, including unconditional promises to give, are recorded in the period received, at fair value which is net of estimated uncollectible amounts. All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated by the donor for future periods or are restricted by the donor for specified purposes are reported as contributions with donor restrictions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, contributions with donor restrictions are reclassified to contributions without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Donated Assets

Donated marketable securities and other non-cash donations, if any, are recorded as contributions at their estimated fair value at the date of the donation.

Donated Services

Donated services, if any, are recognized as contributions in accordance with FASB ASC 958, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code Section 501(c)(3). The organization is also exempt from state and local income taxes. Accordingly, no provision for income taxes is made in the financial statements.

The Organization has concluded that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization was to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes. The Organization’s conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state, and local authorities may examine the Organization’s tax returns for three years from the date of filing; consequently, the respective tax returns for years prior to 2019 are no longer subject to examination by tax authorities.

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 amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* The amendments in this ASU revise the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for substantially all leases with lease terms in excess of twelve months. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. The amendments in this ASU are effective for the period beginning after December 15, 2021 and are to be applied through a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Early adoption is permitted. The Organization believes that the new standard will not have an impact on its statement of financial condition. The Organization continues to evaluate the effect that the implementation of this ASU will have on its financial statements and related disclosures.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and support services benefited.

Subsequent Events

Management has evaluated subsequent events or transactions through May 2, 2023, the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS

Investments in marketable securities as of June 30, 2022 and 2021 are reported at fair value and are summarized as follows:

	Cost	Gross Unrealized Gain	Fair Value
	6/30/22		
Equity securities	$ 7,913	$ 19,389	$ 27,302
	6/30/21		
Equity securities	$ 7,913	$ 19,879	$ 27,792

NOTE 3 - INVESTMENTS *(Continued)*

Investments in securities are generally exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risks associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term.

The following schedule summarizes the related investment return and its classification in the statement of activities for the years ended:

	June 30,	
	2022	2021
Net unrealized gain(loss) on investments	$ (490)	$ 9,941

NOTE 4 - FAIR VALUE MEASUREMENTS

The Organization accounts for marketable securities in accordance with FASB ASC 820-10, *Fair Value Measurements.* FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted observable 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 FASB ASC 820-10 are described below:

Basis of Fair Value Measurement

Level 1 — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 — Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 — Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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

NOTE 4 - FAIR VALUE MEASUREMENTS *(Continued)*

The following tables present by level, within the fair value hierarchy, the investment assets at fair value, as of June 30, 2022 and 2021. As required by FASB ASC 820-10, investment assets are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

Description	06/30/22	Quoted Prices in Active Market for Identical Assets (Level 1)
Available-for-sale-securities	$ 27,302	$ 27,302
	06/30/21	
Available-for-sale-securities	$ 27,792	$ 27,792

The carrying amounts of the Organization's other financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable and accrued expenses, approximate their fair values at June 30, 2022 and 2021 due to the short-term nature of these instruments.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and consist of the following:

	2022	2021
Computer	$ 15,414	$ 14,054
Furniture and fixtures	7,316	7,316
	22,730	21,370
Less: accumulated depreciation	20,614	19,048
	$ 2,116	$ 2,322

Depreciation expense aggregated $1,566 and $1,598 for the years ended June 30, 2022 and 2021.

NOTE 6 - PAYROLL PROTECTION PROGRAM

The Covid-19 pandemic developed rapidly in 2020, with significant number of cases. Measures taken by various Governments to contain the spread of the virus has affected economic activity.

To assist those affected by this pandemic, the United States Congress passed a stimulus bill called the CARES Act. One of the programs established by the CARES Act is the Payroll Protection Program (PPP) which is designed to provide an incentive for small businesses to keep employees on the payroll. The Organization filed an application under the PPP and on May 6th, 2020, The Organization received $65,357 of loan proceeds. The Program provides that the loan will be forgiven if the funds are used for payroll, mortgage interest, rent or utilities (with separate amount used for payroll). It is possible that all, none or a portion of the loan will be forgiven. This loan, which matures in two years, is subject to an interest rate of 1% per annum with payments deferred for a period time and is guaranteed by the Small Business Administration.

The Organization accounts for the grant in accordance with FASB ASC 958-605 as conditional contribution. As of June 30, 2021, the Organization has met all of the conditions for forgiveness and the entire balance of $65,357 was forgiven and is recorded in Statement of Activities and Changes in Net Assets.

On February 2, 2021, the Organization received $71,395 in a second PPP loan. As of June 30, 2022, the Organization has met all of the conditions for forgiveness and the entire balance of $71,395 is recorded in Statement of Activities and Changes in Net Assets.

NOTE 7 - CONTRIBUTED SERVICES, MERCHANDISE, AND OTHER IN-KIND CONTRIBUTIONS

New York International Film Festival recorded contributed services of $13,921 and $70,742 in the form of professional services, catering, and theater rentals for the years ended June 30, 2022 and 2021, respectively.

NOTE 8 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the entity to concentrations of credit risk consist principally of cash in banks in excess of the U.S. Federal Deposit Insurance Corporation ("FDIC") insured $250,000 limit. Management believes the entity is not exposed to any significant credit risk related to cash. On June 30, 2022 and 2021, the Organization had bank balances of approximately $282,000 and $343,000 respectively, in excess of FDIC insured limit.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

In September 2017, the Organization moved their office and entered into a five-year lease. The lease expires on August 31, 2022.

Future minimum annual rental payments under this lease are as follows:

Year Ending June 30,	**Amount**
2023	$ 8,104

The Organization's total rent expense for 2022 and 2021 was $42,513 and $41,763, respectively.

On September 13, 2022 the Organization extended the lease for a three year period. The lease expires on August 31, 2025.

NOTE 10 - LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

Cash and cash equivalents	$ 532,812
Investments	27,302
Accounts receivable	67,024
Total financial assets available within one year	$ 627,138