

Magic Box Productions, Inc.
(A Not-for-Profit Organization)
Financial Statements
Years ended July 31, 2024

Magic Box Productions, Inc.

Table of Contents

July 31, 2024

Independent Accountant’s Review Report..... 1

Financial Statements

Statements of Financial Position 2

Statements of Activities and Changes in Net Assets 3

Statements of Functional Expenses 4

Statements of Cash Flows 6

Notes to Financial Statements..... 7

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To Management
Magic Box Productions, Inc.

Independent Accountant's Review Report

We have reviewed the accompanying financial statements of Magic Box Productions, Inc., which comprise the statements of financial position as of July 31, 2024, 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. 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. 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.

We are required to be independent of Magic Box Productions, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

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

Lehman Flynn Vollaro NY CPA's PLLC

May 22, 2025

Magic Box Productions, Inc.
Statements of Financial Position
July 31, 2024

Assets	
Cash and cash equivalents	\$ 343,637
Accounts receivable	82,711
Inventory	688
Security deposit	1,670
Total assets	<u>\$ 428,706</u>
Liabilities and net assets	
Accounts payable and accrued expenses	\$ 16,300
Total liabilities	<u>16,300</u>
Net assets	
Without donor restrictions	401,431
With donor restrictions	10,975
Total net assets	<u>412,406</u>
Total liabilities and net assets	<u>\$ 428,706</u>

See notes and independent accountant's review report

Magic Box Productions, Inc.
Statement of Activities and Changes in Net Assets
Years Ended July 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Program service revenue	\$ 263,302	\$ -	\$ 263,302
Government grants	116,155	123,920	240,075
General contributions	24,805	-	24,805
Foundation grants	15,000	-	15,000
Ticket revenue	1,700	-	1,700
Net assets released from restriction	313,734	(313,734)	-
Total revenue, support, and gains	<u>734,696</u>	<u>(189,814)</u>	<u>544,882</u>
Expenses and losses			
Program services expense	403,599	-	403,599
Management and general	96,519	-	96,519
Fundraising and development	35,614	-	35,614
Total expenses and losses	<u>535,732</u>	<u>-</u>	<u>535,732</u>
Change in net assets	198,964	(189,814)	9,150
Net assets, beginning of year	<u>202,467</u>	<u>200,789</u>	<u>403,256</u>
Net assets, end of year	<u>\$ 401,431</u>	<u>\$ 10,975</u>	<u>\$ 412,406</u>

See notes and independent accountant's review report

Magic Box Productions, Inc.
 Statement of Functional Expenses
 Year Ended July 31, 2024

	Program	Management and General	Fundraising	Total
Payroll and related expenses	\$ 185,655	\$ 59,195	\$ 24,215	\$ 269,065
Professional fees	23,804	23,630	800	48,234
Artists and performers	158,146	-	-	158,146
Facilities	10,550	5,675	2,730	18,955
Advertising and promotion	5,210	1,568	5,230	12,008
General operating expenses	20,234	6,451	2,639	29,324
Total expenses by function	\$ 403,599	\$ 96,519	\$ 35,614	\$ 535,732

See notes and independent accountant's review report

Magic Box Productions, Inc.
 Statements of Cash Flows
 Years Ended July 31, 2024

Cash flows from operating activities	
Change in net assets	\$ 9,150
Adjustments to reconcile change in net assets to net cash used for operating activities	-
Changes in operating assets and liabilities	
Accounts receivable	(38)
Inventory	-
Security deposit	(100)
Accounts payable and accrued expenses	16,300
	25,312
Net cash from(used in) operating activities	
Cash flows from financing activities	
Note payable	-
	-
Net cash from(used in) financing activities	
Net change in cash and cash equivalents	25,312
Cash and cash equivalents, beginning of year	318,325
	318,325
Cash and cash equivalents, end of year	\$ 343,637
Supplemental disclosure of cash flow information	
Cash paid during the year for	
Interest	\$ -
Unrelated business income taxes	\$ -

See notes and independent accountant's review report

Magic Box Productions, Inc.
Notes to Financial Statements
July 31, 2024

Note 1 - Principal activity and significant accounting policies

Organization

Magic Box Productions, Inc. (the Organization) is a not for profit organization incorporated on March 30, 2005 in New York State. The Organization's mission is to educate students and teachers in the language of the moving image through immersion in film, video and media arts; to integrate the process of digital storytelling into schools by bringing professional artist-educators to work with schools and cultural organizations in the New York metropolitan area; and to enable students and teachers to use technology to deepen their understanding and enhance their expression by creating original works. The Organization enables participants to use media arts for the highest caliber of artistic expression, while deepening their understanding of academic subjects, enhancing communication skills and improving job readiness. Students learn to problem solve, collaborate and think creatively as they use photography, video and other media to tell their own stories and document their worlds. The Organization is one of the few New York City area arts in education groups to focus exclusively on media arts, and the only area group focused primarily on primary elementary and middle school children. The Organization offers professional development workshops in media arts, tailored to the increased needs of teachers, where they explore and develop instructional methods, materials and evaluation tools.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Under the accrual basis, revenue is recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

Cash and cash equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for work performed. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At July 31, 2024, the allowance was \$0.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying consolidated statements of financial position. We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be

Magic Box Productions, Inc.

Notes to Financial Statements

July 31, 2024

collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At July 31, 2024, the allowance was \$0.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions.

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. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. We report conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period

Revenue and Revenue Recognition

We recognize revenue from services when the performance obligations of providing the services are met. We recognize contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Advertising Costs

Advertising costs are expensed as incurred and approximated \$12,008 during the year ended July 31, 2024.

Functional allocation of expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Magic Box Productions, Inc.

Notes to Financial Statements

July 31, 2024

Income taxes

The Organization is organized as a nonprofit entity and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which the Organization had none for the year ended July 31, 2024, would be subject to federal income taxes. The Organization is not aware of any uncertainties that could jeopardize its nonprofit status. Therefore, no provision or liability for income taxes is deemed necessary.

The Organization follows the provisions of uncertain tax provisions addressed by Financial Accounting Standards Board (FASB) Accounting Standards Codification (“ASC”) 740-10, *Accounting for Uncertainty in Income Taxes*. The Organization has no uncertain tax positions at July 31, 2024 for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. The Organization recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in general and administrative expenses. The Organization has determined that no amount is required to be accrued for taxes or related interest and penalties for any tax position taken through July 31, 2024.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Financial instruments and credit risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Compensated absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. Our policy is to recognize these costs when actually paid.

Magic Box Productions, Inc.

Notes to Financial Statements

July 31, 2024

Leases

Leases are classified as finance leases or operating leases, in accordance with the terms of the underlying lease agreements and ASC 842, "Leases." For both lease types, a right-of-use asset and a lease liability must be established at lease commencement and then reduced over the remaining lease term. There is currently a one year lease expiring August 31, 2025 requiring payments totaling \$11,880.

Donated Services and In-kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Contributed goods are recorded at fair value at the date of donation. No contributions of such goods or services were received during the year ended July 31, 2024.

Subsequent events

We have evaluated subsequent events through May 22, 2025, the date the financial statements were available to be issued.

Note 2 - Liquidity and availability

We regularly monitor the availability of resources required to meet our operating needs and other contractual commitments. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, consists of the following:

Cash and cash equivalents	\$	343,637
Accounts receivable		82,711
	\$	<u>426,348</u>

Note 3- Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis (for example, square footage or estimates of time and effort) that is consistently applied. The expenses are allocated based on the nature of the expense and the functional category that it fits into.

Magic Box Productions, Inc.
Notes to Financial Statements
July 31, 2024

Note 4- Grant Income

Grant income consists of the following:

Foundation Grants

Con Edison	\$ 10,000
AEO Foundation	5,000

Total Foundation Grants	<u>\$ 15,000</u>
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Government Grants

New York City Department of Cultural Affairs-CASA	124,000
New York State Council on the Arts	49,500
New York City Cultural Development Fund	41,575
National Endowment for the Arts	25,000

Total Government Grants	<u>\$ 240,075</u>
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Note 5 Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:

New York City Department of Cultural Affairs-CASA	\$ 6,975
New York City Cultural Development Fund-DCA	4,000
	<u>\$ 10,975</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows:

Satisfaction of purpose restrictions

New York City Department of Cultural Affairs-CASA	227,521
New York City Cultural Development Fund-DCA	86,203
	<u>313,724</u>