

Magic Box Productions, Inc.
(A Not-for-Profit Organization)
Financial Statements
Year ended July 31, 2025

Magic Box Productions, Inc.
Table of Contents
July 31, 2025

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

Financial Statements

Statement of Financial Position..... 2

Statement of Activities 3

Statement of Functional Expenses 4

Statement of Cash Flows..... 5

Notes to Financial Statements 6

LEHMAN FLYNN VOLLARO PLLC

CERTIFIED PUBLIC ACCOUNTANTS
534 BROADHOLLOW ROAD • SUITE 302
MELVILLE, NY 11747

MARTIN M. LEHMAN, CPA
SCOTT P. FLYNN, CPA
LAWRENCE A. VOLLARO, CPA
MATHEW H. PERETZ, CPA
MATTHEW P. GEYER
GREGORY M. WALSH, CPA

TEL: (212) 736-2220
FAX: (212) 736-8018
WEB: www.LNFcpa.com
Members:
American Institute of CPA's
New York State Society of CPA's

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, 2025, 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.

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 CPA's PLLC

June 2, 2026

Magic Box Productions, Inc.
Statement of Financial Position
July 31, 2025

Assets	
Cash and cash equivalents	\$ 328,314
Accounts receivable	143,225
Inventory	516
Security deposit	1,670
Total assets	<u>\$ 473,725</u>
Liabilities and net assets	
Liabilities	
Accounts payable and accrued expenses	\$ 7,520
Total liabilities	<u>7,520</u>
Net assets	
Without donor restrictions	426,205
With donor restrictions	40,000
Total net assets	<u>466,205</u>
Total liabilities and net assets	<u>\$ 473,725</u>

See notes and independent accountant's review report

Magic Box Productions, Inc.
Statement of Activities
Year Ended July 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Program service revenue	\$ 466,632	\$ -	\$ 466,632
Government grants	204,745	-	204,745
General contributions	18,822	-	18,822
Foundation grants	42,500	40,000	82,500
Interest income	7,216	-	7,216
Net assets released from restriction	10,975	(10,975)	-
Total revenue, support, and gains	<u>750,890</u>	<u>29,025</u>	<u>779,915</u>
Expenses and losses			
Program services expense	476,493	-	476,493
Management and general	203,431	-	203,431
Fundraising and development	46,192	-	46,192
Total expenses and losses	<u>726,116</u>	<u>-</u>	<u>726,116</u>
Change in net assets	24,774	29,025	53,799
Net assets, beginning of year	401,431	10,975	412,406
Net assets, end of year	<u>\$ 426,205</u>	<u>\$ 40,000</u>	<u>\$ 466,205</u>

See notes and independent accountant's review report

Magic Box Productions, Inc.
 Statement of Functional Expenses
 Year Ended July 31, 2025

	Program	Management and General	Fundraising	Total
Payroll and related expenses	\$ 274,156	\$ 87,413	\$ 35,758	\$ 397,327
Artists and performers	157,015	105	-	157,120
Professional fees	24,734	59,788	1,000	85,522
General operating expenses	7,724	37,593	436	45,753
Facilities	12,338	12,201	6,600	31,139
Advertising and promotion	526	6,331	2,398	9,255
Total expenses by function	\$ 476,493	\$ 203,431	\$ 46,192	\$ 726,116

See notes and independent accountant's review report

Magic Box Productions, Inc.
Statements of Cash Flows
Year Ended July 31, 2025

Cash flows from operating activities	
Change in net assets	\$ 53,799
Changes in operating assets and liabilities	
Accounts receivable	(60,514)
Inventory	172
Accounts payable and accrued expenses	(8,780)
Net cash from(used in) operating activities	<u>(15,323)</u>
Net change in cash and cash equivalents	(15,323)
Cash and cash equivalents, beginning of year	<u>343,637</u>
Cash and cash equivalents, end of year	<u>\$ 328,314</u>
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, 2025

Note 1 - Principal activity and significant accounting policies

Organization

Magic Box Productions, Inc. (the Organization, we, us, our) 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").

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.

Accounts receivable

The Organization measures expected credit losses on its accounts receivable arising from revenue transactions in accordance with applicable accounting standards for financial instruments and revenue recognition. Accounts receivable consist primarily of grants and program revenue.

Effective August 1, 2024, the Organization early adopted a practical expedient for current trade receivables and current contract assets arising from revenue transactions under ASC 606. Under this practical expedient, when estimating expected credit losses, the Organization assumes that the current economic conditions as of the balance sheet/statement of financial position date will remain unchanged over the expected collection period of those receivables and contract assets.

Magic Box Productions, Inc.
Notes to Financial Statements
July 31, 2025

The amendments were applied prospectively to estimates of expected credit losses made after August 1, 2024; no adjustments were recorded to opening net assets/members' equity/retained earnings/retained deficit as of that date. The Organization estimates expected credit losses using historical loss experience, adjusted for current conditions, in accordance with the practical expedient. Amounts are written off against the allowance when Management believes it is probable that the related amounts will not be collected. Subsequent recoveries of amounts previously written off are credited to the allowance when received. No allowance for credit losses was determined to be necessary for the years ended July 31, 2025.

Contributions receivable

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 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, 2025, there was no allowance.

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 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 program services and ticket revenue 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.

Magic Box Productions, Inc.

Notes to Financial Statements

July 31, 2025

Grants and contracts are evaluated to determine whether they represent exchange transactions or contributions. In accordance with ASU 2018-08, certain grants determined to be nonreciprocal (unconditional) are recognized as contributions in the year received or the promise is made. For those determined to be exchange transactions, revenue is recognized as the related performance obligations are satisfied over time as we perform the agreed-upon services, typically as costs are incurred or milestones are achieved. Payments received in advance of the conditions being met are recorded as deferred revenue.

Advertising costs

Advertising costs are expensed as incurred and approximated \$9,255 during the year ended July 31, 2025.

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.

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 did not have any for the year ended July 31, 2025, 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, 2025 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, 2025.

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.

Magic Box Productions, Inc.
Notes to Financial Statements
July 31, 2025

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 governmental agencies and foundations supportive of our mission.

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.

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. We have elected the short-term lease exemption of not recognizing the asset and liability for all existing and ongoing operating leases with an original term of 12 months or less.

Donated services and in-kind contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions. 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, 2025.

Subsequent events

We have evaluated subsequent events through June 2, 2026, 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, consist of the following:

Cash and cash equivalents	\$	328,314
Accounts receivable		143,225
Less: net assets with donor restrictions:		<u>(40,000)</u>
	\$	<u>431,539</u>

Magic Box Productions, Inc.
Notes to Financial Statements
July 31, 2025

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. Payroll, artists, and professional fees are allocated on the basis of time and effort. Operating expenses, facilities, and advertising are allocated based on use.

Note 4 - Grant income

Grant income consists of the following for the year ending July 31, 2025:

Government Grants

New York City Department of Cultural Affairs-CASA	\$ 100,000
New York State Council on the Arts	63,500
New York City Cultural Development Fund	<u>41,245</u>
Total Government Grants	<u><u>\$ 204,745</u></u>

Foundation Grants

Matisse Foundation	\$ 40,000
The Pinkerton Foundation	30,000
Con Edison	7,500
AEO Foundation	<u>5,000</u>
Total Foundation Grants	<u><u>\$ 82,500</u></u>

Note 5 - Net Assets

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

Subject to time restrictions:

Matisse Foundation	\$ 40,000
--------------------	-----------

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

Magic Box Productions, Inc.
Notes to Financial Statements
July 31, 2025

Note 6 - Commitments and contingencies

Government supported projects are subject to audit by the applicable granting agency. It is the opinion of Management that disallowances that may result from such audits are immaterial and a reserve has not recorded.