

**Moving Picture Institute  
and Subsidiaries**

Consolidated Financial Statements

December 31, 2021

## Independent Auditors' Report

### **Board of Directors** **Moving Picture Institute and Subsidiaries**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Moving Picture Institute and Subsidiaries ("MPI"), which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities, functional expenses and cash flows for the year 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 consolidated financial position of MPI as of December 31, 2021, and the consolidated results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of MPI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

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 consolidated 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 MPI'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MPI'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.

***Report on Summarized Comparative Information***

We have previously audited MPI's 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

March 29, 2022

## Moving Picture Institute and Subsidiaries

Consolidated Statement of Financial Position  
December 31, 2021  
(with comparative amounts at December 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,042,119	\$ 5,554,051
Contributions and other receivables	560,096	240,000
Prepaid expenses	330,347	15,880
Investments	3,075,557	-
Property and equipment, net	4,240	10,182
Security deposits	<u>354,825</u>	<u>9,002</u>
	<u>\$ 5,367,184</u>	<u>\$ 5,829,115</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 423,505	\$ 23,173
Grants payable	<u>-</u>	<u>30,000</u>
Total Liabilities	<u>423,505</u>	<u>53,173</u>
Net Assets		
Without donor restrictions	4,643,679	4,623,418
With donor restrictions	<u>300,000</u>	<u>1,152,524</u>
Total Net Assets	<u>4,943,679</u>	<u>5,775,942</u>
	<u>\$ 5,367,184</u>	<u>\$ 5,829,115</u>

See notes to consolidated financial statements

## Moving Picture Institute and Subsidiaries

Consolidated Statement of Activities  
Year Ended December 31, 2021  
(with summarized totals for the year ended December 31, 2020)

	2021			2020 Total
	Without Donor Restriction	With Donor Restriction	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 3,791,161	\$ 2,873,453	\$ 6,664,614	\$ 7,636,099
Program revenue	717,655	-	717,655	385,930
Investment return	(16,882)	-	(16,882)	3,564
Other income	157,444	-	157,444	20,705
Net assets released from restrictions	<u>3,725,977</u>	<u>(3,725,977)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>8,375,355</u>	<u>(852,524)</u>	<u>7,522,831</u>	<u>8,046,298</u>
<b>EXPENSES</b>				
Program services	7,936,454	-	7,936,454	3,724,920
Management and general	300,869	-	300,869	160,885
Fundraising	<u>117,771</u>	<u>-</u>	<u>117,771</u>	<u>110,281</u>
Total Expenses	<u>8,355,094</u>	<u>-</u>	<u>8,355,094</u>	<u>3,996,086</u>
Change in Net Assets	20,261	(852,524)	(832,263)	4,050,212
<b>NET ASSETS</b>				
Beginning of year	<u>4,623,418</u>	<u>1,152,524</u>	<u>5,775,942</u>	<u>1,725,730</u>
End of year	<u>\$ 4,643,679</u>	<u>\$ 300,000</u>	<u>\$ 4,943,679</u>	<u>\$ 5,775,942</u>

See notes to consolidated financial statements

## Moving Picture Institute and Subsidiaries

### Consolidated Statement of Functional Expenses

Year Ended December 31, 2021

(with summarized totals for the year ended December 31, 2020)

	2021						2020 Total
	Rising Filmmaker Program	MPI Productions	Total Program Services	Management and General	Fundraising	Total	
Grants - Filmmaker	\$ 324,717	\$ 10,000	\$ 334,717	\$ -	\$ -	\$ 334,717	\$ 380,059
Production	702,856	4,542,914	5,245,770	5,529	7,501	5,258,800	894,981
Salaries, Benefits	679,210	838,847	1,518,057	143,545	77,478	1,739,080	1,924,710
Marketing, Public Relations, Printing	121,426	199,479	320,905	108,322	15,904	445,131	390,931
Seminars, Events, Screenings	57,169	14,070	71,239	500	-	71,739	40,242
Travel, Meals, Lodging	65,041	78,996	144,037	6,249	5,648	155,934	71,655
Dues, Subscriptions, Merchant Fees	12,180	19,001	31,181	8,298	1,753	41,232	32,079
Office Supplies, Equipment	14,510	18,872	33,382	2,435	2,044	37,861	34,075
Postage, Delivery	20,675	32,220	52,895	3,801	2,997	59,693	40,625
Occupancy, Utilities	1,143	1,689	2,832	141	125	3,098	85,691
Insurance	27,331	91,009	118,340	1,272	1,060	120,672	27,619
Information Technology	25,047	32,773	57,820	20,425	2,950	81,195	67,927
Depreciation	2,072	3,207	5,279	352	311	5,942	5,492
	<u>\$ 2,053,377</u>	<u>\$ 5,883,077</u>	<u>\$ 7,936,454</u>	<u>\$ 300,869</u>	<u>\$ 117,771</u>	<u>\$ 8,355,094</u>	<u>\$ 3,996,086</u>

See notes to consolidated financial statements

## Moving Picture Institute and Subsidiaries

Consolidated Statement of Cash Flows  
Year Ended December 31, 2021  
(with comparative amounts for the year ended December 31, 2020)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (832,263)	\$ 4,050,212
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	5,942	5,492
Realized and unrealized loss on investments	32,393	-
Gain on sale of property and equipment	-	(14,463)
Changes in operating assets and liabilities		
Contributions receivable	(320,096)	(17,506)
Prepaid expenses	(314,467)	7,811
Security deposits	(345,823)	(1,162)
Grants payable	(30,000)	(25,000)
Accounts payable and accrued expenses	400,332	(52,727)
Net Cash from Operating Activities	(1,403,982)	3,952,657
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	-	(3,265)
Purchases of investments	(5,716,524)	-
Proceeds from the sale of investments	2,608,574	-
Proceeds from sale of property and equipment	-	15,652
Net Cash from Investing Activities	(3,107,950)	12,387
Net Change in Cash and Cash Equivalents	(4,511,932)	3,965,044
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	5,554,051	1,589,007
End of year	\$ 1,042,119	\$ 5,554,051

See notes to consolidated financial statements

## **Moving Picture Institute and Subsidiaries**

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### **1. Organization and Tax Status**

Moving Picture Institute is a nonprofit organization incorporated under the laws of the State of Delaware. Moving Picture Institute is a production company and talent incubator that creates high-impact films designed to entertain, inspire, and educate audiences with captivating stories about human freedom.

Moving Picture Institute and its Subsidiaries, MPI Original Films LLC, MPI Original Huron LLC, MPI Original Bryce LLC and MPI Original Yosemite LLC, which have been formed for specific film projects, are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and have been designated as organizations which are not private foundations. The activities of these Subsidiaries are reported in the consolidated financial statements in relation to film production with donor restrictions.

### **2. Summary of Significant Accounting Policies**

#### ***Principles of Consolidation***

The consolidated financial statements include the accounts of Moving Picture Institute and MPI Original Films LLC, MPI Original Huron LLC, MPI Original Bryce LLC and MPI Original Yosemite LLC (collectively "MPI"). All intercompany balances and transactions have been eliminated.

#### ***Basis of Presentation and Use of Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

MPI considers money market funds and all highly liquid investments with a maturity date of three months or less at the time of purchase, which are available for operations, to be cash equivalents.

#### ***Fair Value Measurements***

MPI follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.



## **Moving Picture Institute and Subsidiaries**

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### **2. Summary of Significant Accounting Policies (continued)**

#### ***Investments Valuation and Income Recognition***

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

#### ***Property and Equipment***

Property and equipment are stated at cost. MPI capitalizes all purchases of property and equipment greater than \$2,000. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, which range from three to five years for equipment and furniture.

#### ***Net Asset Presentation***

MPI reports information regarding its financial position and activities according to two classes of net assets based on donor restrictions: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions do not have donor-imposed restrictions. Net assets with donor restrictions are subject to donor restrictions that are expected to be satisfied by passage of time or actions of MPI or donor-imposed restrictions that must remain intact in perpetuity. MPI does not have any net assets with donor restrictions to be held in perpetuity.

#### ***Revenue Recognition***

##### ***Contributions***

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides an allowance for uncollectible amounts through a provision of bad debt expense based on its assessment of the current status of individual accounts. Balances that are still outstanding, after management has used all reasonable collection efforts, are charged to the allowance with a corresponding credit to contributions.

Contributions received, including unconditional promises to give, are recognized as revenue in the period received. MPI reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. 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 statement of activities as net assets released from restrictions.

## **Moving Picture Institute and Subsidiaries**

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### **2. Summary of Significant Accounting Policies *(continued)***

#### ***Revenue Recognition (continued)***

##### *Program Revenue*

MPI receives revenue from distributors who pay to license and distribute MPI Original Film content. MPI recognizes program revenue when stated deliverables are met. In addition, certain other program revenue is accounted for upon receipt of payments from distributors.

##### *Donated Services and Equipment*

Donated services are recognized as contributions at their estimated fair value only if the services create or enhance nonfinancial assets or they require specialized skills, are performed by people with those skills, and would otherwise be purchased by MPI if they were not donated. For the years ended December 31, 2021 and 2020, donated professional services amounting to \$100,861 and \$5,335 are included in contributions and reflected in the consolidated statement of activities.

##### ***Grant Expense***

Grant amounts are recognized as an expense upon award of the grant.

##### ***Functional Allocation of Expenses***

The consolidated financial statements report categories of expenses that are attributable to more than one program or supporting function. Program expenses include Rising Filmmaker Program and MPI Productions. Supporting services include management and general and fundraising. Expenses, such as salaries, benefits, depreciation, professional fees, occupancy, utilities, marketing, public relations and printing are allocated based on the projects worked during the applicable fiscal year and estimates of time and effort per employee.

##### ***Accounting for Uncertainty in Income Taxes***

MPI recognizes the effect of tax positions only if they are more likely than not to be sustained. Management has determined that MPI has no uncertain tax positions that would require financial statement disclosure and/or recognition. MPI is no longer subject to examinations by applicable taxing jurisdictions for periods prior to December 31, 2018.

## Moving Picture Institute and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Prior Year Summarized Comparative Information***

Information as of and for the year ended December 31, 2020, is presented for comparative purposes only. Certain activity by net asset classification is not included in these consolidated financial statements. Accordingly, such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with MPI's consolidated financial statements as of and for the year ended December 31, 2020, from which the summarized comparative information was derived.

#### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, the date of which is March 29, 2022.

### 3. Concentration of Credit Risk

Financial instruments that potentially subject MPI to significant concentrations of credit risk consist principally of cash and cash equivalents and contributions receivable. At times cash balances held at financial institutions may be in excess of federally insured limits. Concentrations of credit risk with respect to contributions receivable are generally diversified due to the number of entities and individuals comprising MPI's programs and donor base.

### 4. Contributions Receivable

Contributions receivable as of December 31, 2021 consist of \$135,096 for general support, \$300,000 for the Rising Filmmaker Program and \$125,000 for MPI Productions. Contributions receivable as of December 31, 2020, consist of \$105,000 for general support and \$125,000 for MPI Productions. Management deems all contributions receivable collectable as of December 31, 2021 and 2020, and therefore an allowance was not recorded.

Contributions receivable as of December 31, 2021, are to be collected as follows:

2022	\$ 345,096
2023	195,000
2024	20,000
	<u>\$ 560,096</u>

## Moving Picture Institute and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 5. Investments

The following are the major categories of investments measured at fair value on a recurring basis at December 31, 2021, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	Level 1	Level 2	Total
Government and agency securities	\$ 1,009,818	\$ 520,212	\$ 1,530,030
Corporate bonds	-	1,038,765	1,038,765
Mutual Funds			
Equity funds	414,255	-	414,255
Domestic fixed income	92,507	-	92,507
	\$ 1,516,580	\$ 1,558,977	\$ 3,075,557

### 6. Property and Equipment

Property and equipment consists of the following at December 31:

	2021	2020
Computer equipment	\$ 17,828	\$ 17,828
Less accumulated depreciation	13,588	7,646
	\$ 4,240	\$ 10,182

During 2020, MPI disposed of and sold furniture, computer equipment, production equipment, and production furniture with a cost basis of \$153,307 and accumulated depreciation of \$149,540. MPI received proceeds of \$15,562 for a portion of the disposed assets resulting in a gain of \$14,463.

### 7. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31:

	2021	2020
Productions	\$ -	\$ 1,077,524
Time restricted Rising Filmmaker Program	300,000	-
Time restricted management and general	-	75,000
	\$ 300,000	\$ 1,152,524

## Moving Picture Institute and Subsidiaries

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### 7. Net Assets With Donor Restrictions *(continued)*

Net assets were released from donor restrictions during the years ended December 31, which satisfied the restricted purposes specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Productions	\$2,990,870	\$2,740,692
Rising Filmmaker Program	660,107	417,853
Time restricted management and general	75,000	105,000
	<u>\$3,725,977</u>	<u>\$3,263,545</u>

### 8. Liquidity and Availability of Financial Assets

The following reflects MPI's financial assets as of December 31, reduced by amounts not available for general use within one year of the consolidated statements of financial position date because of contractual or donor-imposed restrictions. MPI determines its cash needs at the beginning of the year during its budget process. General expenditures are supported by contributions collected. MPI anticipates allocating a significant portion of its current assets to the multi-million-dollar production budgets of their future feature-length films.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$1,042,119	\$5,554,051
Contributions receivable	560,096	240,000
Investments	<u>3,075,557</u>	<u>-</u>
Total financial assets	4,677,772	5,794,051
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	<u>(300,000)</u>	<u>(1,152,524)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$4,377,772</u>	<u>\$4,641,527</u>

### 9. Pension

MPI maintains a tax deferred annuity plan under Section 401(k) of the Internal Revenue Code for eligible employees. MPI matches 100% of eligible employee contributions, up to 5% of their compensation. In 2021, the board passed a resolution and MPI will provide a 2:1 match of eligible employee contributions, up to 5% of their compensation effective January 1, 2022. Pension expense totaled \$76,070 and \$75,406 for 2021 and 2020.

## **Moving Picture Institute and Subsidiaries**

Notes to Consolidated Financial Statements  
December 31, 2021 and 2020

### **10. Commitments**

MPI leases office space in New York, New York through a lease expiring April 30, 2022. Future minimum payments are \$500 for 2022. During 2020 MPI terminated its lease for an office space in Hoboken, New Jersey which was set to expire on March 31, 2022, resulting in a termination fee of \$18,004.

Rent expense for the years ended December 31, 2021 and 2020 was \$1,500 and \$75,880.

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