

Financial Statements

**INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
DBA INTERNATIONAL DOCUMENTARY ASSOCIATION**

December 31, 2010



HENSIEK & CARON

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
International Documentary Foundation, Inc.

We have audited the accompanying statement of financial position of International Documentary Foundation, Inc. (a nonprofit organization), dba International Documentary Association, as of December 31, 2010, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements, based on our audit. The prior year summarized comparative information has been derived from the Organization's December 31, 2009 financial statements and, in our report dated August 12, 2010 we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Documentary Foundation, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Hensiek & Caron

May 25, 2011

**INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
DBA INTERNATIONAL DOCUMENTARY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010 AND 2009**

ASSETS

	<u>2010</u>	<u>2009</u>
Assets		
Cash and cash equivalents	\$ 706,400	\$ 541,267
Accounts receivable, net of allowance for doubtful accounts of \$5,000 in 2010 and \$7,580 in 2009	95,525	67,819
Contributions and grants receivable	175,500	85,143
Prepaid expenses	11,828	2,657
Investments	235,285	164,018
Property and equipment, net	3,808	5,492
Security deposit	3,634	3,206
	<u>3,634</u>	<u>3,206</u>
Total Assets	<u>\$ 1,231,980</u>	<u>\$ 869,602</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$ 117,145	\$ 27,310
Accounts payable - Fiscal Sponsor Program	50,000	-
Line of credit	15,000	-
Accrued vacation	7,173	6,127
	<u>7,173</u>	<u>6,127</u>
Total Liabilities	<u>189,318</u>	<u>33,437</u>
Net Assets		
Unrestricted	(96,646)	58,761
Temporarily restricted	1,139,308	777,404
	<u>1,139,308</u>	<u>777,404</u>
Total Net Assets	<u>1,042,662</u>	<u>836,165</u>
Total Liabilities and Net Assets	<u>\$ 1,231,980</u>	<u>\$ 869,602</u>

The accompanying notes are an integral part of these statements.

INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
DBA INTERNATIONAL DOCUMENTARY ASSOCIATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009

	2010			2009
	Unrestricted	Temporarily Restricted	Total	Total
Support and Revenue				
Fiscal sponsorship donations	\$ -	\$ 2,938,253	\$ 2,938,253	3,145,149
Program revenue	516,790	-	516,790	560,147
Contributions	168,096	209,500	377,596	364,676
Fiscal sponsorship fee revenue	132,493	-	132,493	146,044
Membership fees	95,205	-	95,205	95,010
Magazine revenue	65,972	-	65,972	70,520
Website revenue	57,025	-	57,025	37,955
Grants and contracts	27,657	-	27,657	18,000
Investment returns	291	12,270	12,561	5,048
Other	1,855	-	1,855	9,311
Net assets released from program restrictions	2,798,119	(2,798,119)	-	-
Total Support and Revenue	3,863,503	361,904	4,225,407	4,451,860
Expenses				
Program	3,585,248	-	3,585,248	3,994,171
Management and general	402,766	-	402,766	379,082
Development	30,896	-	30,896	-
Total Expenses	4,018,910	-	4,018,910	4,373,253
Change in Net Assets	(155,407)	361,904	206,497	78,607
Net Assets, Beginning of Year	58,761	777,404	836,165	757,558
Net Assets, End of Year	\$ (96,646)	\$ 1,139,308	\$ 1,042,662	\$ 836,165

The accompanying notes are an integral part of these statements.

**INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
DBA INTERNATIONAL DOCUMENTARY ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
Cash Flows from Operating Activities		
Cash received from service recipients	\$ 842,680	878,561
Cash received from donors	3,253,149	3,544,332
Cash paid to suppliers and employees	(3,886,380)	(4,501,666)
Interest and dividends received	6,732	10,261
	216,181	(68,512)
Cash Flows from Investing Activities		
Purchase of property, equipment and web site	(610)	-
Proceeds from investments	16,293	60,775
Purchases of investments	(81,731)	(10,261)
	(66,048)	50,514
Cash Flows from Financing Activities		
Proceeds from line of credit	15,000	-
	165,133	(17,998)
Cash and Cash Equivalents, Beginning	541,267	559,265
Cash and Cash Equivalents, Ending	\$ 706,400	\$ 541,267
Reconciliation of the Change in Net Assets		
To Net Cash Provided by (Used in) Operating Activities		
Change in Net Assets	\$ 206,497	\$ 78,607
Adjustments to reconcile the change in net assets to net cash provided by (used in) operating activities		
Change in allowance for uncollectible accounts	(2,580)	5,205
Depreciation	2,294	2,436
Realized and unrealized losses on investments	(5,829)	5,213
(Increase) Decrease in:		
Accounts receivable	(25,126)	(51,758)
Contribution receivable	(90,357)	16,507
Security deposits	(428)	(706)
Prepaid expenses and other assets	(9,171)	518
Increase (Decrease) in:		
Accounts payable	89,835	(23,977)
Accrued vacation	1,046	6,127
Accounts payable - fiscal sponsorship program	50,000	(106,684)
Net Cash Provided by (Used in) Operating Activities	\$ 216,181	\$ (68,512)

The accompanying notes are an integral part of these statements.

INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
DBA INTERNATIONAL DOCUMENTARY ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010
WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009

	2010			2009	
	Program	Management and General	Development	Total	Total
Documentary film costs	\$ 2,781,119	\$ -	\$ -	\$ 2,781,119	\$ 3,117,607
Salaries	145,215	227,420	18,333	390,968	352,198
Facilities rental	213,703	178	-	213,881	219,040
Magazine content and maintenance	79,430	-	-	79,430	81,608
Contract services	45,733	31,055	900	77,688	65,464
Occupancy	23,013	47,010	2,624	72,647	80,643
Printing, copying and postage	59,467	953	2,285	62,705	74,919
Website content and maintenance	56,170	32	-	56,202	92,886
Event costs	49,000	4,868	200	54,068	43,565
Insurance	13,135	34,813	2,243	50,191	35,504
Film and equipment rental	36,136	9,012	-	45,148	33,065
Payroll tax	12,399	19,294	2,711	34,404	30,751
Advertising	29,509	1,820	-	31,329	31,024
Travel and entertainment	16,814	9,539	1,600	27,953	32,588
Educational and award events	16,252	-	-	16,252	38,397
Bank charges	6,608	4,219	-	10,827	14,481
Supplies	1,180	3,749	-	4,929	9,710
Other	20	3,020	-	3,040	5,552
Dues and subscriptions	60	2,499	-	2,559	2,510
Depreciation	-	2,294	-	2,294	2,436
Repair and maintenance	285	571	-	856	2,665
Bad debt expense	-	420	-	420	6,640
Total Expenses	\$ 3,585,248	\$ 402,766	\$ 30,896	\$ 4,018,910	\$ 4,373,253

The accompanying notes are an integral part of these statements.

**INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
DBA INTERNATIONAL DOCUMENTARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Note 1 – Summary of Significant Accounting Policies

Nature of the Organization

The International Documentary Foundation, Inc. operating and known as the International Documentary Association (IDA) was organized in 1982 for the purpose of promoting the creation of independent documentary films. IDA is a membership organization created to provide regular publications, sponsor awards, and educational events, and provide grants and grant sponsorships to filmmakers whose projects are approved by committee action.

Programs for educational and award events include DOCS ROCK, Docuday, Doc U, IDA Documentary Awards Competition and Gala, DocuWeeks Documentary Theatrical Showcase, related events, student awards, various screening events, outreach projects and fiscal sponsorship program.

Public Support and Revenue

Donations are recorded as made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor.

Amounts received or promised that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Fiscal Sponsorship Program

IDA maintains a fiscal sponsorship program. The program allows IDA, due to its nonprofit status, to receive donations designated for approved independent documentary film projects. IDA disburses funds to the projects and insures that the funds are used for charitable activities, as agreed upon between IDA and the filmmaker.

IDA receives a management fee that ranges from 3% to 5% depending on the agreement between the filmmaker and IDA which is recognized as income on the statement of activities when funds are received.

Accounts, Contributions and Grants Receivable

Receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and Equipment

Property, equipment and web site are stated at cost or, if donated, at the approximate fair market value at the date of donation. It is IDA's policy to capitalize expenditures for these items in excess of \$500. Depreciation is provided using the straight-line method over three to five years.

**INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
DBA INTERNATIONAL DOCUMENTARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Note 1 – Summary of Significant Accounting Policies (continued)

Investments

Investments, comprised primarily of mutual funds whose underlying assets are equity securities, corporate debt securities and U.S. government obligations, are valued at fair value, with realized and unrealized gains and losses reflected in the statements of activities. The fair value of investments is based on quoted market values.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Statement of Cash Flows

For the purpose of the statement of cash flows, IDA includes all cash in banks and other financial institutions, and certain highly liquid money market accounts designated for temporary cash investment.

Income Taxes

IDA is qualified under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

The accounting standard on accounting for uncertainty in income taxes provides guidance on how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business income tax (UBIT). IDA believes that it has no uncertain tax positions that impact its financial statements.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Note 2 – Concentration of Credit Risk

Financial instruments, which potentially subject IDA to concentrations of credit risk, consist of cash and cash equivalents. IDA maintains its cash balances at a single financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. At December 31, 2010, IDA's uninsured cash balance totaled \$449,603. The Foundation is currently working with their bank to reallocate funds to maximize insurance coverage.

**INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
DBA INTERNATIONAL DOCUMENTARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Note 3 – Investments

As of December 31, 2010 investments consist of the following:

	<u>Aggregate Fair Value</u>	<u>Cost</u>
Mutual Funds	\$ 235,285	\$ 258,649

As of December 31, 2009 investments consist of the following:

	<u>Aggregate Fair Value</u>	<u>Cost</u>
Mutual Funds	\$ 164,018	\$ 192,957

Investment returns are summarized as follows:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 6,732	\$ 10,261
Net realized and unrealized gains	5,829	(5,213)
Total	<u>\$ 12,561</u>	<u>\$ 5,048</u>

Investments include \$185,185 in 2010 and \$180,415 in 2009 restricted for specific programs.

Note 4 – Property and Equipment

Property and equipment consist of the following:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 40,502	\$ 40,502
Computers	12,157	11,547
	<u>52,659</u>	<u>52,049</u>
Less accumulated depreciation	48,851	46,557
	<u>\$ 3,808</u>	<u>\$ 5,492</u>

Note 5 – Line of Credit

IDA maintains a \$75,000 unsecured line of credit with Wells Fargo Bank. Minimum monthly payments of interest only at a fixed rate of 6.75% per annum are required. The outstanding balance at December 31, 2010 was \$15,000.

**INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Note 6 – Lease Commitments

IDA operates from offices under a noncancelable lease agreement expiring on August 31, 2011. The lease agreement contains a provision for 3% annual increases. The future minimum payment under this operating lease is \$37,129 for the year ending August 31, 2011.

Rent expense for the year ended December 31, 2010 and 2009 was \$51,683 and \$54,874, respectively.

Note 7 – Net Assets

Temporarily restricted net assets consist of the following:

	<u>2010</u>	<u>2009</u>
Fiscal sponsorship program	\$ 754,123	\$ 596,989
Filmmaker funding	200,000	-
Emerging documentary award	33,848	36,169
Social justice award	151,337	144,246
	<u>\$ 1,139,308</u>	<u>\$ 777,404</u>

Note 8 – Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2010 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Investments	\$ 235,285	\$ 235,285	\$ -	\$ -

Fair values of assets measured on a recurring basis at December 31, 2009 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Investments	\$ 164,018	\$ 164,018	\$ -	\$ -

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

**INTERNATIONAL DOCUMENTARY FOUNDATION, INC.
DBA INTERNATIONAL DOCUMENTARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

Note 9 – Subsequent Events

Subsequent events were evaluated through May 25, 2011, which is the date the financial statements were available to be issued.