THE CINEFAMILY

(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
October 31, 2013

THE CINEFAMILY
(A NONPROFIT ORGANIZATION)
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October 31, 2013

SingerLewak LLP

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Cinefamily
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of The Cinefamily (a nonprofit organization) (the "Organization") which comprise the statement of financial position as of October 31, 2013, the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Cinefamily as of October 31, 2013, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SingerLewak LLP

SingerLewak LLP

Los Angeles, California
December 1, 2014

THE CINEFAMILY
(A NONPROFIT ORGANIZATION)
STATEMENT OF FINANCIAL POSITION
October 31, 2013

ASSETS

Assets		
Cash	$	19,025
Accounts receivable		71,669
Property and equipment, net		97,267
Total assets	**$**	**187,961**

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	$	24,244
Total liabilities		24,244
Commitments and contingencies (Note 4)		
Net assets		
Unrestricted		163,717
Total net assets		163,717
Total liabilities and net assets	**$**	**187,961**

The accompanying notes are an integral part of these financial statements.

THE CINEFAMILY
(A NONPROFIT ORGANIZATION)
STATEMENT OF ACTIVITES
For the Year Ended October 31, 2013

	2013
Revenue and support	
Admissions and memberships	$ 982,785
Donations, grants and sponsorships	345,944
Concessions and merchandise sales	141,865
Total revenue and support	1,470,594
Functional expenses	
Program expenses	1,133,110
General and administrative	96,296
Fundraising	139,999
Total functional expenses	1,369,405
Change in net assets	101,189
Net assets, beginning of year	62,528
Net assets, end of year	**$ 163,717**

The accompanying notes are an integral part of these financial statements.

THE CINEFAMILY

(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
For the Year Ended October 31, 2013

Cash flows from operating activities	
Change in net assets	$ 101,189
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Depreciation	8,402
(Increase) decrease in	
Accounts receivable	(71,569)
Prepaid expenses and other assets	3,717
(Decrease) increase in	
Accounts payable and accrued expenses	6,367
Net cash provided by operating activities	48,106
Cash flows from investing activities	
Purchase of property and equipment	(97,941)
Net cash used in investing activities	(97,941)
Net decrease in cash	(49,835)
Cash, beginning of year	44,557
Cash, end of year	**$ (5,278)**

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION

Organization
The Cinefamily (the "Organization") is a California nonprofit organization established in 2007 for the purpose of promoting the theatrical performing arts and educating the public concerning classic films and films which have artistic value but which had had insignificant recent public exposure.

The Organization's mission is to foster a spirit of community and a sense of discovery, while reinvigorating the movie-going experience. The Organization believes that movies work best as social experiences and they are more meaningful, funnier and scarier when shared with others. It is through the screening of classic films and films which have artistic value that the Organization fulfills this mission by educating the public and creating a positive social experience.

Funding
The Organization raises funds primarily through membership dues and contributions from foundations, corporations and individual donors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
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.

The Organization reports information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets are either not restricted by donors or the donor-imposed restrictions have expired.

- Temporarily restricted net assets contain donor-imposed restrictions that permit the Organization to use or expend the assets as specified as the restrictions are satisfied, either by the passage of time or by actions of the Organization. As of October 31, 2013, the Organization did not have any temporarily restricted net assets.

- Permanently restricted net assets (endowment funds) contain donor-imposed restrictions that stipulate that the resources must be maintained in perpetuity. As of October 31, 2013, the Organization did not have any permanently restricted net assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and Pledges
Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period in which the condition is met. Such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the restriction, usually when the funds are spent.

Property and Equipment
Property and equipment are recorded at cost or, if donated, at fair value at date of donation. Any expenditure that provides a benefit in future periods is capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the statement of activities. Provision for the depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the related assets, which range from three to seven years.

Functional Allocation of Expenses
Expenses are allocated based on management's estimate of benefit derived.

Income Taxes
The Organization received its 501(c)(3) tax exemption status on April 09, 2009, effective November 14, 2007. The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

The Organization also applies the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 740, "Accounting for Uncertainty in Income Taxes" ("ASC 740"). ASC 740 clarifies for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statements No. 109, "Accounting for Income Taxes" and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. In accordance with ASC 740, the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. The Organization has determined that the adoption of ASC 740 did not result in the recognition of any liability for unrecognized tax benefits.

The Organization's income tax returns remain subject to examination for all tax years ended on or after October 31, 2009 with regard to all tax positions and the results reported.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Fair Value of Financial Instruments
FASB ASC Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820") requires enhanced disclosures about financial instruments that are measured and reported at fair value. ASC 820 establishes a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring fair value. Market price observability is impacted by a number of factors, including the type of instrument, the characteristics specific to the instrument and the state of the marketplace (including the existence and transparency of transactions between market participants). Instruments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date.

Level 2 – Pricing inputs are observable for the instruments, either directly or indirectly, as of the reporting date but are other than quoted prices as in Level 1. Fair value is determined through observable trading activity reported at net asset value or through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant judgment or estimation by the Organization.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement.

The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument. For cash and cash equivalents, accounts receivable and other receivables, accounts payable and accrued expenses, the carrying amounts represent a reasonable estimate of fair values due to their short-term maturity and are classified as Level 1.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates
The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk
Financial instruments that potentially expose the Organization to concentrations of credit risk consist of cash and cash equivalents. The Organization maintains its bank accounts at high-credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At times, cash in these accounts may exceed the insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash.

Recently Issued Accounting Pronouncements
In October 2012, the FASB issued Accounting Standards Update ("ASU") No. 2012-05, "Statement of Cash Flows (Topic 230): Not-For-Profit ("NFP") Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows." This guidance requires entities to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those receipts were from the sale of donated financial assets that upon receipt were directed without any NFP-imposed limitations for sale and were converted nearly immediately to cash. The requirements are effective prospectively for fiscal years, and interim periods within those years, beginning after June 15, 2013. The adoption of this guidance is not expected to have a significant impact on the Organization's financial statements.

In April 2013, the FASB issued ASU No. 2013-06, "Not-For-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate." This guidance requires entities to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. The requirements are effective prospectively for fiscal years beginning after June 15, 2014. The adoption of this guidance is not expected to have a significant impact on the Organization's financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Equipment at October 31, 2013 consisted of the following:

Computers and sound system	$ 25,829
Camera equipment	72,062
Furniture and fixtures	16,220
	114,111
Less accumulated depreciation	(16,844)
Total	**$ 97,267**

Depreciation expense for the year ended October 31, 2013 was $8,402. The camera equipment was not operational as at October 31, 2013, therefore no depreciation was recorded.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Organization rents its premises from an entity related to a member of the board of directors, at the amount of $9,500 per month. There is no formal rental agreement between the parties.

The Organization may be subject to legal proceedings from time to time, which arise in the ordinary course of business. In the opinion of management, the ultimate outcome of the claims and litigation, if any, will not have a material adverse effect on the Organization's financial position.

NOTE 5 – SUBSEQUENT EVENTS

Management has evaluated significant events or transactions that have occurred since the balance sheet date and through December 1, 2014, which represents the date that the financial statements were available for issue. No events or transactions have occurred during this period that would require recognition or disclosure in the financial statements.

SUPPLEMENTAL SCHEDULE

THE CINEFAMILY
(A NONPROFIT ORGANIZATION)
SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended October 31, 2013

		Supporting Services		
	Program Services	General and Administrative	Fundraising	Total
Personnel expenses				
Salaries	$ 346,325	$ 26,292	$ 24,717	$ 397,334
Payroll taxes	34,996	2,816	2,416	40,228
Employee benefits	35,276	2,838	2,433	40,547
Total personnel expenses	416,597	31,946	29,566	478,109
Other expenses				
Accounting and legal fees	-	1,667	-	1,667
Advertising and promotion	10,966	-	2,741	13,707
Bank and merchant fees	33,218	577	288	34,083
Concession supplies	70,555	-	17,639	88,194
Consultants	12,548	-	7,825	20,373
Depreciation	7,101	869	432	8,402
Designers	-	-	11,600	11,600
Development consultant	-	-	26,750	26,750
Dues and permits	4,279	-	-	4,279
Equipment maintenance and repairs	61,820	6,902	3,451	72,173
Equipment rental	10,335	2,323	-	12,658
Events and catering	-	-	16,199	16,199
Film expense	319,567	-	-	319,567
Information technology	5,819	1,663	831	8,313
Insurance	4,829	1,380	690	6,899
Meetings and conferences	7,271	2,078	1,039	10,388
Occupancy	92,167	26,334	13,167	131,668
Office expenses	14,819	4,234	2,117	21,170
Other expenses	1,664	4,991	-	6,655
Other fees	817	233	117	1,167
Printing and postage	11,477	3,280	1,638	16,395
Projectionists	19,895	-	-	19,895
Telephone	6,506	1,859	929	9,294
Travel	20,860	5,960	2,980	29,800
Total other expenses	716,513	64,350	110,433	891,296
Total functional expenses	**$ 1,133,110**	**$ 96,296**	**$ 139,999**	**$ 1,369,405**

See accompanying Independent Accountant’s Report.
The accompanying notes are an integral part of these financial statements.