NEW ORLEANS VIDEO ACCESS CENTER, INC.

FINANCIAL STATEMENTS

December 31, 2019 and 2018

CONTENTS

JON S. FOLSE
LISA D. ENGLADE
KERNEY F. CRAFT, JR.

WEGMANN DAZET & COMPANY

JONATHAN P. KOENIG
JOHN D. WHITE
VALERIE L. LOWRY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
New Orleans Video Access Center, Inc.
New Orleans, Louisiana

Report on Financial Statements

We have audited the accompanying financial statements of New Orleans Video Access Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 New Orleans Video Access Center, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Summary of Compensation, Benefits and Other Payments to Agency Head 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020, on our consideration of New Orleans Video Access Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Orleans Video Access Center, Inc.'s internal control over financial reporting and compliance.

September 30, 2020

Wegmann Dazet & Company

NEW ORLEANS VIDEO ACCESS CENTER, INC.
STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,564	$ 71,128
Accounts receivable	1,503	5,760
Grants receivable	45,834	-
Prepaid expenses	6,317	3,804
Total current assets	64,218	80,692
Endowment fund - restricted	16,750	14,392
Deposits	4,437	4,437
Total assets	$ 85,405	$ 99,521
LIABILITIES		
Current liabilities		
Accounts payable	$ 27,962	$ 39,797
Other current liabilities	3,120	-
Total current liabilities	31,082	39,797
Total liabilities	31,082	39,797
NET ASSETS		
Net assets		
Without donor restrictions	37,573	39,024
With donor restrictions		
Purpose restriction	-	6,308
Perpetual in nature	16,750	14,392
Total net assets	54,323	59,724
Total liabilities and net assets	$ 85,405	$ 99,521

See accompanying Notes to Financial Statements.

NEW ORLEANS VIDEO ACCESS CENTER, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants	$ 4,887	$ 90,342	$ 95,229
Membership dues	4,181	-	4,181
Contributions	9,109	-	9,109
Sponsorship	75,867	-	75,867
Investment gain	94	2,456	2,550
Miscellaneous	131	-	131
Program fees	509,862	-	509,862
Net assets released from restrictions	96,650	(96,650)	-
Total revenue	700,781	(3,852)	696,929
Expenses			
Program services	544,542	-	544,542
Supporting services			
Fundraising	12,407	-	12,407
Management and general	145,283	98	145,381
Total expenses	702,232	98	702,330
Change in net assets	(1,451)	(3,950)	(5,401)
Net assets			
Beginning of year	39,024	20,700	59,724
End of year	$ 37,573	$ 16,750	$ 54,323

See accompanying Notes to Financial Statements.

NEW ORLEANS VIDEO ACCESS CENTER, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Grants	$ 11,795	S 163,006	$ 174,801
Membership dues	3,211	-	3,211
Workshop fees	5,368	-	5,368
Contributions	171,760	-	171,760
Production fees	74,369	-	74,369
Sponsorship	33,135	-	33,135
Investment gain (loss)	8	(557)	(549)
Fundraising	470	-	470
Miscellaneous	6,102	-	6,102
Program fees	177,972	-	177,972
Net assets released from restrictions	156,698	(156,698)	-
Total revenue	640,888	5,751	646,639
Expenses			
Program services	493,165	-	493,165
Supporting services			
Fundraising	21,667	-	21,667
Management and general	137,587	126	137,713
Total expenses	652,419	126	652,545
Change in net assets	(11,531)	5,625	(5,906)
Net assets			
Beginning of year	50,555	15,075	65,630
End of year	S 39,024	$ 20,700	S 59,724

See accompanying Notes to Financial Statements.

NEW ORLEANS VIDEO ACCESS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program Services		Supporting Services	
	Program	Fundraising	Management and General	Total Expenses
Advertising	$ -	$ -	$ 245	$ 245
Audit costs	-	-	10,559	10,559
Bank service charge	1,082	-	154	1,236
Consulting	-	2,350	-	2,350
Dues and subscriptions	-	25	1,708	1,733
Equipment	910	-	1,910	2,820
Fiscal sponsorship	82,295	-	-	82,295
Insurance	-	-	5,889	5,889
Interest expense	-	-	2,237	2,237
Licenses and permits	4,500	-	40	4,540
Meals and entertainment	6,322	-	-	6,322
Office supplies	202	-	2,342	2,544
Other expense	-	-	777	777
Postage and delivery	768	-	154	922
Printing and reproduction	2,947	-	444	3,391
Professional services	116,452	-	16,632	133,084
Rent expense	12,910	-	30,464	43,374
Software	7,875	32	1,087	8,994
Supplies other	3,906	-	-	3,906
Travel	12,622	550	4,267	17,439
Utilities	-	-	2,523	2,523
Wages and payroll expenses	291,751	9,450	63,949	365,150
Total expenses	$ 544,542	$ 12,407	$ 145,381	$ 702,330

See accompanying Notes to Financial Statements.

NEW ORLEANS VIDEO ACCESS CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2018

	Program Services		Supporting Services	
	Program	Fundraising	Management and General	Total Expenses
Advertising	$ 172	$ -	$ 3,379	$ 3,551
Audit costs	-	-	7,473	7,473
Bad debt expense	-	-	5,824	5,824
Bank service charge	1,037	-	297	1,334
Consulting	-	19,500	-	19,500
Dues and subscriptions	8,464	-	1,171	9,635
Equipment	24,933	-	1,432	26,365
Fiscal sponsorship	20,634	-	-	20,634
Insurance	-	-	4,359	4,359
Interest expense	-	-	3,457	3,457
Licenses and permits	105	-	-	105
Meals and entertainment	6,408	-	-	6,408
Office supplies	911	104	2,237	3,252
Other expense	830	12	200	1,042
Postage and delivery	64	25	122	211
Printing and reproduction	2,096	-	412	2,508
Professional services	184,971	50	9,040	194,061
Rent expense	6,973	-	35,248	42,221
Repairs and maintenance	-	-	285	285
Software	31	-	7,021	7,052
Supplies other	873	-	-	873
Telephone	-	-	1,838	1,838
Travel	9,687	1,976	3,216	14,879
Utilities	-	-	8	8
Wages and payroll expenses	224,976	-	50,694	275,670
Total expenses	$ 493,165	$ 21,667	$ 137,713	$ 652,545

See accompanying Notes to Financial Statements.

NEW ORLEANS VIDEO ACCESS CENTER, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (5,401)	$ (5,906)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net (gain) loss on investments	(2,358)	683
(Increase) decrease in operating assets:		
Receivables	(41,577)	41,679
Prepaid expenses	(2,513)	(3,804)
Increase (decrease) in operating liabilities:		
Accounts payable	(11,835)	6,996
Other current liabilities	3,120	-
Net cash (used) provided by operating activities	(60,564)	39,648
Net (decrease) increase	(60,564)	39,648
Cash and cash equivalents at beginning of year	71,128	31,480
Cash and cash equivalents at end of year	$ 10,564	$ 71,128

See accompanying Notes to Financial Statements.

1) Nature of activities

New Orleans Video Access Center, Inc. (the "Organization") is a non-profit organization established in 1972 to cultivate a sustainable film community by providing access to resources, education and locally generated content. The Organization provides services to the community in the form of education, career development, community outreach, independent media productions and special events.

2) Summary of significant accounting principles

The significant accounting policies followed by the Organization are summarized as follows:

a) Financial statement presentation
The Organization's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

b) Cash and cash equivalents
All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

c) Accounts receivable
Accounts receivable are stated at the amount the Organization expects to collect. The Organization writes off uncollectible accounts as they are identified. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

d) Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

e) Property and equipment
Property and equipment are carried at cost. Depreciation of property is provided over the estimated useful lives of the assets using the straight-line method. Repairs and maintenance are expensed as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. When property and equipment are retired, sold, or otherwise disposed of, the assets carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in operations. The estimated useful lives of depreciable assets are:

	Useful lives
Video equipment	5 years
Computers	3 years

2) Summary of significant accounting principles (continued)

f) Grants receivable
Grants receivable represents amounts due from foundations and other organizations. Accounts are considered overdue if uncollected within ninety days of the original invoice. The Organization writes off uncollectible accounts as they are identified. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

g) Description of net assets classification
Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Financial *Statements for Not-for-Profit Entities,* requires the net assets and changes in net assets be reported for two classifications – with donor restrictions and without donor restrictions based on the existence or absence of donor imposed restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions. Funds received with the stipulation that the funds be returned if specified future events fail to occur are accounted for as refundable advances until the conditions have been substantially met.

h) Concentration of credit risk
Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization has not experienced any losses in such accounts. The Organization has no policy requiring collateral or other security to support its deposits.

The Organization at times extends credit to its members. The Organization performs ongoing credit evaluations of its members but generally does not require collateral to support accounts receivable.

i) Advertising
The Organization expenses advertising as incurred. Advertising expense was S245 and $3,551 for the years ended December 31, 2019 and 2018, respectively.

j) Income taxes
The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and, accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

The Organization adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the Organization is not subject to U.S. federal and state income tax examinations by tax authorities beyond three years from the filing of those returns.

2) Summary of significant accounting principles (continued)

k) Investments
Investments are reported at their fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investments with a maturity of one year or less are classified as current.

3) Property and equipment

Property and equipment is summarized as follows:

		2019		2018
Video equipment	S	7,060	$	7,060
Computers		910		910
Total cost		7,970		7,970
Less accumulated depreciation		(7,970)		(7,970)
Property and equipment	S	-	$	-

4) Endowment fund

The Organization maintains an endowment corpus that is included on its statements of financial position. Once the fund exceeds $10,000, the Organization can elect to receive the quarterly interest income. The fund is managed by Greater New Orleans Foundation. The Organization elected not to receive the interest income from this endowment for the years ended December 31, 2019 and 2018. The balance of the endowment fund was $16,750 and S14,392 for the years ended December 31, 2019 and 2018, respectively.

5) Operating lease

The Organization rents its New Orleans location on a month-to-month basis. Total rental expense for the New Orleans office was S14,400 for the years ended December 31, 2019 and 2018.

The Organization rents its Baton Rouge location under a renewing one year lease agreement expiring annually in February. During 2019, the Organization changed its Baton Rouge location and entered into a six-month lease agreement ending on September 30, 2019. The lease was extended an additional year and has the option to renew. Total rent expense for the Baton Rouge location was $10,044 and S14,976 for the years ended December 31, 2019 and 2018, respectively.

Future lease obligations are as follows for the year ending December 31:

2020	$2,100

6) Restrictions on net assets

Donor restricted net assets are available for the following program:

	2019	2018
Technical Workshops - Filmmakers	$ -	S 6,308
Endowment	16,750	14,392
Total donor restricted	$ 16,750	S 20,700

7) Fair value measurement

Financial Accounting Standards Board Accounting Standards Codification 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

7) Fair value measurement (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

	Total Fair Value Assets		Quoted Prices in Active Markets for Identical Assets (Level 1)	
Endowment	S	16,750	$	16,750
Total	S	16,750	$	16,750

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2018:

	Total Fair Value Assets		Quoted Prices in Active Markets for Identical Assets (Level 1)	
Endowment	S	14,392	$	14,392
Total	S	14,392	$	14,392

8) Supplemental statements of cash flows information

Cash paid for interest expense was S2,237 and S3,457 for the years ended December 31, 2019 and 2018, respectively.

9) Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

Cash and cash equivalents	$	10,564
Accounts and grants receivables		47,337
	$	57,901

10) New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021.

FASB has issued ASU No. 2014-09, *Revenue from Contracts with Customers,* to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The updated guidance is effective for annual periods beginning after December 15, 2019.

The Organization is currently assessing the impact of these pronouncements on its financial statements.

11) Subsequent events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Organization's financial results. However, the related financial impact and duration cannot be reasonably estimated at this time.

The Organization has evaluated subsequent events through the date of the auditors' report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements. Except as noted above.

JON S. FOLSE
LISA D. ENGLADE
KERNEY F. CRAFT, JR.

JONATHAN P. KOENIG
JOHN D. WHITE
VALERIE L. LOWRY

WEGMANN DAZET & COMPANY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
New Orleans Video Access Center, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Orleans Video Access Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Orleans Video Access Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Orleans Video Access Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Orleans Video Access Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

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MEMBERS: AICPA PRIVATE COMPANIES PRACTICE SECTION
NEW ORLEANS OFFICE | 111 VETERANS BLVD. | SUITE 800 | METAIRIE | LA 70005
NORTHSHORE OFFICE | 180 NEW CAMELLIA BLVD. | SUITE 200 | COVINGTON | LA 70433
(504) 837-8844 | FAX (504) 837-0856 | WWW.WDCO.BIZ

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
September 30, 2020

Wegmann Dazet & Company

NEW ORLEANS VIDEO ACCESS CENTER, INC.
SUMMARY OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
For the Year Ended December 31, 2019

SUMMARY OF COMPENSATION

Darcy McKinnon
Executive Director

Purpose	Amount
Salary	$65,985
Benefits – Fringe	$5,048
Benefits – Health Insurance	$2,012