

**FilmAid International, Inc.**

Financial Statements and Uniform Guidance  
Schedules Together with Independent  
Auditors' Report

June 30, 2016

**FilmAid International, Inc.**  
Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Report

June 30, 2016

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## Independent Auditors' Report

**Board of Directors**  
**FilmAid International, Inc.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of FilmAid International, Inc. ("FilmAid"), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses 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.

#### ***Auditors' 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 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 FilmAid International, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Report on Summarized Comparative Information***

We have previously audited FilmAid's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 16, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2017 on our consideration of FilmAid'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 FilmAid's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

June 5, 2017

**FilmAid International, Inc.**

Statement of Financial Position  
June 30, 2016  
(with comparative amounts at June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 701,924	\$ 344,541
Grants receivable	201,702	55,628
Contributions receivable	45,814	10,584
Due from affiliates, net	-	11,485
Prepaid expenses and other assets	62,887	62,930
Property and equipment, net	198,474	188,624
Security deposit	<u>3,300</u>	<u>3,300</u>
	<u>\$ 1,214,101</u>	<u>\$ 677,092</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 509,701	\$ 195,258
Due to BPRM - NICRA close-out	243,179	243,179
Due to affiliates, net	4,296	-
Program advances	<u>172,412</u>	<u>152,972</u>
Total Liabilities	<u>929,588</u>	<u>591,409</u>
Net Assets		
Unrestricted	213,186	65,683
Temporarily restricted	<u>71,327</u>	<u>20,000</u>
Total Net Assets	<u>284,513</u>	<u>85,683</u>
	<u>\$ 1,214,101</u>	<u>\$ 677,092</u>

See notes to financial statements

## FilmAid International, Inc.

### Statement of Activities Year Ended June 30, 2016 (with summarized totals for the year ended June 30, 2015)

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
<b>REVENUE AND SUPPORT</b>				
Grants and Contributions				
Government - U.S. Department of State	\$ 1,360,739	\$ -	\$ 1,360,739	\$ 1,268,133
Government - United Nations agencies	1,065,532	26,327	1,091,859	671,354
Affiliated organizations	5,000	-	5,000	4,000
Corporate	50,500	30,000	80,500	18,000
Foundations	356,030	15,000	371,030	152,250
Individuals	47,558	-	47,558	92,875
In-kind contributions	44,387	-	44,387	40,150
Board members	21,500	-	21,500	17,000
Net assets released from restriction	20,000	(20,000)	-	-
Total Grants and Contributions	<u>2,971,246</u>	<u>51,327</u>	<u>3,022,573</u>	<u>2,263,762</u>
Special Events				
Ticket sales revenue	36,600	-	36,600	174,050
Individuals and other	72,362	-	72,362	67,044
Less: costs with direct benefit to donors	(38,170)	-	(38,170)	(32,816)
Total Special Events	<u>70,792</u>	<u>-</u>	<u>70,792</u>	<u>208,278</u>
Total Revenue and Support	<u>3,042,038</u>	<u>51,327</u>	<u>3,093,365</u>	<u>2,472,040</u>
<b>EXPENSES</b>				
Program services	2,589,959	-	2,589,959	2,378,127
Supporting Services				
Management and general	265,701	-	265,701	429,844
Fundraising	55,594	-	55,594	51,736
Total Expenses	<u>2,911,254</u>	<u>-</u>	<u>2,911,254</u>	<u>2,859,707</u>
Excess (Deficiency) of Revenue and Support Over Expenses	<u>130,784</u>	<u>51,327</u>	<u>182,111</u>	<u>(387,667)</u>
<b>NON OPERATING ACTIVITIES</b>				
Foreign currency exchange gain	16,297	-	16,297	10,865
Miscellaneous income (expense)	422	-	422	(60,373)
Total Non Operating Activities	<u>16,719</u>	<u>-</u>	<u>16,719</u>	<u>(49,508)</u>
Change in Net Assets	147,503	51,327	198,830	(437,175)
<b>NET ASSETS</b>				
Beginning of year	<u>65,683</u>	<u>20,000</u>	<u>85,683</u>	<u>522,858</u>
End of year	<u>\$ 213,186</u>	<u>\$ 71,327</u>	<u>\$ 284,513</u>	<u>\$ 85,683</u>

See notes to financial statements

**FilmAid International, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2016  
(with summarized totals for the year ended June 30, 2015)

	Supporting Services				Total	
	Program Services	Management and General	Fundraising	Total Supporting Services	2016	2015
Wages and salaries	\$ 174,002	\$ 54,686	\$ 19,887	\$ 74,573	\$ 248,575	\$ 162,169
Employee benefits	10,871	3,417	1,243	4,660	15,531	2,343
Payroll taxes	13,311	4,184	1,521	5,705	19,016	6,199
Program personnel-Kenya	<u>1,133,813</u>	-	-	-	<u>1,133,813</u>	<u>990,962</u>
Total Personnel Costs	1,331,997	62,287	22,651	84,938	1,416,935	1,161,673
Program supplies	616,859	-	-	-	616,859	542,772
Consultants	6,387	95,806	4,258	100,064	106,451	313,118
Video production	84,719	-	-	-	84,719	189,299
Operational costs	185,045	-	-	-	185,045	150,613
Travel and lodging	145,709	5,086	3,392	8,478	154,187	120,118
Vehicle operation	67,821	-	-	-	67,821	81,934
Depreciation	59,012	7,222	7,222	14,444	73,456	65,553
Professional fees (includes \$44,387 in 2016 and \$40,150 in 2015 of in-kind legal services)	-	76,714	-	76,714	76,714	100,134
Telephone	32,537	573	572	1,145	33,682	36,765
Office space rental	20,913	4,182	2,788	6,970	27,883	28,275
Monitoring and evaluation	22,669	-	-	-	22,669	18,201
Program development	16,291	-	-	-	16,291	14,891
Insurance	-	6,398	6,398	12,796	12,796	10,262
Bank and credit card fees	-	317	4,495	4,812	4,812	6,443
Printing and photocopying	-	101	249	350	350	4,238
Office supplies	-	1,047	482	1,529	1,529	2,614
Marketing and promotion	-	1,240	2,858	4,098	4,098	2,594
Equipment maintenance and rental	-	829	-	829	829	2,232
Miscellaneous	-	2,828	-	2,828	2,828	1,987
Fundraising expense	-	-	-	-	-	1,781
Postage and shipping	-	80	229	309	309	1,655
Payroll processing fees	-	638	-	638	638	1,477
Website design and maintenance	-	353	-	353	353	1,078
Total Expenses	<u>\$ 2,589,959</u>	<u>\$ 265,701</u>	<u>\$ 55,594</u>	<u>\$ 321,295</u>	<u>\$ 2,911,254</u>	<u>\$ 2,859,707</u>

See notes to financial statements

**FilmAid International, Inc.**

Statement of Cash Flows  
Year Ended June 30, 2016  
(with comparative amounts for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 198,830	\$ (437,175)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	73,456	65,553
Changes in operating assets and liabilities		
Grants receivable	(146,074)	252,477
Contributions receivable	(35,230)	(6,567)
Contributions receivable - related party	-	111,495
Due from/to affiliates	15,781	(10,524)
Prepaid expenses and other assets	43	110
Accounts payable and accrued expenses	314,443	105,404
Program advances	19,440	54,343
Net Cash from Operating Activities	<u>440,689</u>	<u>135,116</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Security deposit	-	(2,950)
Acquisition of property and equipment	<u>(83,306)</u>	<u>(72,035)</u>
Net Cash from Investing Activities	<u>(83,306)</u>	<u>(74,985)</u>
Net Change in Cash and Cash Equivalents	357,383	60,131
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>344,541</u>	<u>284,410</u>
End of year	<u>\$ 701,924</u>	<u>\$ 344,541</u>

See notes to financial statements



## **FilmAid International, Inc.**

### Notes to Financial Statements

June 30, 2016

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

FilmAid International, Inc. ("FilmAid"), was organized as a not-for-profit corporation on January 15, 2003 under the laws of the State of New York. FilmAid is dedicated to using the power of film to promote health, strengthen communities, and enrich the lives of the world's vulnerable and uprooted. Through the strategic use of film and video, FilmAid communicates life-saving information on issues such as HIV/AIDS and non-violent conflict resolution. Conveying educational messages in an entertaining format, FilmAid also engages the mind and sparks the imagination of those who have suffered the effects of war and poverty, stimulating physical well-being and alleviating mental trauma. FilmAid's programs are as follows:

*Film-based Informational Workshops* — partner with other aid agencies in refugee camps to use video as a complement to their daytime educational, health care and skills training programs.

*Outdoor Evening Screenings* — provide education and entertainment to thousands of individuals at a time. The majority of the films screened are locally produced African films that convey critical messages about social, health and environmental issues including HIV/AIDS and how individuals and communities elsewhere are coping with similar problems.

*Community-based Film Production* — works with other relief agencies and refugee community leaders to identify emerging issues and develop appropriate video messages to help educate and inform; engages with communities in need, as well as the refugee population to create these videos.

FilmAid's programs are supported primarily by government, foundation, corporate, and individual donor contributions.

FilmAid is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a). Income generated from activities unrelated to FilmAid's exempt purpose is subject to tax under Internal Revenue Code Section 511.

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

##### ***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

##### ***Use of Estimates***

The preparation of financial statements in accordance with U.S. GAAP 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. Accordingly actual results could differ from those estimates.

## **FilmAid International, Inc.**

Notes to Financial Statements  
June 30, 2016

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

#### ***Presentation of Net Assets***

The financial statements report amounts separately by class of net assets based on the presence or absence of donor restrictions.

*Unrestricted net assets* represent assets which are not restricted by donors and are fully available, at the discretion of management and the Board of Directors, for FilmAid to utilize in any of its programs or supporting services.

*Temporarily restricted net assets* are subject to donor-imposed restrictions that require FilmAid to use or expend a gift as specified, based on purpose or passage of time. When donor restrictions expire, that is, when a purpose restriction is fulfilled or a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently restricted net assets* contain donor-imposed restrictions that stipulate that resources be maintained permanently, but permit FilmAid to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

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

Cash and cash equivalents include cash held in banks and money market accounts. Cash and cash equivalents include highly liquid instruments with a maturity of three months or less when acquired.

#### ***Revenue from Government Grants***

Grants and cooperative agreements with federal, foreign, and local governments and other agencies are deemed to be exchange transactions, and accordingly, revenue is recognized when funds are utilized by FilmAid to carry out the activity stipulated in the grant or cooperative agreement. Accordingly, amounts received but not recognized as revenue are classified in the statement of financial position as program advances, and amounts expended but not yet received are classified as grants receivable at net realizable value.

#### ***Contributions***

Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution or grant is made. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized.

**FilmAid International, Inc.**

Notes to Financial Statements  
June 30, 2016

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

***Contributions (continued)***

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. At June 30, 2016 and 2015, contributions receivable are considered collectible in less than one year.

***Allowance for Doubtful Accounts***

An allowance for doubtful accounts is established for amounts where there exists doubt as to whether an amount will be fully collected. The determination of this allowance is an estimate based on FilmAid's historical experience, review of account balances and expectations relative to collections.

***In-kind Contributions***

Contributions of services are recognized at fair value when they are received if the services either create or enhance nonfinancial assets, or require specialized skills, and those skills are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated goods distributed are recorded as income and expense at the time they are received which is normally also the time they are placed into service or distributed.

Many individuals volunteer their time and perform a variety of tasks that assist FilmAid with various program functions. These volunteer services have not been recognized in the financial statements because they do not meet the criteria for recognition.

***Property and Equipment***

Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets:

	<u>Years</u>
Program equipment	10
Computers and peripherals	5
Office equipment	7
Furniture and equipment	7

FilmAid follows the practice of capitalizing and depreciating all expenditures for property and equipment costing \$1,500 or more and a useful life in excess of one year.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value. There were no asset impairments for fiscal 2016 or 2015.

## **FilmAid International, Inc.**

Notes to Financial Statements  
June 30, 2016

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

#### ***Foreign Currency Transactions***

Net foreign currency transaction gains and losses resulting from exchange rate fluctuations on transactions denominated in a foreign currency are reported on the statement of activities.

#### ***Advertising Costs***

FilmAid uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising costs were approximately \$4,100 and \$2,600 in advertising expense for the years ended June 30, 2016 and 2015.

#### ***Functional Expenses***

The costs of providing the program and other activities of FilmAid have been summarized on a functional basis. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

#### ***Summarized Comparative Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 FilmAid's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

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

FilmAid recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that FilmAid had no uncertain tax positions that would require financial statement recognition or disclosure. FilmAid is no longer subject to audits by the applicable taxing jurisdictions for periods prior to June 30, 2013.

#### ***Reclassifications***

Certain 2015 amounts have been reclassified to confirm to the current year presentation.

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

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 5, 2017.

## FilmAid International, Inc.

Notes to Financial Statements  
June 30, 2016

### 3. Concentrations of Credit Risk

FilmAid maintains its cash balances at various financial institutions. Balances held in U.S. financial institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. FilmAid also maintains several bank accounts in East Africa which are insured by the Deposit Protection Fund (“DPF”) for up to 100,000 Kenyan Schillings (“KES”) per institution (approximately \$971 and \$991 per institution) at June 30, 2016 and 2015.

Concentrations of credit risk with respect to total grants and contributions received from two grantors aggregate to 82% and 87% during 2016 and 2015. In addition, one grantor represents all grants receivable at June 30, 2016 and 2015.

### 4. Grants Receivable

Grants receivable consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
United States Department of State Bureau of Population, Refugees and Migration	<u>\$ 201,702</u>	<u>\$55,628</u>

These amounts are generally collected within one year. FilmAid believes its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts was recorded at June 30, 2016 and 2015.

### 5. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Program equipment	\$ 440,143	\$ 356,837
Computers and peripherals	53,293	53,293
Office equipment	13,427	13,427
Furniture and equipment	<u>5,835</u>	<u>5,835</u>
	512,698	429,392
Accumulated depreciation	<u>(314,224)</u>	<u>(240,768)</u>
	<u>\$ 198,474</u>	<u>\$ 188,624</u>

## FilmAid International, Inc.

Notes to Financial Statements  
June 30, 2016

### 6. Due to BPRM – NICRA Close-Out

In fiscal year 2013, FilmAid recognized \$243,179 as a liability due to Bureau of Population, Refugees and Migration (“BPRM”), which represents the amount to be returned to BPRM for overpayments of indirect costs (Negotiated Indirect Cost Rate Agreement – NICRA) received during fiscal years 2009-2013. The United States Department of the Interior formally closed out the NICRA agreements for fiscal years 2009-2012 and issued final indirect cost rates. The total due also includes the estimated liability for the 2013 fiscal year which is yet to be finalized. BPRM is currently in the process of formally closing out each fiscal year’s grant contract, at which time, it will request payment from FilmAid.

### 7. Related Party Transactions

#### *Affiliate Contributions*

During the years ended June 30, 2016 and 2015, FilmAid received \$5,000 and \$4,000 in contributions from FilmAid International – UK (“FAUK”), one of its affiliates.

#### *Due from/to Affiliates*

FilmAid has cost sharing agreements with its affiliates. For the years ended June 30, 2016 and 2015, FilmAid allocated \$0 and \$13,089 in employee salaries to affiliates. Affiliates include both FAUK and FilmAid – Asia (“FAA”).

For the years ended June 30, 2016 and 2015, FilmAid was billed by FAUK a total of \$6,763 and \$1,604 for shared office space and employee salaries and remained payable.

Amounts due from/to affiliates consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
FAUK - cost share	\$ -	\$ 10,622
FAA - cost share	<u>2,467</u>	<u>2,467</u>
Balance, end of year	2,467	13,089
FAUK - expenses owed	<u>(6,763)</u>	<u>(1,604)</u>
Total due to/from Affiliates	<u>\$ (4,296)</u>	<u>\$ 11,485</u>

### 8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Refugee camp screening program	\$ 71,327	\$ 15,000
Columbia project	<u>-</u>	<u>5,000</u>
Total	<u>\$ 71,327</u>	<u>\$ 20,000</u>

**FilmAid International, Inc.**

Notes to Financial Statements  
June 30, 2016

**8. Temporarily Restricted Net Assets (continued)**

Net assets were released from restrictions for the satisfaction of purpose restrictions as follows during the years ended June 30:

	<u>2016</u>	<u>2015</u>
Purpose restrictions		
Refugee camp screening program	\$ 15,000	\$ -
Columbia project	<u>5,000</u>	<u>-</u>
Total	<u>\$ 20,000</u>	<u>\$ -</u>

**9. Compensated Absences**

Employees of FilmAid are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. FilmAid's policy is to recognize the costs of compensated absences when actually paid to employees.

**10. Contingencies**

FilmAid receives funding from U.S. government agencies, primarily from the United States Department of State, BPRM, and other organizations for various activities which are subject to audits. Although such audits may result in disallowance of certain expenditures, which would be absorbed by FilmAid, in management's opinion, the ultimate outcome of such audits would not have a material effect on the financial position, changes in net assets, or cash flows of FilmAid.

**11. Foreign Currency Translation**

Substantially all assets and liabilities of the foreign office operations are translated at yearend exchange rates; support and revenue and expenses are translated at the average exchange rates during the year. Translation adjustments for such assets and liabilities are accumulated in unrestricted net assets. Gains from foreign currency translations of \$16,297 and \$10,865 for the years ended June 30, 2016 and 2015 are included in the statement of activities.

\* \* \* \* \*

**FilmAid International, Inc.**

Uniform Guidance  
Schedules and Reports

June 30, 2016



**FilmAid International, Inc.**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor /Program or Cluster Title	Federal CFDA Number	Grant Identifying Number	Award Period	Passed- Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of State</b>					
Overseas Refugee Assistance Programs for Africa					
Strengthening Health, Protection, and Livelihood Outcomes in Kakuma and Dadaab Refugee Camps	19.517	SPRMCO15CA1145	9/1/15 - 8/31/2016	\$ -	\$ 1,131,247
Projecting Hope and Enriching Lives: Dadaab and Kukuma	19.517	SPRMCO14CA1280	9/1/14 - 8/31/2015	-	165,780
Access to Information for Urban Refugees (AIR) Project	19.517	SPRMCO14CA1229	9/24/14 - 9/23/2015	-	63,712
<b>Total Expenditures of Federal Awards</b>				<b>\$ -</b>	<b>\$ 1,360,739</b>

## **FilmAid International, Inc.**

Noted to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

### **1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of FilmAid International, Inc. ("FilmAid") under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of FilmAid, it is not intended to and does not represent the financial position, changes in net assets or cash flows of FilmAid.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

### **3. Nonmonetary Assistance**

Nonmonetary assistance is reported on the Schedule based on the amount disbursed or received. During the year ended June 30, 2016, FilmAid received no nonmonetary assistance.

### **4. Indirect Cost Rate**

FilmAid has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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***

**Independent Auditors' Report**

**Board of Directors  
FilmAid International, Inc.**

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 FilmAid International, Inc. ("FilmAid"), which comprise the statement of financial position as of June 30, 2016, 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 June 5, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered FilmAid'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 FilmAid's internal control. Accordingly, we do not express an opinion on the effectiveness of FilmAid'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 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. 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 FilmAid'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 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.

*PKF O'Connor Davies, LLP*

June 5, 2017



**Report on Compliance for Each Major Federal Program; Report on Internal Control  
Over Compliance; and Report on Schedule of Expenditures of Federal Awards  
Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Directors  
FilmAid International, Inc.**

**Report on Compliance for Each Major Federal Program**

We have audited FilmAid International, Inc.'s ("FilmAid") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of FilmAid's major federal programs for the year ended June 30, 2016. FilmAid's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of FilmAid's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about FilmAid's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the FilmAid's compliance.

***Opinion on Each Major Federal Program***

In our opinion, FilmAid complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 19.517 Overseas Refugee Assistance Programs for Africa for the year ended June 30, 2016.

### **Other Matter**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-001. Our opinion on each major federal program is not modified with respect to this matter.

FilmAid's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. FilmAid's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of FilmAid is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered FilmAid's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of FilmAid's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2016-001, that we consider to be a material weakness.

FilmAid's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. FilmAid's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of FilmAid as of and for the year ended June 30, 2016, and have issued our report thereon dated June 5, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*PKF O'Connor Davies, LLP*

June 5, 2017

**FilmAid International, Inc.**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.526 (a)?

yes  no

Identification of major federal programs:

CFDA Number  
19.517

Name of Federal Program or Cluster  
Overseas Refugee Assistance Programs for Africa

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no



**FilmAid International, Inc.**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016  
(continued)

Section II - Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2016.

Section III - Federal Award Findings and Questioned Costs

**Finding 2016-001: Reporting**

**CFDA Number:** 19.517

**Name of Program:** Overseas Refugee Assistance Programs for Africa

**Agency:** U.S. Department of State

**Criteria:**

The Uniform Guidance (§200.512 (a)) requires auditees to submit a completed Standard Form Single Audit Collection (SF-SAC) along with other specified reports, to the Federal Audit Clearinghouse designated by OMB (currently the U.S. Bureau of the Census) within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

**Condition:**

FilmAid expended more than \$750,000 in Federal Awards during the fiscal year ended June 30, 2016 and failed to submit its SF-SAC together with the Uniform Guidance reporting package on a timely basis.

**Cause:**

FilmAid did not have its books and records in audit ready condition at year-end and the Kenyan audit was not completed in a timely manner, causing a delay in the start and completion of the audit.

**Effect:**

Failure to submit the SF-SAC in a timely manner caused FilmAid to be noncompliant with the Uniform Guidance reporting requirements.

**Repeat Finding:**

The same finding existed in the prior year as Finding 2015-002.

**Recommendation:**

We recommend that FilmAid begin its audit preparation earlier to allow adequate time for the completion of the audit and satisfaction of all regulatory requirements.

**Views of Responsible Officials and Planned Corrective Actions:**

See Corrective Action Plan attached.

**FilmAid International, Inc.**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016  
(continued)

Section IV – Prior Year Findings

**Finding 2015-001**

***Condition:***

A sample of 34 payroll payments totaling \$33,287 was selected for testing. 33 payroll payments totaling \$31,979 did not have sufficient documentation to determine if the payments were allowable and accurately recorded. In addition, all 34 samples were missing direct deposit authorizations.

***Current Status:***

The condition has been corrected.

**Finding 2015-002**

***Condition:***

FilmAid expended more than \$500,000 in Federal Awards during the fiscal year ended June 30, 2015 and failed to submit its SF-SAC together with the OMB A-133 reporting package on a timely basis.

***Current Status:***

The condition still exists. See item 2016-001.

**Finding 2015-003**

***Condition:***

FilmAid did not submit any inventory reports to the Bureau of Population, Refugees, and Migration during the year ended June 30, 2015.

***Current Status:***

The condition has been corrected.



Projecting hope. Changing lives.

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Amina Tirana
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Appendix A

Corrective Action Plan

FilmAid International, Inc. ("FilmAid") will implement the below controls to ensure that all program grants are reconciled and up-to-date in the accounting system.

Finding 2016-001: Reporting

CFDA Number: 19.517

Name of Program: Overseas Refugee Assistance Programs for Africa

Agency: U.S. Department of State

FilmAid's management is aware of the importance of compliance in this matter. We have taken steps to strengthen our internal audit teams in both Kenya and the United States in order to more effectively complete the necessary data collection needed for the SF-SAC. The audit team redesign includes hiring additional resources to oversee the audit process and provide more direct oversight of the Kenya Finance Department. We feel these changes will assist us greatly in being compliant.

[Handwritten signature of Keefe Murren]

Keefe Murren

Executive Director, FilmAid International, Inc.

June 5, 2017