

**FINANCIAL STATEMENTS**



**UNITY PRODUCTIONS FOUNDATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

# UNITY PRODUCTIONS FOUNDATION

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Unity Productions Foundation  
Silver Spring, Maryland

We have audited the accompanying financial statements of the Unity Productions Foundation (UPF), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, 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.

#### **Auditor's 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. Those standards require that we plan and perform the audits 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.

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UPF 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.

*Gelman Rosenberg & Freedman*

April 23, 2020

**UNITY PRODUCTIONS FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2019 AND 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,195,980	\$ 2,801,022
Pledges receivable, net	412,395	346,323
Other receivables	1,438	21,485
Inventory	66	20,889
Prepaid expenses and deposits	22,541	15,425
Property and equipment, net	<u>9,686</u>	<u>10,693</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>2,642,106</u></b>	<b>\$ <u>3,215,837</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued liabilities	\$ <u>170,947</u>	\$ <u>170,102</u>
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**NET ASSETS**

Without donor restrictions:		
Undesignated	1,844,727	(2,060)
Board designated	<u>-</u>	<u>2,500,000</u>
Total without donor restrictions	1,844,727	2,497,940
With donor restrictions	<u>626,432</u>	<u>547,795</u>
Total net assets	<u>2,471,159</u>	<u>3,045,735</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>2,642,106</u></b>	<b>\$ <u>3,215,837</u></b>

## UNITY PRODUCTIONS FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Grants and contributions	\$ 2,817,228	\$ 1,079,976	\$ 3,897,204	\$ 1,538,280	\$ 1,238,795	\$ 2,777,075
Interest income	5,353	-	5,353	22,064	-	22,064
License fees	4,540	-	4,540	19,376	-	19,376
Sales	18,637	-	18,637	20,213	-	20,213
Other revenue	13	-	13	1,623	-	1,623
Net assets released from donor restrictions	<u>1,001,339</u>	<u>(1,001,339)</u>	<u>-</u>	<u>1,066,784</u>	<u>(1,066,784)</u>	<u>-</u>
Total support and revenue	<u>3,847,110</u>	<u>78,637</u>	<u>3,925,747</u>	<u>2,668,340</u>	<u>172,011</u>	<u>2,840,351</u>
<b>EXPENSES</b>						
Program Services:						
Film Production	2,891,872	-	2,891,872	1,450,383	-	1,450,383
Education and Outreach	<u>728,146</u>	<u>-</u>	<u>728,146</u>	<u>1,175,435</u>	<u>-</u>	<u>1,175,435</u>
Total program services	<u>3,620,018</u>	<u>-</u>	<u>3,620,018</u>	<u>2,625,818</u>	<u>-</u>	<u>2,625,818</u>
Supporting Services:						
General and Administrative	316,637	-	316,637	369,044	-	369,044
Foundation Building	<u>563,668</u>	<u>-</u>	<u>563,668</u>	<u>175,052</u>	<u>-</u>	<u>175,052</u>
Total supporting services	<u>880,305</u>	<u>-</u>	<u>880,305</u>	<u>544,096</u>	<u>-</u>	<u>544,096</u>
Total expenses	<u>4,500,323</u>	<u>-</u>	<u>4,500,323</u>	<u>3,169,914</u>	<u>-</u>	<u>3,169,914</u>
Changes in net assets	(653,213)	78,637	(574,576)	(501,574)	172,011	(329,563)
Net assets at beginning of year	<u>2,497,940</u>	<u>547,795</u>	<u>3,045,735</u>	<u>2,999,514</u>	<u>375,784</u>	<u>3,375,298</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,844,727</u></b>	<b><u>\$ 626,432</u></b>	<b><u>\$ 2,471,159</u></b>	<b><u>\$ 2,497,940</u></b>	<b><u>\$ 547,795</u></b>	<b><u>\$ 3,045,735</u></b>

See accompanying notes to financial statements.

**UNITY PRODUCTIONS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Program Services			Supporting Services			Total Expenses
	Film Production	Education and Outreach	Total Program Services	General and Administrative	Foundation Building	Total Supporting Services	
Salaries and wages	\$ 579,922	\$ 299,895	\$ 879,817	\$ 49,237	\$ 76,703	\$ 125,940	\$ 1,005,757
Payroll tax expense	38,534	22,010	60,544	3,659	5,375	9,034	69,578
Employee benefits	136,448	65,857	202,305	21,021	10,328	31,349	233,654
<b>Total salaries and related expenses</b>	<b>754,904</b>	<b>387,762</b>	<b>1,142,666</b>	<b>73,917</b>	<b>92,406</b>	<b>166,323</b>	<b>1,308,989</b>
Accounting and auditing	-	-	-	21,058	-	21,058	21,058
Advertising	545	1,884	2,429	545	2,114	2,659	5,088
Bad debt	-	-	-	94,300	-	94,300	94,300
Bank charges	6,474	1,721	8,195	767	1,255	2,022	10,217
Books, videos, films and photos	354	1,960	2,314	(2)	29	27	2,341
Depreciation	1,043	2,563	3,606	2,313	1,531	3,844	7,450
Dues and subscriptions	12	3,405	3,417	-	878	878	4,295
Events	-	31,706	31,706	-	119,729	119,729	151,435
Film distribution	-	1,547	1,547	-	-	-	1,547
Film sales	471	29,456	29,927	-	-	-	29,927
Gifts	269	3,724	3,993	-	10,388	10,388	14,381
Insurance	8,048	2,280	10,328	961	1,574	2,535	12,863
Internet and software	5,262	9,722	14,984	16,040	7,038	23,078	38,062
Internship program	1,800	-	1,800	-	23,643	23,643	25,443
Legal	5,420	2,013	7,433	-	-	-	7,433
Meetings	1,319	1,007	2,326	-	1,146	1,146	3,472
Merchant fees	32	-	32	742	19,739	20,481	20,513
Occupancy	58,521	14,355	72,876	6,831	15,129	21,960	94,836
Office	2,292	895	3,187	919	1,417	2,336	5,523
Payroll services	3,900	963	4,863	466	763	1,229	6,092
Postage and delivery	239	4,011	4,250	687	23,130	23,817	28,067
Printing and reproduction	1,490	1,232	2,722	-	31,421	31,421	34,143
Production	1,603,202	750	1,603,952	1,040	-	1,040	1,604,992
Professional development	5,745	10,363	16,108	6,210	-	6,210	22,318
Professional services	272,180	118,818	390,998	4,747	51,990	56,737	447,735
Repairs and maintenance	37	-	37	-	20	20	57
Royalties	262	-	262	-	-	-	262
Subcontractors	128,563	71,237	199,800	82,555	64,000	146,555	346,355
State filings and fees	563	-	563	600	5,608	6,208	6,771
Telephone	2,681	12,072	14,753	1,686	6,017	7,703	22,456
Travel and transportation	26,244	12,700	38,944	255	82,703	82,958	121,902
<b>TOTAL</b>	<b>\$ 2,891,872</b>	<b>\$ 728,146</b>	<b>\$ 3,620,018</b>	<b>\$ 316,637</b>	<b>\$ 563,668</b>	<b>\$ 880,305</b>	<b>\$ 4,500,323</b>

**UNITY PRODUCTIONS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Program Services			Supporting Services			Total Expenses
	Film Production	Education and Outreach	Total Program Services	General and Administrative	Foundation Building	Total Supporting Services	
Salaries and wages	\$ 432,216	\$ 388,157	\$ 820,373	\$ 72,022	\$ 42,791	\$ 114,813	\$ 935,186
Payroll tax expense	27,732	25,550	53,282	5,207	2,674	7,881	61,163
Employee benefits	106,151	83,457	189,608	17,813	7,183	24,996	214,604
<b>Total salaries and related expenses</b>	<b>566,099</b>	<b>497,164</b>	<b>1,063,263</b>	<b>95,042</b>	<b>52,648</b>	<b>147,690</b>	<b>1,210,953</b>
Accounting and auditing	-	-	-	19,950	-	19,950	19,950
Advertising	2,595	11,730	14,325	450	-	450	14,775
Bad debt	-	-	-	123,000	-	123,000	123,000
Bank charges	2,808	1,997	4,805	623	1,270	1,893	6,698
Books, videos, films and photos	2,192	1,379	3,571	270	76	346	3,917
Depreciation	815	3,898	4,713	1,838	1,705	3,543	8,256
Dues and subscriptions	468	3,945	4,413	1,227	1,504	2,731	7,144
Events	21,004	101,535	122,539	848	14,078	14,926	137,465
Film sales	8,634	26,398	35,032	399	1,411	1,810	36,842
Gifts	33	1,871	1,904	-	1,779	1,779	3,683
Grants	6,500	-	6,500	-	-	-	6,500
Insurance	6,628	3,956	10,584	1,235	1,607	2,842	13,426
Internet and software	11,338	17,655	28,993	841	10,672	11,513	40,506
Internship program	6,998	6,999	13,997	-	7,061	7,061	21,058
Meetings	2,451	394	2,845	154	1,149	1,303	4,148
Merchant fees	71	-	71	855	18,522	19,377	19,448
Occupancy	38,419	39,186	77,605	2,536	10,363	12,899	90,504
Office	2,851	4,472	7,323	5,675	4,234	9,909	17,232
Payroll services	2,550	1,814	4,364	565	737	1,302	5,666
Postage and delivery	750	25,473	26,223	268	4,507	4,775	30,998
Printing and reproduction	596	25,380	25,976	-	6,168	6,168	32,144
Production	431,054	-	431,054	-	-	-	431,054
Professional development	6,993	8,672	15,665	4,828	-	4,828	20,493
Professional services	126,299	161,889	288,188	5,318	9,773	15,091	303,279
Repairs and maintenance	57	-	57	42	-	42	99
Royalties	610	-	610	-	-	-	610
Subcontractors	164,780	168,623	333,403	97,570	9,072	106,642	440,045
State filings and fees	-	-	-	3,290	1,885	5,175	5,175
Telephone	1,912	5,837	7,749	1,863	6,425	8,288	16,037
Travel and transportation	34,878	55,168	90,046	357	8,406	8,763	98,809
<b>TOTAL</b>	<b>\$ 1,450,383</b>	<b>\$ 1,175,435</b>	<b>\$ 2,625,818</b>	<b>\$ 369,044</b>	<b>\$ 175,052</b>	<b>\$ 544,096</b>	<b>\$ 3,169,914</b>



**UNITY PRODUCTIONS FOUNDATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (574,576)	\$ (329,563)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	7,450	8,256
Change in discount on long-term receivables	(1,400)	8,500
Change in allowance for bad debt	13,965	26,850
(Increase) decrease in:		
Pledges receivable	(78,637)	(186,364)
Other receivables	20,047	42,020
Inventory	20,823	(10,346)
Prepaid expenses and deposits	(7,116)	1,568
Increase in:		
Accounts payable and accrued liabilities	<u>845</u>	<u>43,863</u>
Net cash used by operating activities	<u>(598,599)</u>	<u>(395,216)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(6,443)</u>	<u>(10,013)</u>
Net cash used by investing activities	<u>(6,443)</u>	<u>(10,013)</u>
Net decrease in cash and cash equivalents	(605,042)	(405,229)
Cash and cash equivalents at beginning of year	<u>2,801,022</u>	<u>3,206,251</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 2,195,980</u></b>	<b><u>\$ 2,801,022</u></b>
<b>SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS</b>		
Donated Securities	<u>\$ 615,023</u>	<u>\$ -</u>

## UNITY PRODUCTIONS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

The Unity Productions Foundation (UPF) is a non-profit organization, incorporated in the State of California in August 1999, with operational offices in the Washington, D.C. area. UPF's mission, as an educational organization, is to create peace through the media. UPF produces documentary films for television broadcast, online viewing, and theatrical release. UPF also implements long-term educational campaigns aimed at increasing understanding among people of different faiths and cultures, especially among Muslims and other faiths. UPF is convinced of the power of media to empower citizens with greater understanding and to nourish pluralism in America and around the world. UPF is supported primarily by grants and individual donations.

During 2018, UPF established Lamya's Poem LLC, a single-member LLC entirely owned by UPF, which is disregarded for tax purposes. The main purpose of Lamya's Poem LLC is to produce UPF's latest animated film project titled, Lamya's Poem. Forming LLCs for film productions is a common practice in motion picture industry as they may provide legal and financial protection for the owner and/or investors under certain circumstances. Lamya's Poem LLC had no financial activity until January 2020, when it received a private investment in the amount of \$250,000.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

##### New accounting pronouncements adopted -

During 2019, UPF adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities.

## UNITY PRODUCTIONS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### New accounting pronouncements adopted (continued) -

Analysis of the various provisions of this standard resulted in no significant changes in the way UPF recognized revenue; however, the presentation and disclosures of revenue have been enhanced. UPF has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also during 2019, UPF adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. UPF adopted the ASU using a modified prospective basis.

##### Cash and cash equivalents -

UPF considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, UPF maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

##### Pledges and other receivables -

Pledges and other receivables are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer.

Pledges receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

##### Property and equipment -

Property and equipment in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

##### Income taxes -

UPF is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. UPF is not a private foundation.

## UNITY PRODUCTIONS FOUNDATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Uncertain tax positions -

For the years ended December 31, 2019 and 2018, UPF has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

##### Inventory -

Inventory consists of DVD's and other program materials held for sale. Inventory is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

##### Gifts, grants and contributions -

Gifts, including unconditional pledges, grants and contributions are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Pledges receivable are stated at the estimated net present value, net of an allowance for uncollectible amounts. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants qualifying as contributions are recorded by the UPF upon notification of the contribution and grant award and satisfaction of all conditions, if applicable. Contributions and grants are classified as net assets with donor restrictions when use of the contribution or grant funds is limited to specific programmatic areas or is designated for use in future periods. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Contributions and grants received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

##### Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Advertising -

UPF expenses advertising and promotional costs as incurred. Advertising expenses incurred for the years ended December 31, 2019 and 2018 totaled \$5,088 and \$14,775, respectively.

##### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of UPF are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

**UNITY PRODUCTIONS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

New accounting pronouncements (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for non public entities beginning after December 15, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

UPF plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

**2. PLEDGES RECEIVABLE**

As of December 31, 2019 and 2018, contributors to UPF have made unconditional written promises to give, of which \$564,818 and \$486,181, respectively, remained due and outstanding. Pledges due beyond one year of the Statement of Financial Position have been recorded at the present value of the estimated cash flows, using discount rates ranging from 3.75% to 5.5%. Pledges are due as follows at December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Less than one year	\$ 377,283	\$ 305,348
One to five years	187,535	180,833
Total	564,818	486,181
Less: Allowance to discount balance to present value	(11,200)	(12,600)
Less: Reserve for uncollectible pledges	(141,223)	(127,258)
<b>PLEDGES RECEIVABLE, NET</b>	<b>\$ 412,395</b>	<b>\$ 346,323</b>

**3. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Office equipment	\$ 88,834	\$ 82,391
Less: Accumulated depreciation	(79,148)	(71,698)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>\$ 9,686</b>	<b>\$ 10,693</b>

**4. BOARD DESIGNATED NET ASSETS**

During the year ended December 31, 2019, UPF's Board of Directors approved to release designations from its board designated net assets for UPF's regular operations.

**UNITY PRODUCTIONS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**4. BOARD DESIGNATED NET ASSETS (Continued)**

As of December 31, 2019 and 2018, net assets have been designated by the Board of Directors for the following purposes and are included in cash and cash equivalents in the Statements of Financial Position:

	<b>2019</b>	<b>2018</b>
Future Endowment Fund	\$ -	\$ 1,500,000
Strategic Opportunities Fund	-	1,000,000
<b>TOTAL BOARD DESIGNATED NET ASSETS</b>	<b>\$ -</b>	<b>\$ 2,500,000</b>

**5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Film Production	\$ 61,613	\$ 61,613
Time Restricted	564,819	486,182
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 626,432</b>	<b>\$ 547,795</b>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<b>2019</b>	<b>2018</b>
Film Production	\$ 204,146	\$ 647,154
Education and Outreach	25,000	181,700
Foundation Building	75,950	100
Passage of Time	696,243	237,830
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b>\$ 1,001,339</b>	<b>\$ 1,066,784</b>

**6. LIQUIDITY**

Financial assets available for use for general expenditures within one year of the Statements of Financial Position, comprise the following at December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 2,195,980	\$ 2,801,022
Pledges receivable, current	377,283	305,348
Other receivables	1,438	21,485
Less: Donor restricted funds	(249,149)	(242,447)
Less: Board designated funds	-	(2,500,000)
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b>\$ 2,325,552</b>	<b>\$ 385,408</b>

**UNITY PRODUCTIONS FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**6. LIQUIDITY (Continued)**

UPF has a policy to structure its financial assets to be available and liquid as its obligations become due.

**7. LEASE COMMITMENTS**

UPF leases office space in Silver Spring, Maryland under an agreement that commenced on December 15, 2015 and extends through December 31, 2020. Base rent is \$50,948 per year, plus a proportionate share of expenses, increasing by a factor of 4% per year.

The following is a schedule of the future minimum lease payments:

<b>Year Ended December 31, 2020</b>	<b>\$ <u>59,602</u></b>
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Occupancy expense, including related party expenses (see Note 9) for the years ended December 31, 2019 and 2018 totaled \$94,836 and \$90,504, respectively.

**8. RETIREMENT PLAN**

UPF provides retirement benefits to its employees through a defined contribution plan covering all eligible employees. UPF contributes 3% of gross wages. Contributions to the Plan during the years ended December 31, 2019 and 2018 totaled \$31,299 and \$28,190, respectively. Such costs are reflected in employee benefits expense in the Statements of Functional Expenses.

**9. RELATED PARTY**

UPF leases office space from two officers of the organization, under annual leases, at monthly rates of \$500 for each office. Rental expense under these related party leasing arrangements amounted to \$12,000 for each of the years ended December 31, 2019 and 2018. Such costs are reflected in occupancy expense in the Statements of Functional Expenses. Subsequent to December 31, 2019, these leases have been renewed under similar terms.

**10. SUBSEQUENT EVENTS**

In preparing these financial statements, UPF has evaluated events and transactions for potential recognition or disclosure through April 23, 2020, the date the financial statements were issued.