

CALIFORNIA FILM INSTITUTE

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

CALIFORNIA FILM INSTITUTE

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TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7-8
Notes to Financial Statements	9-15



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INDEPENDENT AUDITORS' REPORT

Board of Directors of
California Film Institute:

We have audited the accompanying financial statements of California Film Institute (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California Film Institute as of December 31, 2016 and 2015, 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.

August 10, 2017

Perothi & Carrade

CALIFORNIA FILM INSTITUTE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash	\$ 860,474	\$ 586,155
Grants and contributions receivable	277,636	169,500
Other receivables	33,733	27,431
Prepaid expenses	67,754	48,539
Total current assets	1,239,597	831,625
Property and Equipment:		
Land, building and improvements	6,937,151	6,937,151
Equipment	973,060	967,150
Furnishings	172,907	168,615
Less: accumulated depreciation and amortization	(4,002,908)	(3,748,153)
Net property and equipment	4,080,210	4,324,763
Other Assets:		
Investment in limited liability company	217,569	218,373
Grants and contributions receivable	110,000	75,000
Office lease deposit	11,850	11,850
Total other assets	339,419	305,223
Total Assets	\$ 5,659,226	\$ 5,461,611

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable and accrued expenses	\$ 335,365	\$ 238,730
Current portion of note payable	15,822	15,165
Total current liabilities	351,187	253,895
Long-term Debt: Note payable	553,177	569,064
Net Assets:		
Unrestricted	4,288,605	4,420,425
Temporarily restricted	466,257	218,227
Total net assets	4,754,862	4,638,652
Total Liabilities and Net Assets	\$ 5,659,226	\$ 5,461,611

See accompanying notes to financial statements.

CALIFORNIA FILM INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>			<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues from Operations:						
Ticket sales:						
Smith Rafael Film Center	\$ 839,568		\$ 839,568	\$ 862,561		\$ 862,561
Mill Valley Film Festival	639,872		639,872	607,176		607,176
Memberships	459,971		459,971	457,148		457,148
Operating revenue	303,568		303,568	329,004		329,004
Other income	83,201		83,201	60,323		60,323
Total revenues from operations	<u>2,326,180</u>		<u>2,326,180</u>	<u>2,316,212</u>		<u>2,316,212</u>
Development Revenue:						
Donations and grants	2,200,681	\$ 410,982	2,611,663	2,156,916	\$ 188,227	2,345,143
In-kind donations	1,274,552		1,274,552	1,450,868		1,450,868
Subtotal	3,475,233	410,982	3,886,215	3,607,784	188,227	3,796,011
Net assets released from restrictions	162,952	(162,952)		114,700	(114,700)	
Total development revenues	<u>3,638,185</u>	<u>248,030</u>	<u>3,886,215</u>	<u>3,722,484</u>	<u>73,527</u>	<u>3,796,011</u>
Total revenues	<u>5,964,365</u>	<u>248,030</u>	<u>6,212,395</u>	<u>6,038,696</u>	<u>73,527</u>	<u>6,112,223</u>
Expenses:						
Program Services:						
Film Festivals	3,120,852		3,120,852	3,326,255		3,326,255
Smith Rafael Film Center	1,678,883		1,678,883	1,532,746		1,532,746
Education and outreach	279,631		279,631	286,074		286,074
Total program services	<u>5,079,366</u>		<u>5,079,366</u>	<u>5,145,075</u>		<u>5,145,075</u>
Support Services:						
General and administrative	258,018		258,018	258,414		258,414
Development	758,801		758,801	852,564		852,564
Total support services	<u>1,016,819</u>		<u>1,016,819</u>	<u>1,110,978</u>		<u>1,110,978</u>
Total expenses	<u>6,096,185</u>		<u>6,096,185</u>	<u>6,256,053</u>		<u>6,256,053</u>
Change in Net Assets	(131,820)	248,030	116,210	(217,357)	73,527	(143,830)
Net Assets at Beginning of Year	<u>4,420,425</u>	<u>218,227</u>	<u>4,638,652</u>	<u>4,637,782</u>	<u>144,700</u>	<u>4,782,482</u>
Net Assets at End of Year	<u>\$ 4,288,605</u>	<u>\$ 466,257</u>	<u>\$ 4,754,862</u>	<u>\$ 4,420,425</u>	<u>\$ 218,227</u>	<u>\$ 4,638,652</u>

See accompanying notes to financial statements.

CALIFORNIA FILM INSTITUTE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program						
	<u>Film Festivals</u>	<u>Christopher B Smith Rafael Film Center</u>	<u>Education and Outreach</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>
Salaries and wages	\$ 832,023	\$ 509,606	\$ 134,633	\$ 1,476,262	\$ 161,678	466,504	\$ 2,104,444
Payroll taxes and benefits	103,715	77,566	15,476	196,757	19,069	75,252	291,078
Contractors	130,531	51,902	34,859	217,292	3,678	15,659	236,629
Total compensation costs	<u>1,066,269</u>	<u>639,074</u>	<u>184,968</u>	<u>1,890,311</u>	<u>184,425</u>	<u>557,415</u>	<u>2,632,151</u>
Advertising and promotion	837,785	44,046	1,394	883,225	949	3,814	887,988
Facilities expense	425,398	169,153	26,169	620,720	17,160	52,199	690,079
Film and programming expense	78,130	367,318	5,206	450,654		800	451,454
Travel and guest services	177,534	25,499	44,637	247,670	6,168	16,639	270,477
Food and beverages	137,254	38,561	4,964	180,779	966	11,508	193,253
Office and operation supplies	58,362	59,210	3,096	120,668	18,862	34,355	173,885
Printing and postage	76,192	19,078	792	96,062	922	58,384	155,368
Production costs	165,426	201	2,309	167,936		1,233	169,169
Equipment rental expense	65,833	3,641	1,196	70,670	1,488	4,486	76,644
Insurance	22,454	13,473	3,368	39,295	4,491	12,350	56,136
Repairs and maintenance	822	37,780	123	38,725	165	452	39,342
Interest		24,940		24,940	6,428		31,368
Accounting and legal					14,116		14,116
Total expenses before depreciation and amortization	<u>3,111,459</u>	<u>1,441,974</u>	<u>278,222</u>	<u>4,831,655</u>	<u>256,140</u>	<u>753,635</u>	<u>5,841,430</u>
Depreciation and amortization	9,393	236,909	1,409	247,711	1,878	5,166	254,755
Total	<u>\$ 3,120,852</u>	<u>\$ 1,678,883</u>	<u>\$ 279,631</u>	<u>\$ 5,079,366</u>	<u>\$ 258,018</u>	<u>\$ 758,801</u>	<u>\$ 6,096,185</u>

See accompanying notes to financial statements.

CALIFORNIA FILM INSTITUTE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Program						
	<u>Film Festivals</u>	<u>Christopher B Smith Rafael Film Center</u>	<u>Education and Outreach</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Development</u>	
Salaries and wages	\$ 774,628	\$ 455,511	\$ 132,378	\$ 1,362,517	\$ 174,453	\$ 517,282	\$ 2,054,252
Payroll taxes and benefits	113,524	82,466	17,180	213,170	33,921	73,924	321,015
Contractors	112,848	53,904	33,001	199,753	1,593	18,035	219,381
Total compensation costs	<u>1,001,000</u>	<u>591,881</u>	<u>182,559</u>	<u>1,775,440</u>	<u>209,967</u>	<u>609,241</u>	<u>2,594,648</u>
Advertising and promotion	1,106,351	38,337	2,441	1,147,129	253	6,895	1,154,277
Facilities expense	414,340	121,086	25,087	560,513	15,210	62,584	638,307
Film and programming expense	57,965	358,623	2,939	419,527			419,527
Travel and guest services	168,312	20,872	39,625	228,809	3,003	28,406	260,218
Food and beverages	167,441	35,805	8,706	211,952	1,930	7,649	221,531
Office and operation supplies	74,689	54,341	4,380	133,410	3,684	44,776	181,870
Printing and postage	83,113	18,270	3,168	104,551	292	64,571	169,414
Production costs	137,330	580	7,525	145,435		1,331	146,766
Equipment rental expense	79,317	1,604	4,039	84,960	1,078	6,479	92,517
Insurance	22,678	13,129	4,177	39,984	4,775	14,919	59,678
Repairs and maintenance	3,706	27,186	130	31,022	131	521	31,674
Interest		25,602		25,602	2,500		28,102
Accounting and legal					14,294		14,294
Total expenses before depreciation and amortization	<u>3,316,242</u>	<u>1,307,316</u>	<u>284,776</u>	<u>4,908,334</u>	<u>257,117</u>	<u>847,372</u>	<u>6,012,823</u>
Depreciation and amortization	10,013	225,430	1,298	236,741	1,297	5,192	243,230
Total	<u><u>\$ 3,326,255</u></u>	<u><u>\$ 1,532,746</u></u>	<u><u>\$ 286,074</u></u>	<u><u>\$ 5,145,075</u></u>	<u><u>\$ 258,414</u></u>	<u><u>\$ 852,564</u></u>	<u><u>\$ 6,256,053</u></u>

See accompanying notes to financial statements.

CALIFORNIA FILM INSTITUTE

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Operations:		
Revenue from operations	\$ 2,320,682	\$ 2,309,112
Revenue from development	2,468,527	2,264,583
Total operating receipts	<u>4,789,209</u>	<u>4,573,695</u>
Compensation costs	2,613,209	2,590,659
Advertising and promotion	141,400	147,031
Facilities expense	448,437	462,675
Film and programming expense	361,104	476,419
Travel and entertainment	225,922	221,330
Food and beverages	113,539	129,621
Office and operation supplies	171,726	179,551
Equipment rental expense	54,233	67,899
Production costs	61,914	70,363
Printing and postage	158,603	163,208
Others	139,371	133,665
Total operating disbursements	<u>4,489,458</u>	<u>4,642,421</u>
Cash provided by (used for) operations	<u>299,751</u>	<u>(68,726)</u>
Investing Activities:		
Additions to property and equipment	(10,202)	(13,763)
Cash used for investing activities	<u>(10,202)</u>	<u>(13,763)</u>
Financing Activities:		
Borrowings related to line of credit	250,000	200,000
Repayment related to line of credit	(250,000)	(200,000)
Repayment of note payable to bank	(15,230)	(14,657)
Cash used for financing activities	<u>(15,230)</u>	<u>(14,657)</u>
Increase (Decrease) in Cash	274,319	(97,146)
Cash - Beginning of Year	586,155	683,301
Cash - End of Year	<u>\$ 860,474</u>	<u>\$ 586,155</u>
Supplemental Information:		
Interest paid	<u>\$ 31,368</u>	<u>\$ 28,102</u>

See accompanying notes to financial statements.

CALIFORNIA FILM INSTITUTE

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY (USED FOR) OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Change in net assets	\$ 116,210	\$ (143,830)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operations:		
Depreciation	254,755	243,230
Loss related to investment in LLC	804	1,417
Changes in assets and liabilities:		
Increase in receivables	(149,438)	(89,077)
Increase in prepaid expenses	(19,215)	(3,283)
Increase (decrease) in accounts payable	<u>96,635</u>	<u>(77,183)</u>
Net Cash Provided by (Used for) Operations	<u>\$ 299,751</u>	<u>\$ (68,726)</u>

See accompanying notes to financial statements.

CALIFORNIA FILM INSTITUTE

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

The California Film Institute (CFI), formed in 1978, is a 501(c)(3) nonprofit organization, located in Northern California. CFI fulfills its mission to celebrate and promote film as art and education through four core programs:

- The Christopher B. Smith Rafael Film Center, a nonprofit art house theater that serves 125,000 constituents yearly;
- The internationally recognized 11-day Mill Valley Film Festival (MVFF), which is attended by 74,000 individuals and features approximately 200 film screenings representing 37 countries and 60 official premieres.
- CFI began developing another film festival, DocLands, during 2016. The first DocLands Film Festival was held in May 2017.
- CFI Education programs that reach over 7,000 students and teachers annually.

CFI's revenues are primarily derived from the sale of tickets to the annual Mill Valley Film Festival (the MVFF), ticket sales at the Christopher B. Smith Rafael Film Center (SRFC), and individual and corporate donations, memberships and grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of CFI have been prepared using the accrual method of accounting. Significant accounting policies are described below to enhance the usefulness of the financial statements to the readers.

Financial Statement Presentation – CFI reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. CFI currently does not have permanently restricted net assets. Costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs, general and administrative support, and development expenses.

Contributions – Contributions are recognized when the donor makes a promise to give to CFI that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in the unrestricted net assets if the restrictions are satisfied in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a contribution has been previously restricted and the restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Membership – CFI provides various types of passes to its members when membership dues are received. A designated portion of the membership dues can be treated as a donation by the member. Membership dues are recognized as revenue when received.

CALIFORNIA FILM INSTITUTE

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for doubtful accounts - An allowance for doubtful accounts reflects management's best estimate of probable losses inherent in grants and accounts receivable balances. Management primarily determines the allowance based on the aging of accounts receivable balances. No allowance was deemed necessary at December 31, 2016 and 2015.

Donated materials and services - In-kind donations represent contributed goods and services. CFI recognizes in-kind donations received at estimated fair value if such goods or services are measurable, would otherwise be purchased and (a) create or enhance nonfinancial assets or (b) require specialized skills, and are provided by individuals possessing those skills and would typically need to be paid for if not provided by donation.

Property and Equipment - Property, which consists of building, improvements and furniture and equipment, is recorded at cost at the date of purchase or, if donated, at the fair market value on the date received. Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets, with lives that range from 3-40 years (building over 40 years, furniture, fixture and equipment over 3 to 10 years).

Tax-Exempt Status - CFI is exempt from the federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar California statute. In addition CFI has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Accordingly, no provision for federal or state income taxes has been recorded. The Organization's informational returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively, after they are filed.

Use of Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Subsequent events - Subsequent events have been evaluated through August 10, 2017, the date in which the financial statements were available to be issued.

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

During 2015 and 2016 CFI received pledges which will be paid over the course of the next four years. Contributions which are payable over a period of more than one year generally require a discount to present value. Management determined the amount of discount that would be required to be recorded as de minimus to the Organization.

CALIFORNIA FILM INSTITUTE

NOTES TO FINANCIAL STATEMENTS

3. GRANTS AND CONTRIBUTIONS RECEIVABLE (continued)

Payments are expected to be made as follows:

2017	\$	277,636
2018		45,000
2019		45,000
2020		20,000
Total	\$	<u>387,636</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31, 2016:

	<u>Theatre</u>	<u>Administrative Office (leased)</u>	<u>Total</u>
Land, building and improvements	\$ 6,904,588	\$ 32,563	\$ 6,937,151
Equipment	754,492	218,597	973,089
Furnishings	125,545	47,333	172,878
Total	<u>7,784,625</u>	<u>298,493</u>	<u>8,083,118</u>
Accumulated depreciation and amortization	<u>3,729,711</u>	<u>273,197</u>	<u>4,002,908</u>
Net	<u>\$ 4,054,914</u>	<u>\$ 25,296</u>	<u>\$ 4,080,210</u>

Property and equipment consists of the following as of December 31, 2015:

	<u>Theatre</u>	<u>Administrative Office (leased)</u>	<u>Total</u>
Land, building and improvements	\$ 6,904,588	\$ 32,563	\$ 6,937,151
Equipment	754,492	212,688	967,180
Furnishings	121,252	47,333	168,585
Total	<u>7,780,332</u>	<u>292,584</u>	<u>8,072,916</u>
Accumulated depreciation and amortization	<u>3,498,946</u>	<u>249,207</u>	<u>3,748,153</u>
Net	<u>\$ 4,281,386</u>	<u>\$ 43,377</u>	<u>\$ 4,324,763</u>

In 1999, CFI completed the redevelopment of the Christopher B. Smith Rafael Film Center (SRFC). CFI acquired the SRFC property on October 4, 1995 for \$1 on the condition that CFI operates the facility as a movie theater for 25 years. Due to the renovations required and restrictions placed on the property, CFI assigned no value to the land and building received. In

CALIFORNIA FILM INSTITUTE

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY AND EQUIPMENT(continued)

addition, the now dissolved Redevelopment Agency of San Rafael contributed \$560,000 toward the renovation of the building and provided \$290,000 of in-kind donated services (primarily permits) in 1996. If operations of the theatre cease before conclusion of the 25-year period, CFI has agreed to repay the City of San Rafael, the successor agency to the Redevelopment Agency of San Rafael, a proportionate amount of the Redevelopment Agency of San Rafael's contribution for the cost of the building.

5. INVESTMENT

CFI invested \$302,452 in a limited liability company that owns real estate leased to a commercial movie theater which represents a 20.00% ownership interest. Several of CFI's current board members also are investors in the limited liability company. The combined interest of CFI and current board members is 56.65% as of December 31, 2016. CFI's investment was recorded at cost and is adjusted for its share of the annual income or loss from the investment using the equity method of accounting. The net loss for the years ended December 31, 2016 and 2015 is \$804 and \$1,417, respectively, and is included in other income.

6. LINE OF CREDIT

CFI has a \$250,000 line of credit with a bank that expires in December 2018. Borrowings bear interest at the higher of the bank's prime rate plus 0.5% or 3.75% (4.50% at December 31, 2016). Interest only payments are due monthly. The line is secured by the Christopher B. Smith Rafael Film Center building. There were no advances outstanding as of December 31, 2016 and 2015. Interest on borrowings during 2016 and 2015 was \$4,144 and \$1,765, respectively.

7. NOTE PAYABLE

CFI borrowed \$356,594 to finance a portion of the improvements made to the Christopher B. Smith Rafael Film Center building. In December 2013, CFI renegotiated its bank loan and increased its borrowing to \$600,000. The loan is repayable in monthly installments of \$3,347 including interest at a fixed rate of 4.25% with the remaining principal balance of \$444,608 due in December 2023. The loan is secured by the Christopher B. Smith Rafael Film Center building. Interest paid in connection with the above loan during 2016 and 2015 was \$24,539 and \$25,602, respectively.

CALIFORNIA FILM INSTITUTE

NOTES TO FINANCIAL STATEMENTS

7. NOTE PAYABLE (continued)

Scheduled maturities on the note payable balance outstanding at December 31, 2016 are as follows:

2017	\$	15,822
2018		16,508
2019		17,223
2020		17,970
2021		18,749
Thereafter		482,727
Total	\$	<u>568,999</u>

8. IN-KIND DONATIONS

During the year ended December 31, 2016 and 2015, CFI was provided with the following in-kind donations. All of the donations received were associated with the Mill Valley Film Festival and the related costs are reflected in Mill Valley Film Festival program expenses.

	<u>2016</u>	<u>2015</u>
Marketing and promotion	\$ 746,588	\$ 1,009,255
Facilities rental	240,650	184,000
Production costs	105,344	78,725
Food and beverages	79,714	92,074
Travel and housing	50,256	46,172
Film production	30,000	15,000
Equipment rental	22,000	25,642
Total	\$ <u>1,274,552</u>	\$ <u>1,450,868</u>

CALIFORNIA FILM INSTITUTE

NOTES TO FINANCIAL STATEMENTS

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following programs as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Support general operations	\$ 215,000	\$ 195,000
Education and outreach	140,000	3,000
Distribution initiative	50,000	
DocLands Film Festival	30,275	
Mill Valley Film Festival	26,482	17,500
Smith Rafael Film Center	<u>4,500</u>	<u>2,727</u>
Total restricted net assets	<u>\$ 466,257</u>	<u>\$ 218,227</u>

Net assets were released from donors' restrictions by incurring expenses satisfying the restricted purpose specified by the donors during the years ended December 31, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Support general operations	\$ 120,000	\$ 82,500
DocLands Film Festival	19,725	
Mill Valley Film Festival	17,500	25,000
Education and outreach	3,000	3,000
Smith Rafael Film Center	<u>2,727</u>	<u>4,200</u>
Releases from restrictions	<u>\$ 162,952</u>	<u>\$ 114,700</u>

10. COMMITMENTS

CFI entered a noncancellable operating lease for office space that expires in May 2018. Monthly rent is \$13,976 through May 2018, exclusive of CFI's share of operating and maintenance costs. A board member of CFI is a shareholder of the company which owns the office space leased by CFI. The minimum future rent payable is:

2017	\$ 167,713
2018	<u>69,880</u>
Total	<u>\$ 237,593</u>

Rent paid during the years ended December 31, 2016 and 2015 for the office space was \$169,738 and \$177,300, respectively.

CALIFORNIA FILM INSTITUTE

NOTES TO FINANCIAL STATEMENTS

10. COMMITMENTS (continued)

CFI leases mailing equipment and other office equipment under operating lease arrangements. As of December 31, 2016, the future minimum lease commit is as follows:

2017	\$	8,004
2018		<u>5,336</u>
Total	\$	<u><u>13,340</u></u>

11. RETIREMENT PLAN

CFI has a 403(b) plan (Plan) to provide retirement benefits for its employees. Employees may contribute a percentage of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. CFI does not currently match employee contributions.

12. CONCENTRATION OF RISK

Financial instruments that potentially subjects CFI to credit risk include cash on deposit with a financial institute that at times is in excess of the \$250,000 insurance limitation of the United States Federal Deposit Insurance Corporation.