

Women in Animation, Inc.

Financial Statements

May 31, 2020



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Women in Animation, Inc.
Los Angeles, California

We have reviewed the accompanying financial statements of Women in Animation, Inc. (a California nonprofit corporation) ("WIA"), which comprise the statement of financial position as of May 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Armanino LLP".

Armanino^{LLP}
Woodland Hills, California

February 26, 2021

Women in Animation, Inc.
Statement of Financial Position
May 31, 2020

ASSETS

Cash and cash equivalents	\$ 811,712
Other assets	<u>2,019</u>
Total assets	<u><u>\$ 813,731</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 229,240
Note payable - Paycheck Protection Program	<u>37,675</u>
Total liabilities	266,915
Net assets without donor restrictions	<u>546,816</u>
Total liabilities and net assets	<u><u>\$ 813,731</u></u>

See accompanying notes and independent accountant's review report.

Women in Animation, Inc.
Statement of Activities
For the Year Ended May 31, 2020

	<u>Without Donor Restrictions</u>
Revenues and other support	
Contributions	\$ 533,467
Membership dues	125,503
Other revenue	<u>133</u>
Total revenues and other support	<u>659,103</u>
Functional expenses	
Program	656,924
Management and general	170,359
Fundraising	<u>31,999</u>
Total functional expenses	<u>859,282</u>
Change in net assets	(200,179)
Net assets without donor restrictions, beginning of year	<u>746,995</u>
Net assets without donor restrictions, end of year	<u><u>\$ 546,816</u></u>

See accompanying notes and independent accountant's review report.

Women in Animation, Inc.
Statement of Functional Expenses
For the Year Ended May 31, 2020

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses	\$ 82,599	\$ 129,564	\$ 31,999	\$ 244,162
Research	433,500	-	-	433,500
Office and administrative	-	40,795	-	40,795
Programming & events	35,928	-	-	35,928
Mentorship	31,950	-	-	31,950
Database	43,162	-	-	43,162
Chapter operations	<u>29,785</u>	<u>-</u>	<u>-</u>	<u>29,785</u>
	<u>\$ 656,924</u>	<u>\$ 170,359</u>	<u>\$ 31,999</u>	<u>\$ 859,282</u>

See accompanying notes and independent accountant's review report.

Women in Animation, Inc.
Statement of Cash Flows
For the Year Ended May 31, 2020

Cash flows from operating activities	
Change in net assets	\$ (200,179)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in operating assets and liabilities	
Accounts payable and accrued expenses	229,240
Other assets	<u>626</u>
Net cash provided by operating activities	<u>29,687</u>
Cash flows from financing activities	
Proceeds from note payable - Paycheck Protection Program	<u>37,675</u>
Net cash provided by financing activities	<u>37,675</u>
Net increase in cash and cash equivalents	67,362
Cash and cash equivalents, beginning of year	<u>744,350</u>
Cash and cash equivalents, end of year	<u><u>\$ 811,712</u></u>

See accompanying notes and independent accountant's review report.

Women in Animation, Inc.
Notes to Financial Statements
May 31, 2020

1. NATURE OF OPERATIONS

Women in Animation, Inc. ("WIA") is a nonprofit organization incorporated in the state of California. Founded in 1995, WIA is the only organization dedicated to advancing women in the field of animation. The specific purpose of this corporation is to engage in education, literary, charitable and/or technological activities to promote art, industry, and technology of animation. WIA's mission involves helping to create a world where women share equally in the creation, production and rewards of animation, and WIA provides resources and connections to make it happen.

WIA provides their dues-paying members exclusive access to professional development opportunities, networking events, mentoring programs, online job boards, and other industry specific benefits which helps foster career growth for women in animation. WIA serves multiple North America chapters such as Los Angeles, San Francisco, New York City, and Austin.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financials include the accounts of WIA and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor-imposed stipulations.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed restrictions that are restricted by the donor for specific purposes, time restrictions, or restricted in perpetuity. WIA did not have any net assets with donor restrictions as of May 31, 2020.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of net assets with donor restrictions based on the donor-stipulated purpose being fulfilled and/or the stipulated time period elapsing, are reported as a release of restrictions and are reclassified between the applicable classes of net assets. Restricted contributions whose restrictions are met in the same reporting period the contribution is made are shown as contributions without donor restrictions.

Cash and cash equivalents

WIA considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash equivalents.

Women in Animation, Inc.
Notes to Financial Statements
May 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents (continued)

Cash and cash equivalents are placed with high credit quality financial institutions to minimize risk. At times, cash and cash equivalents may exceed the Federal Deposit Insurance Corporation limits and other insured limits. WIA has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

Revenue recognition

WIA recognizes membership fee income in the period earned. WIA recognizes contributions when they are received or unconditionally pledged and records these amounts as net assets without donor restrictions or net assets with donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the barriers and right of release/return have been overcome.

Functional expenses

WIA's costs have been summarized on a functional basis in the accompanying statements of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that are benefited. Personnel expenses are allocated based on the underlying position of the employee.

Income tax status

WIA is recognized by the Internal Revenue Service as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and is not a private foundation as defined in the IRC. WIA did not have a material unrelated business income tax liability as of May 31, 2020. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

Use of estimates

The preparation of financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Women in Animation, Inc.
Notes to Financial Statements
May 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting pronouncements

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, with the stated purpose of providing guidance in evaluating whether the transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. ASU 2018-08 is effective for annual report periods beginning after December 15, 2018. WIA has adopted the standard as of June 1, 2019; the adoption had no impact on WIA's financial statements.

Subsequent events

WIA evaluated subsequent events after the statement of financial position date of May 31, 2020 through February 26, 2021, which was the date the financial statements were available to be issued and has determined that there are no additional adjustments and/or disclosures required.

3. LIQUIDITY AND FUNDS AVAILABLE

WIA structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following is a quantitative disclosure which describes assets that are available or expected to be available within one year of May 31, 2020 to fund general expenditures and other obligations as they become due:

Financial assets:

Cash and cash equivalents	\$ <u>811,712</u>
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4. NOTE PAYABLE - PAYCHECK PROTECTION PROGRAM

On April 27, 2020, WIA received loan proceeds of \$37,675 from a promissory note issued by the Small Business Administration under the Paycheck Protection Program (PPP) which was established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. WIA has elected to record this loan under ASC 470, *Debt*, in which any subsequent forgiveness of the debt would result in a gain on extinguishment in the period when WIA is legally released from the obligation of the debt. The term on the loan is two years and the annual interest rate is 1.00%. Payments of principal and interest are deferred for the first 6 months of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loans granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations. WIA plans to return any unused funds at the end of the loan period and believes that it will likely qualify for full forgiveness on loan funds used, but there is uncertainty around the standards and operations of the PPP, and no assurance is provided that WIA will obtain forgiveness in whole or in part.

Women in Animation, Inc.
Notes to Financial Statements
May 31, 2020

5. RELATED PARTY TRANSACTIONS

During the year ended May 31, 2020, board members of WIA donated approximately \$27,500 to the Organization.

6. RISKS AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") originated in Wuhan, China and has since spread to a number of countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, several states in the U.S. have declared a state of emergency. In response, the U.S. Government enacted the CARES Act, which includes significant provisions to provide relief and assistance to affected organizations. COVID-19 could adversely affect the economies and financial markets of many countries, namely the United States, resulting in an economic downturn that could affect WIA in a variety of ways. Although WIA is continuing to monitor and assess the effects of the COVID-19 pandemic on WIA's operations, the ultimate impact of the COVID-19 outbreak, the CARES Act and other governmental initiatives is highly uncertain and subject to change.