

ANNUAL REPORT 2013



As I write this welcome letter to BAVC's 2013 Annual Report, I am struck by how much was accomplished over the course of the year, how many collaborations BAVC developed with community partners, both locally and nationally, and how much we have grown.

We always hope to share our good news in these pages, and this year I am thrilled to report that, based on our 2013 audit, we are becoming more financially stable and growing in ways that both expand our programs and support our mission of empowering media creators of all kinds to change our world for the better.

On the homefront, 2013 brought repairs and upgrades to our facility: we removed a 20 ton HVAC unit from our roof and upgraded our heating and cooling system, so students no longer need to wear winter coats or bathing suits to comfortably enjoy BAVC classes. We also upgraded our in-house public access television studio and made it easier for SF Commons producers to host live and call-in programs as well as simulcast them online.

Our programs also had significant impacts at the national level. We expanded our MediaMaker Fellows program to embrace media creators from across the United States. We developed tools for audio and video tape preservation practitioners, while preserving work from cultural organizations from Chicago to South Dakota, and from Texas to Washington, D.C., through the National Preservation Access Program. We also produced media and developed an archive in collaboration with San Francisco State University's Center for Research and Education on Gender and Sexuality and the Health Equity Institute by creating storytelling booths for use in high schools across the country for students to share their stories related to LGBTQ issues for the Beyond Bullying project. We designed and implemented workforce development programs for freelancers in the Bay Area and beyond, helping them to network and gain new gigs via Gig Union. Finally,

we sent staff and youth program participants to film festivals and on college and workplace tours to Washington, D.C., Los Angeles and beyond.

BAVC's staff and services continue to grow and it is support from individuals, foundations, corporations and government agencies at all levels that makes our work possible. Thank you for all that you've done to get us to year 38. You've made it possible for us to look forward to our 40th anniversary, in addition to continuing our efforts to support media creation - and sharing - for social change.

Sincerely,



Carol Varney
Executive Director



[BAVC Productions](#), a freelance video production program that employs BAVC Next Gen alumni as well as filmmakers from San Francisco State University and City College San Francisco, was an experiment in revenue generation that began in the summer of 2012. 2013 represented the first full calendar year that the program was implemented.

Over the year, BAVC Productions produced video content for 19 clients and generated income for BAVC while supporting Bay Area freelancers in our pool of 20 young and emerging filmmakers eager to get a foothold in the industry. Notable clients included The Sierra Club, for which we provided video production training to their workforce development department; Stanford Live, for which we filmed performances and

presentations; Oakland Ballet, for which we edited a new set of PSAs; and San Francisco Public Library, for which we created an animated promo for their Summer Reading program.

BAVC Productions also took on a significant contract with Ford Foundation-funded researchers from San Francisco State University and Columbia University for the [Beyond Bullying Project](#), which aims to investigate and expand the terms of cultural recognition and social belonging surrounding lesbian, gay, bisexual, transgender, and queer (LGBTQ) youth in U.S. schools through interactive, multimedia storytelling. BAVC Productions is providing technology and media support as well as project guidance related to media capture and exhibition aspects of the project, developing a system for the collection of more than 400 video booth confessional stories from high schoolers at three national school sites.



Drawing from the award-winning success of MediaLink, a foundation- and government-funded program in 1999 that led to the creation of BAVC's most significant workforce development achievements, and with the generous support of the Weinberg Foundation in conjunction with our TechSF government contract, we returned to a cohort-based training model to gauge the impact of team-styled learning on job placement results. We called the training "Digital Directions" and delivered two 16-weeks, hands-on immersive cohorts that each included a real world project for a nonprofit client. Each student assumed a different role in order to create the project: one person the coder, one the animator, one the project manager, and so on. The impact on job placement? Sixty-three percent had jobs within two weeks of completing the training.

With informed feedback from employers and web developers, BAVC created a new [Experiential Design Certificate](#), in order to groom web designers for UX (User Experience) jobs. Classes include hands-on training in wireframing, prototyping, personas, the elements of Human Centered Design, coding for

non-coders and more. Enrollments have been brisk and include a combination of professionals who work at ETP participating companies (the no-cost training subsidized by the state) and job seekers returning to the workforce, exemplifying BAVC's time-honored ecosystem of bridging industry and community.

Combining training staff and Gig Union freelancers, BAVC produced a 90-second video, *We Can Go It Alone, Together!*, aimed at supporting entrepreneurs and contractors. With hundreds of views on YouTube, the video serves to build community and create partnerships. One of the most popular aspects of Gig Union is our Peer Portfolio Review, which, held monthly, allows digital media professionals and those just breaking into the industry to receive mentor-led peer feedback on branding, presentation and portfolio efforts.

TechSF Success Story

Jennifer Paige describes herself as “Passionate. Creative. Tenacious.” And that’s what it took for her to return to work after her video producer job of five years at Topcon Positioning Systems ended. A “baby boomer,” Jennifer had been out of work for two years when she qualified for motion graphics/video editing training to refresh her skills through TechSF. Midway through her training, Jennifer had unexpected back surgery, which left her out of commission for six weeks. Battling pain and the discouragement that comes with long-term unemployment, Jennifer nonetheless pushed herself to the limit. She completed her certificate, attended a range of career support workshops at BAVC and leveraged a BAVC staff connection to land a seven-month gig at MedAmerica. She said, “I really learned a lot in the [workshops] and my website re-do made a big difference in getting the job. Thank you all for your support. I plan on continuing to network, now that I’m in the groove.”



In 2013, BAVC's Preservation Department continued to provide critical video and audio preservation services for our clients from a range of organizations. Highlights include preservation of:

- tapes thought destroyed in a warehouse fire for the San Francisco media arts collective Ant Farm;
- lengthy speeches made by three-time South Dakota Governor Bill Janklow for the University of South Dakota;
- interviews and video documentation of dancer and choreographer Merce Cunningham for the Walker Art Center;
- videos from the Robert Altman Collection at the University of Michigan;
- videos from the Ruth Page Collection at the Chicago Film Archives;
- original Videofreex recordings for the work-in-progress documentary about this early video collective;
- an audio piece by local luminary artist David Ireland;
- and *Issei The First Generation*, a film by Toshi Washizu.

Additionally, we continued to work on the Fales Special Collections and the library video collection of artist Larry Rivers, who documented everything from Abbie Hoffman's vasectomy to the first Gay Pride Parade in New York. We also began the preservation of videos shot in Cuba by filmmaker Estela Bravo which are housed at New York University libraries.

BAVC continued working on the digital repository developed in partnership with the [Dance Heritage Coalition](#), building a third satellite digitizing station at the office of the Dance Heritage Coalition in Washington, D.C. and providing training and support to a third digitization fellow.

Funding from the Wattis Foundation supported a collaboration with California College of the Arts (CCA), in which BAVC Preservation staff worked with CCA students to develop comprehensive catalogs of the recorded media collections of four seminal Bay Area arts organizations: Southern Exposure, San Francisco Cinematheque, Intersection for the Arts and Headlands Center for the Arts. In the spring of 2013, a class taught by curator Renny Pritikin reviewed these materials, researched artists in the collections, and made selections for preservation which were featured in [Lost Treasures](#), three programs at the Oakland Museum of California, and the Kadist Foundation and The Lost Church.

In early 2013, we were awarded a Preservation Access Research and Development grant from the National Endowment for the Arts to develop a free and open-source video preservation quality control tool we are calling [QC Tools](#). Developed in close partnership with Dave Rice and Associates, this tool will provide a way for non-specialists to analyze preserved video files and better understand the errors that arise in the preservation process. As a part of QC Tools, BAVC is furthering the development of the A/V Artifact Atlas, a wiki developed originally by Stanford Media Lab, in which Stanford, BAVC, and many of our peers begin to correlate preservation terminology with the goal of developing a "common language" for audiovisual archivists.

With generous funding from the National Endowment for the Humanities, BAVC launched the [Preservation Access Program](#) in early Spring 2013. Through this program individual artists and small to medium size arts and culture organizations were able to tap into BAVC's Preservation program to receive the support they need to assess their own collection and make selections for preservation, receiving deep discounts on analog to digital preservation. Participants in the Preservation Access Program in 2013 included San Francisco Media Archive, Video Data Bank, Media Burn, Chicago Film Archives, Wisconsin Center for Film and Theater Research, New Orleans Video Access Center, San Francisco Poetry Center, and artists Janice Lipzin, Alfred Young and June Watanabe.

2013 was a busy year with presentations and workshops for the Preservation Department. In April 2013, Jennifer Brice and Lauren Sorensen presented at the annual meeting of the Society of California Archivists on open-source Software Tools for Digital Collections Management. In the summer of 2013, Lauren Sorensen presented at the Library of Congress, NDIPP Digital Preservation conference on Frame-level Fixity for Digital Video Preservation. At the November Annual Meeting of the Association of Moving Image Archivists, Moriah Ulinskas and Jennifer Brice presented the A/V Artifact Atlas, and Dave Rice and Devon Landes presented QC Tools for the first time. Additionally, Lauren Sorensen co-organized the first annual Archivists' Hack Day in partnership with the Digital Library Federation, and Moriah Ulinskas co-organized the annual Community Archiving Workshop in partnership with the Valentine Museum and Virginia Commonwealth University. In November, Lauren Sorensen presented on behalf of the Dance Heritage Coalition partnership at the Congress on Research in Dance at the University of California at Riverside and at the Dance Heritage Coalition Technology Summit at UCLA Libraries, and Moriah Ulinskas presented as a part of the "Collection of Misfits: Time Based Media and the Museum" conference at the Carnegie Museum for Art.

2013 also saw the publication of two papers: "Developing and Implementing a Digital Video Repository for Legacy Dance Documentation" published in The Memory of the World in the Digital Age: Digitization and Preservation Conference Proceedings, by UNESCO and "Capture Software for the Preservation of Analog Video" in the Summer 2013 Electronic Media Review Volume II.



In 2013, BAVC served local producers and organizations through SF Commons - San Francisco's Public Access Station - and the Broadband Technology Opportunities Program (BTOP), providing outreach, technical support and access to digital media tools and training through our partnership with the City of San Francisco's Department of Technology. BAVC also managed the MediaMaker Fellowship, a year-round program that provides professional development and fosters a creative community for local documentary makers.

MediaMaker Fellowship

From a competitive call for entries, eight projects and their producers were selected to participate in the 2013 program: Andrew Bateman, with All They Will Call You; Brittney Shepherd and Jessica Jones with Eye, Camera and Vision.ed; Jan Krawitz with Perfect Strangers; Jennifer Huang and Erin Palmquist with From Baghdad to the Bay; Laurie Coyle and Albertina Zarzia Padilla with Adios Amorand MiHistoria.net; Leah Wolchok with Very Semi-Serious; Mo Morris with A New Color; and Nyna Pais Caputi with Petals in the Dust: the Endangered Indian Girls. The fellows participated in a series of day-long workshop retreats exploring audience engagement, fundraising, storytelling approaches and new media technologies, and a series of evening lab sessions where they got a chance to pitch, screen, brainstorm and advance their work with input from peers and experts. With the help of interns, BAVC produced case study videos about each project and their development process that are presented online and on SF Commons, so other media makers can learn from these producers.

SF Commons

[SF Commons](#), San Francisco's public access television station, hit its stride in 2013. After adjusting our program hours in 2012 to accommodate times when producers most needed access, we saw a steady rise

in their participation and engagement. This uptick in interest also gave BAVC the opportunity to continue to expand our important work with local organizations.

Support of local nonprofit organizations

Several organizations, local schools, youth and their teachers participate in training and production through SF Commons. Whether they are learning to create and disseminate their own public service announcements, creating a youth show such as YouthLine, or educating students about participation in public access television, BAVC and SF Commons welcomes numerous organizations throughout the year.

Local organizations that participated in SF Commons programming in 2013 included:

- Youthline/Chalk
- Streetside Stories
- Afro Solo Theatre Company
- Oakland Public Conservatory of Music
- San Francisco State University
- West Bay Multi Service Center
- Community Living Campaign
- Community Assessment and Services Center
- San Francisco Sheriff's Department
- Vietnamese Youth Development Center
- Real Options for City Kids (ROCK)
- SOMArts
- Mission Cultural Center for Latino Arts
- San Francisco Beacon Centers
- YMCA
- Bayview Opera House
- Willie Mays Boys & Girls Club

Broadband Technology Opportunities Program (BTOP)

Through the City's Broadband Awareness program funded by the National Telecommunications and Information Administration (NTIA), BAVC served as the lead for city-wide outreach with nearly 40 local organizations, including City of San Francisco's Department of Technology, City College of San Francisco, SFGov.tv, San Francisco Neighborhood Beacon Centers, Vietnamese Youth Development Center and BAYCAT. We produced and maintained [a media-rich outreach and information website](#), where residents can access work created by youth, find out how to connect to broadband at home and in their neighborhoods

and access training opportunities. We also coordinated showcase events and professional development opportunities for youth media partners. This program concluded in September 2013.

SF Stories

BAVC undertook a series of pre-production meetings in preparation for a James Irvine Foundation-funded SF Stories community storytelling project, including meetings with the SF Sheriff's Office, the SF Veterans Affairs office and the Homeless Prenatal Project. The grant was awarded in July 2013, with an expected filming date in San Bruno jail in January 2014.

Regional collaboration

We worked collaboratively with national and regional access centers in Gilroy, Humboldt, Marin, Monterey, Davis, Santa Cruz, San Jose to develop curriculum, workflows, standards and programming for our local communities. Together with Access Humboldt and Community Media Access Partnership (CMAP), we trained Americorps VISTA fellows at each of our centers to serve and connect youth in our communities through digital media.

SF Commons live studio

Our live or "Flash" studio continues to be one of the most popular means of producing local television programming, as it is a self-contained and fully functional television studio that can be easily operated by our community members. The shows are diverse and range from arts and cultural commentary, to interview shows, to performance and community engagement.



Digital Pathways

In 2013, Next Gen's Digital Pathways program launched a new two-cohort based system for the Bridges program, extending the age range of Digital Pathways participants to 26 as part of an effort to provide additional career readiness and college success resources to alumni and students enrolled in community colleges.

In May 2013, 25 Bridges students graduated from the program along with 55 students in the Beginning Tracks -Film/Code/Remix, Beginner Audio and Beginner Video - and Advanced Tracks, BUMP Records (advanced audio production) and The Factory (advanced video production). All Digital Pathways students participated in eight career readiness workshops in resume building, networking, communication, creating LinkedIn and portfolio accounts, and mock interview training. Additionally, through a partnership with Mission Graduates, students participated in forums and workshops around college advising to identify their college pathways in the media arts and technology fields. Based on a partnership with City College of San Francisco and MPICT, Next Gen held two career panels, inviting established industry professionals to share their stories of entering the workplace, insights on what employers are looking for and advice on how to improve one's "culture fit" while building tech chops.

In 2013, BAVC released an additional six video vignettes and created [student pages](#) for all Bridges students, including peer mentors. BAVC also had the privilege of hosting an Arts and Media Stanford intern, Alex Nana-Sinkam, who provided insight into the Bridges program and outreach for the Tracks program.

In 2013, representatives from The Factory traveled to Washington, D.C. to participate in a Youth Media Summit. Bridges alumni Amy Li participated in MozFest in London with BAVC's Executive Director. Three Bridges peer mentors traveled to Los Angeles to lead remix workshops at the National Association for Media Literacy Education conference. Next Gen staff participated in both the Digital Media and Learning Conference with Bay Area Youth Media Network and San Francisco Public Library Digital Teen Center colleagues; as well as the National Science Foundation's Advanced Technical Education convening for Principal Investigators.

The Factory - Advanced Video Production

The Factory is BAVC's advanced after-school digital filmmaking production program, engaging youth ages 14-19 to produce high quality films bound for national exhibition. Over the past year, the program has cultivated six award-winning teen filmmakers, who have produced and directed 12 narrative, documentary, and experimental shorts that won 13 different awards at film festivals across the country, including the San Francisco International Film Festival and Project Youth View.

Three participants traveled to Silver Spring, MD to participate in the Youth Media Action Summit alongside members of other youth organizations, such as Reel Youth and Gandhi Brigade. During this four-day summit, youth created short videos for and about nonprofit organizations in the Silver Spring area. Factory

graduates have gone on to attend CalArts, Chapman, Mills, Wesleyan, Columbia University and New York University, among many others, continuing their development and education as filmmakers and storytellers.

In total, more than 5,000 viewers witnessed Factory work in a theatrical environment, while Factory films were viewed another 2,500 times online. [Click here](#) for a complete list of all the 2013 screenings and to request an end-of-year DVD.

In the summer of 2013, the Factory worked directly in collaboration with socially-conscious Bay Area organizations to benefit and advance their media documentation. The Factory's Community Filmmaking Partnerships (CFP) prepared our youth for the "real world" by pairing them with clients and facilitating collaboration between youth from different organizations. Students received stipends for their role as professionals. This emphasized the production of films with a social utility while rooting work in the community; and, leveraged BAVC skills and resources to amplify voices of people doing good work in our community. Five teams of youth filmmakers worked with the Bay Area Rock Camp for Girls, Lyric (an LGBT youth support center), Stamp Out Stigma and the Bay Area Youth Media Network (BAYMN). Factory students also traveled with their media. Alumna Buffy Almendares represented BAVC and the San Francisco Public Library's youth advisory board at the Digital Media Learning Conference in Chicago and participant Rachel Lin traveled with a film to the National Film Festival for Talented Youth in Seattle. Factory youth also competed in an international five-day documentary challenge put on by the Toronto International Film Festival and created a short documentary about the cultural implications of the buying and selling of women's hair in Oakland. They also participated in a Cinemasports competitive filmmaking event for which they created a comedic short, *Breaking Bread*, in just ten hours which then screened at the Mill Valley Film Festival.

BUMP Records - Advanced Audio Production

In its first year based out of BAVC's San Francisco office, BUMP welcomed more diverse genres and musicians into the program, hosted workshops on recording live instrumentation and released 10 albums, including a summer collaboration with the DH Project, [Identity](#). Other highlights include:

- Former BUMP artist and mentor Davin Thompson returning to guide the team in a series of songwriting and performance workshops.
- In February, BUMP Records artist Emmanuel McCarter (Apollo Carter) was featured in and won the YU Got Talent show at Youth Uprising, performing "Rising Sun" from his album, *Long Live Love*.
- Former Youth Programs Manager Chris Runde, Teaching Assistant and alumni Malachi Vanderpuye, and BUMP instructor Ian Davis ran a Sample Life workshop at the [Allied Media Conference](#) in Detroit, Michigan.

- BUMP students were invited to participate in a lecture with [hip-hop legend KRS1](#) and student Day Day was invited to perform with KRS1 in Sacramento the following evening.
- BUMP welcomed a special guest visit from professional audio engineer Matt Kelley (whose credits include working with 2 Pac, Hieroglyphics and George Clinton/Parliament) who offered career and networking advice.
- In 2013, BUMP Records Bandcamp page received 482 downloads (total downloads at 1,716) and 6,682 listens over the course of 6,197 pageviews.



Over its 38-year history, BAVC's innovative mix of programs has helped us build a broad base of support from a diverse array of funders. In 2013, BAVC enjoyed continued support from government funders such as the National Endowment for the Arts, National Science Foundation and National Endowment for the Humanities; from corporate sponsors such as Adobe Systems and Wells Fargo Bank; and national foundations such as the Andrew W. Mellon Foundation and the Harry and Jeanette Weinberg Foundation, just to name a few. In addition, BAVC was fortunate to receive support from key California and Bay Area foundations such as the James Irvine Foundation, Walter and Elise Haas Fund, Crescent Porter Hale Foundation and Morris Stulsaft Foundation. BAVC also relied on in-kind donations to provide additional support for our programming. For a full list of institutional and in kind supporters, please see our [Institutional Supporters list](#).

In 2013, BAVC expanded its partnership with the City of San Francisco's Office of Economic and Workforce Development to run the [TechSF](#) program, as well as renewing its contract with the San Francisco Department of Technology to operate SF Commons, the city's public access television station, through 2016.

BAVC also saw gains to its individual donor program, raising nearly \$25,000 from individuals and community members who contributed to BAVC's Annual Appeal or attended our Open House and Year-End Screening. The Friends of BAVC program was also launched in 2013, which enables donors to contribute on a recurring monthly basis. See the complete list of our Individual Donors [here](#). BAVC's Executive Director, Board Members and development team are focused on deepening and broadening the base of individual donors, who provide vital, unrestricted money that enables BAVC to fulfill its mission of inspiring social change through the sharing of diverse stories through art, education and technology.

2013 also saw some important strides in BAVC's online marketing efforts. At the end of 2013, BAVC.org received an average of over 52,000 unique visits and 71,400 pageviews per month, had 19,000 active email addresses for our monthly eNews, over 4,300 Twitter followers with three active accounts and 3,200 Facebook fans. 2013 also saw the Marketing team welcome aboard freelance designer and BAVC Next Gen instructor Megan Lavelle as a design consultant helping to sharpen and unify BAVC's visual branding.



As of 2013, BAVC had fully integrated both technology and operations functions of the organization into a single department. The Technology and Operations team established a shared leadership model, allowing a department of 2.5 staff to effectively deliver streamlined infrastructure and cohesive decision-making for all facilities and technology-related issues.

The year featured a number of considerable updates to technology resources and facility improvements. Following 2012 funding from the Bothin Foundation, we were able to facilitate a major upgrade to the Annex, providing for a state of the art professional recording space and training equipment for youth programs.

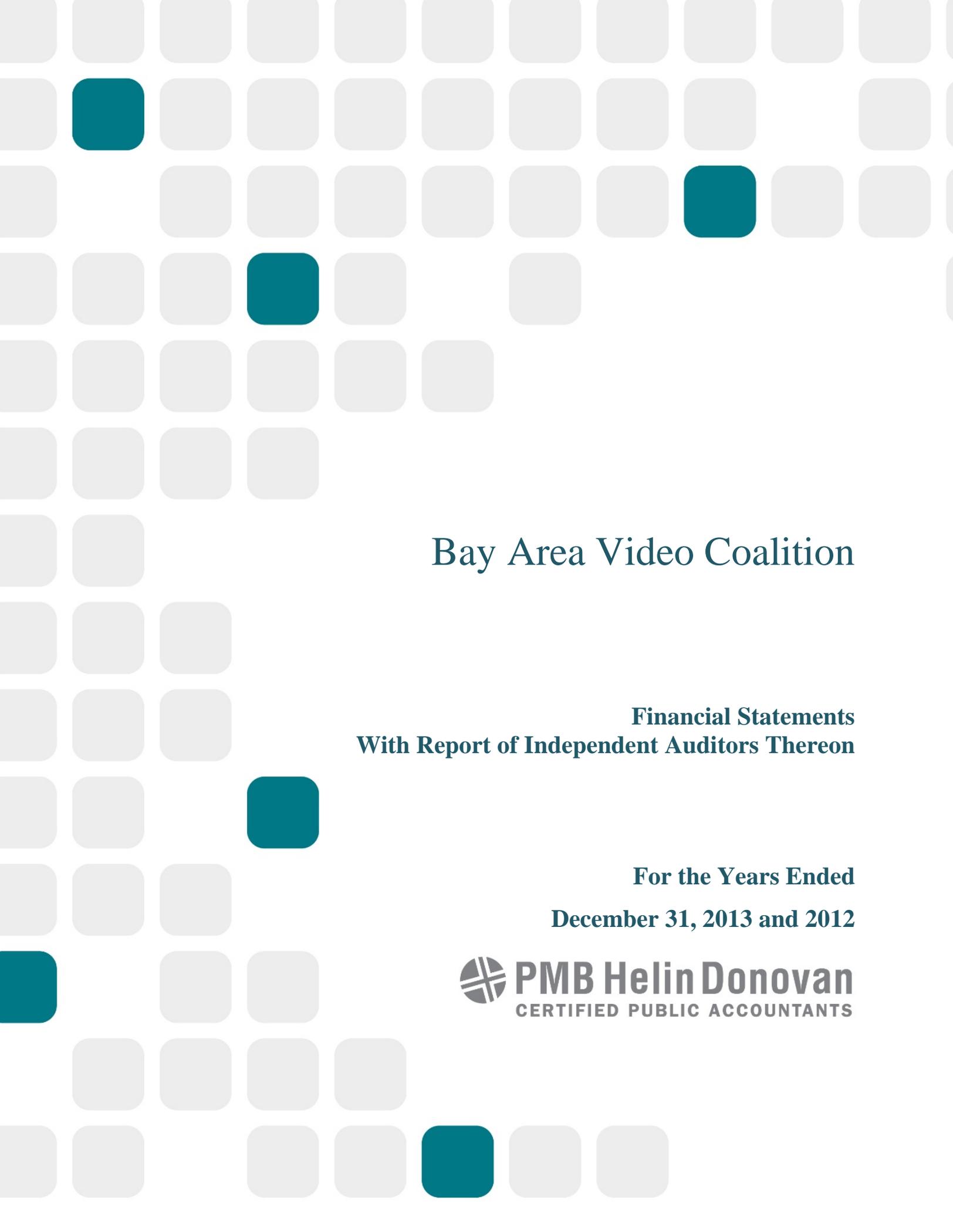
The team moved on to manage and deliver tenant improvements that included the renovation and automation of the site-wide HVAC system. This involved major maintenance of the HVAC machines, replacement of the 20 Ton unit and upgrading from an outdated control system to WiFi enabled console access. The tenant improvements also included the replacement of toilets, flooring, two water heaters and the installation of an ADA door and security gate.

Following the tenant improvements, we were responsible for completing the new “Flash Studio” for SF Commons. The space was gutted from floor to ceiling, painted, carpeted and new studio furniture and equipment was installed. The flash studio now features a unique production space allowing members to produce programming with limited crew. The SF Commons office was transformed to a dedicated lab for SF Commons producers, migrating the staff space to the shared BAVC admin offices.

Throughout the year, the team made concerted efforts in renovating our overall business processes by producing network diagrams, documentation and physical/logistical improvements to better access and support critical network devices and servers. These efforts expanded to streamlining classroom setup procedures, increasing the reliability and automation of individual workshop deployment and standardization of Salesforce class integration.

The work in standardizing best practices of our technology solutions resulted in the launch of organization-wide CRM training and led to the development of a BAVC wiki page. The wiki is now home to all shared resources and information, and is under guidance of the Integration Committee.

We continue to support all BAVC programming by working in collaboration with programmatic staff and organizational partners to provide the most current technology solutions and innovations available.



Bay Area Video Coalition

**Financial Statements
With Report of Independent Auditors Thereon**

**For the Years Ended
December 31, 2013 and 2012**

 **PMB Helin Donovan**
CERTIFIED PUBLIC ACCOUNTANTS

BAY AREA VIDEO COALITION

December 31, 2013 and 2012

INDEX

	<u>Page</u>
Report of Independent Auditors	1-2
Statements of Financial Position as of December 31, 2013 and 2012	3
Statements of Activities for the years ended December 31, 2013 and 2012	4
Statements of Cash Flows for the years ended December 31, 2013 and 2012	5
Statement of Functional Expenses for the year ended December 31, 2013 (with Comparative Totals for the year ended December 31, 2012)	6
Statement of Functional Expenses for the year ended December 31, 2012	7
Notes to Financial Statements	8-15
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16-17
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	18-19
Schedule of Expenditures of Federal Awards	I 20
Notes to Schedule of Expenditures of Federal Awards	I 21
Schedule of Findings and Questioned Costs	II 22-23

REPORT OF INDEPENDENT AUDITORS

Board of Directors,
Bay Area Video Coalition
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Bay Area Video Coalition (BAVC), which comprise the statement of financial position as of December 31, 2013, and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 auditor 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 Bay Area Video Coalition as of December 31, 2013, and 2012 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations* is presented for purposes of additional analysis and is not a required part of the basic 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2014, on our consideration of Bay Area Video Coalition'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 the 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 Bay Area Video Coalition's internal control over financial reporting and compliance.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

San Francisco, California
April 29, 2014

BAY AREA VIDEO COALITION
Statements of Financial Position
As of December 31, 2013 and 2012

		ASSETS	
		<u>2013</u>	<u>2012</u>
Current assets:			
Cash and cash equivalents	\$	381,951	\$ 626,273
Accounts receivable, net of allowance for doubtful accounts of \$4,502 and \$3,550 at December 31, 2013 and 2012, respectively		524,746	481,469
Grants receivable		232,575	151,062
Inventory		2,856	3,694
Prepaid expenses and other current assets		<u>56,028</u>	<u>58,515</u>
Total current assets		1,198,156	1,321,013
Deposits		10,281	10,128
Property and equipment, net of accumulated depreciation		<u>58,479</u>	<u>12,614</u>
Total assets	\$	<u><u>1,266,916</u></u>	\$ <u><u>1,343,755</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued expenses	\$	396,495	\$ 239,631
Current portion of long-term debt		118,502	105,396
Deferred rent		158,322	118,688
Deferred revenue		<u>182,180</u>	<u>395,537</u>
Total current liabilities		855,499	859,252
Long-term debt, net of current portion		<u>-</u>	<u>118,502</u>
Total liabilities		<u>855,499</u>	<u>977,754</u>
Net assets:			
Unrestricted net assets		68,137	(52,037)
Temporarily restricted net assets		343,280	418,038
Permanently restricted net assets		<u>-</u>	<u>-</u>
Total net assets		<u>411,417</u>	<u>366,001</u>
Total liabilities and net assets	\$	<u><u>1,266,916</u></u>	\$ <u><u>1,343,755</u></u>

See notes to financial statements.

BAY AREA VIDEO COALITION
Statements of Activities
For the Years Ended December 31, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and support:						
Contracts	\$ 2,023,666	\$ -	\$ 2,023,666	\$ 1,643,783	\$ -	\$ 1,643,783
Tuition	867,486	-	867,486	887,945	-	887,945
Service fees and consulting	257,539	-	257,539	233,803	-	233,803
Fiscal sponsorship fees	16,256	-	16,256	14,122	-	14,122
Suite rental	435	-	435	250	-	250
Total revenue	<u>3,165,382</u>	<u>-</u>	<u>3,165,382</u>	<u>2,779,903</u>	<u>-</u>	<u>2,779,903</u>
Contributions and grants	32,380	634,575	666,955	74,078	604,322	678,400
Membership fees	29,183	-	29,183	34,886	-	34,886
Other income	41,774	-	41,774	43,591	-	43,591
In-kind contributions	351,425	-	351,425	142,795	-	142,795
Total support	<u>454,762</u>	<u>634,575</u>	<u>1,089,337</u>	<u>295,350</u>	<u>604,322</u>	<u>899,672</u>
Net assets released from restriction	<u>709,333</u>	<u>(709,333)</u>	<u>-</u>	<u>1,536,223</u>	<u>(1,536,223)</u>	<u>-</u>
Total revenue and support	<u>4,329,477</u>	<u>(74,758)</u>	<u>4,254,719</u>	<u>4,611,476</u>	<u>(931,901)</u>	<u>3,679,575</u>
Expenses:						
Program services						
Preservation and Technology	425,815	-	425,815	667,067	-	667,067
Creative Programming	22,813	-	22,813	404,081	-	404,081
Youth Programs	732,628	-	732,628	641,191	-	641,191
Adult Training and Workforce Development	1,307,140	-	1,307,140	920,429	-	920,429
Independent Media	594,905	-	594,905	594,299	-	594,299
Total program services	<u>3,083,301</u>	<u>-</u>	<u>3,083,301</u>	<u>3,227,067</u>	<u>-</u>	<u>3,227,067</u>
Support services						
General administration	711,312	-	711,312	710,850	-	710,850
Fundraising	414,690	-	414,690	478,092	-	478,092
Total expenses	<u>4,209,303</u>	<u>-</u>	<u>4,209,303</u>	<u>4,416,009</u>	<u>-</u>	<u>4,416,009</u>
Change in net assets	120,174	(74,758)	45,416	195,467	(931,901)	(736,434)
Net assets/(deficit) at beginning of year	<u>(52,037)</u>	<u>418,038</u>	<u>366,001</u>	<u>(247,504)</u>	<u>1,349,939</u>	<u>1,102,435</u>
Net assets/(deficit) at end of year	<u>\$ 68,137</u>	<u>\$ 343,280</u>	<u>\$ 411,417</u>	<u>\$ (52,037)</u>	<u>\$ 418,038</u>	<u>\$ 366,001</u>

See notes to financial statements

BAY AREA VIDEO COALITION
Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 45,416	\$ (736,434)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation and amortization expense	15,208	28,409
(Gain)/Loss on disposal of property and equipment	(500)	1,206
Future leasehold rights	-	43,118
(Increase) decrease in		
Accounts receivable	(43,277)	(182,983)
Grants receivable	(81,513)	459,438
Inventory	838	1,492
Prepaid expenses and other current assets	2,487	14,972
Deposits	(153)	3,462
Long-term grants receivable	-	75,000
Increase (decrease) in		
Accounts payable and accrued expenses	156,863	(28,717)
Deferred rent	39,634	89,733
Deferred revenue	(213,357)	(9,492)
Net cash used in operating activities	<u>(78,354)</u>	<u>(240,796)</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(61,072)	-
Proceeds from the sale of property and equipment	500	2,329
Net cash provided by/(used in) investing activities	<u>(60,572)</u>	<u>2,329</u>
Cash Flows from Financing Activities:		
Repayments of long-term debt	(105,396)	(101,269)
Repayments of capital lease obligations	-	(7,486)
Net cash used in financing activities	<u>(105,396)</u>	<u>(108,755)</u>
Net decrease in cash and cash equivalents	(244,322)	(347,222)
Cash and cash equivalents, beginning of year	626,273	973,495
Cash and cash equivalents, end of year	<u>\$ 381,951</u>	<u>\$ 626,273</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	\$ 6,871	\$ 11,186
Donated goods and services	<u>\$ 351,425</u>	<u>\$ 142,795</u>

See notes to financial statements

BAY AREA VIDEO COALITION
Statement of Functional Expenses
For the Year Ended December 31, 2013
With Comparative Totals for the Year Ended December 31, 2012

	Program Services					Total Programs	Supporting Services		2013 Total	2012 Total
	Preservation and Technology	Creative Programming	Youth Programs	Adult Training and Workforce Development	Independent Media		General Administration	Fundraising		
Salaries and benefits	\$ 224,380	\$ 11,591	\$ 307,245	\$ 478,645	\$ 299,879	\$ 1,321,740	\$ 318,840	\$ 284,700	\$ 1,925,280	\$ 1,936,349
Professional services	85,602	459	134,513	528,336	60,248	809,158	189,178	40,339	1,038,675	1,268,014
Occupancy	37,139	1,088	76,030	101,436	178,108	393,801	29,157	18,696	441,654	440,493
Depreciation and amortization	1,136	5,091	1,960	2,822	1,451	12,460	1,341	1,407	15,208	28,409
Equipment	37,653	56	84,787	114,787	33,145	270,428	86,855	32,125	389,408	415,762
Operations	36,002	4,528	42,952	61,684	17,860	163,026	85,908	24,358	273,292	240,359
Outreach and promotion	303	-	6,365	240	214	7,122	33	12,965	20,120	33,274
Awards and stipends	3,600	-	78,776	19,190	4,000	105,566	-	100	105,666	53,349
Total expenses	<u>\$ 425,815</u>	<u>\$ 22,813</u>	<u>\$ 732,628</u>	<u>\$ 1,307,140</u>	<u>\$ 594,905</u>	<u>\$ 3,083,301</u>	<u>\$ 711,312</u>	<u>\$ 414,690</u>	<u>\$ 4,209,303</u>	<u>\$ 4,416,009</u>

See notes to financial statements

BAY AREA VIDEO COALITION
Statement of Functional Expenses
For the Year Ended December 31, 2012

	Program Services					Total Programs	Supporting Services		2012 Total
	Preservation and Technology	Creative Programming	Youth Programs	Adult Training and Workforce Development	Independent Media		General Administration	Fundraising	
Salaries and benefits	\$ 198,091	\$ 38,818	\$ 353,505	\$ 360,149	\$ 266,023	\$ 1,216,586	\$ 366,265	\$ 353,498	\$ 1,936,349
Professional services	174,627	359,290	90,043	398,643	42,982	1,065,585	178,774	23,655	1,268,014
Occupancy	34,744	2,973	73,616	84,350	176,389	372,072	44,748	23,673	440,493
Depreciation and amortization	2,719	46	5,966	4,835	3,411	16,977	7,229	4,203	28,409
Equipment	195,255	276	41,677	41,379	64,222	342,809	47,487	25,466	415,762
Operations	60,904	2,678	31,071	30,812	24,537	150,002	66,098	24,259	240,359
Outreach and promotion	727	-	2,889	261	5,810	9,687	249	23,338	33,274
Awards and stipends	-	-	42,424	-	10,925	53,349	-	-	53,349
Total expenses	<u>\$ 667,067</u>	<u>\$ 404,081</u>	<u>\$ 641,191</u>	<u>\$ 920,429</u>	<u>\$ 594,299</u>	<u>\$ 3,227,067</u>	<u>\$ 710,850</u>	<u>\$ 478,092</u>	<u>\$ 4,416,009</u>

See notes to financial statements

BAY AREA VIDEO COALITION

Notes to Financial Statements

December 31, 2013 and 2012

1. ORGANIZATION

Bay Area Video Coalition ("BAVC") is a California not-for-profit corporation with the primary purpose of operating a center for educational and artistic work in digital media in San Francisco, California. Since its founding in 1976, BAVC has connected diverse communities and individuals to the tools and training necessary to create and share innovative media and develop new storytelling technologies.

BAVC's operations are funded by a combination of fees for service and grants and contributions from private and government sources. BAVC's current programs provide access to industry-certified media training, pathways to higher education and workforce development, state of the art media labs, preservation of video and audio recordings, and assistance in engaging technology to support creative expression.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

BASIS OF PRESENTATION

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. BAVC follows the guidance of Accounting Standards Codification (ASC) 958, "*Financial Statements of Not-for-Profit Organizations.*" Accordingly, the net assets of BAVC and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions, but may be designated for specific purposes by action of the Board of Directors or otherwise limited by contractual arrangements with outside parties.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that can be fulfilled either by actions of BAVC pursuant to those stipulations and/or expire with the passage of time.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that BAVC maintains. Generally, the donors of these assets permit BAVC to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2013 and 2012.

BAY AREA VIDEO COALITION
Notes to Financial Statements
December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, and investments so near their maturity that the risk of change in value due to changes in interest rates is negligible. These are generally investments with maturity dates of three months or less at the purchase date.

INVENTORY

Inventory is comprised of textbooks and manuals for workshops and clinics, and media stock. Inventory is recorded at the lower of cost or market, with cost determined using the weighted-average method. Market value is determined based on net realizable value. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates include estimated useful lives, functional allocation of expenses and allowances for doubtful accounts. Accordingly, actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

BAVC capitalizes all property and equipment acquisitions of \$5,000 and greater. Expenditures that increase the life of existing assets are capitalized; maintenance and repairs are charged to operations as incurred. Purchased or constructed assets are recorded at cost. Donated assets are recorded as contributions at their estimated fair values at the date of acquisition. Depreciation is provided using the straight-line method over three to fifteen years for equipment and furnishings and three to five years for software. Leasehold improvements are amortized over the related remaining lease term or the estimated useful lives of the assets, whichever is shorter.

BAY AREA VIDEO COALITION
Notes to Financial Statements
December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

BAVC accrues a liability for vested vacations to which employees are entitled depending on the length of service and other factors. The accompanying financial statements include accrued vacation benefits of \$62,985 and \$63,022 as of December 31, 2013 and 2012, respectively.

REVENUE RECOGNITION: TUITION AND CONTRACTS

Tuition revenue is recognized when the related class is provided. Contract revenue is derived from contracts with the City and County of San Francisco and various private companies, governmental entities, and other not-for-profit organizations. Contract revenue is recognized when the terms of the contract have been satisfied. Cash received in advance of providing the service is classified as deferred revenue.

REVENUE RECOGNITION: CONTRIBUTIONS

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

REVENUE RECOGNITION: CONTRIBUTED ASSETS, SERVICES AND FACILITIES

Contributions of non-cash assets are recorded at their fair value in the period received. Donated services are recognized as contributions in accordance with Accounting Standards Codification 958, "*Accounting for Contributions Received and Contributions Made*," if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by BAVC, see Note 7.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted, based on management's estimates.

BAY AREA VIDEO COALITION
Notes to Financial Statements
December 31, 2013 and 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING FOR IMPAIRMENT OF LONG-LIVED ASSETS

BAVC reviews its long-lived assets for impairment whenever events or changes indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held is measured by comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of their carrying cost amount or fair value less estimated costs to sell.

ADVERTISING

Advertising costs are expensed as incurred and amounted to \$11,969 and \$16,694 for the years ended December 31, 2013 and 2012, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS

BAVC is required to disclose the estimated fair value of its financial instruments. The fair value estimates presented herein are based on relevant information available to management as of December 31, 2013 and 2012. Because the reporting requirements exclude certain financial instruments and all non-financial instruments, the aggregate fair value amounts presented herein do not represent management's estimate of the underlying value of BAVC.

BAVC's financial instruments consist principally of cash and cash equivalents, accounts receivable, grants receivable, inventory, prepaid expenses, accounts payable and accrued expenses, deferred revenue and debt. BAVC believes all of the financial instruments' recorded values approximate fair value.

3. CONCENTRATION OF CREDIT RISK

BAVC maintains its bank accounts at one financial institution. Accounts at this institution are insured by the FDIC up to \$250,000. Under the FDIC's Transaction Account Guarantee Program (TAGP), all non interest-bearing transaction accounts were fully guaranteed by the FDIC for the entire amount in the account until December 31, 2012. Coverage under TAGP was in addition to and separate from the coverage available under the FDIC's general deposit insurance rules. At December 31, 2013, BAVC had a balance of \$186,936 in excess of FDIC coverage. There were no amounts in excess of the insured limits at December 31, 2012.

BAY AREA VIDEO COALITION
Notes to Financial Statements
December 31, 2013 and 2012

4. GRANTS RECEIVABLE

Grants receivable are recorded at their net realizable value with no allowance for uncollectible balances, as management expects all amounts will be received from grantors as promised. Grants receivable were \$232,575 and \$151,062 as of December 31, 2013 and 2012, respectively. There were no long-term portion of grants receivable at December 31, 2013 and 2012.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Video and musical equipment	\$ 514,429	\$ 460,606
Computer equipment	391,050	391,050
Computer software	138,698	138,698
Leasehold improvements	548,956	548,956
Fiber optic infrastructure	<u>137,409</u>	<u>137,409</u>
	1,730,542	1,676,719
Less: accumulated depreciation and amortization	<u>(1,672,063)</u>	<u>(1,664,105)</u>
Property and equipment, net	<u>\$ 58,479</u>	<u>\$ 12,614</u>

Depreciation and amortization expense amounted to \$15,208 and \$28,409 for the years ended December 31, 2013 and 2012, respectively. During the years ended December 31, 2013 and 2012, BAVC disposed of property and equipment with a cost basis of \$7,250 and \$3,444 and a net book value of \$0 and \$2,870, respectively.

6. EMPLOYEE BENEFIT PLAN

BAVC has a defined contribution 403(b) plan for its employees. Employees may elect to participate at any time after employment and can contribute up to a maximum of 20% of their salaries, not to exceed \$16,500 each year. Matching contributions are not allowed under the plan.

BAY AREA VIDEO COALITION
Notes to Financial Statements
December 31, 2013 and 2012

7. IN-KIND CONTRIBUTIONS

BAVC recognized contribution revenue for in-kind donations received at their estimated fair values for the following:

	<u>2013</u>	<u>2012</u>
Software and supplies	\$ 227,379	\$ 84,806
Services	110,752	44,948
Facilities	-	550
Travel	7,984	3,516
Furniture, property and equipment	5,310	8,975
Total	<u>\$ 351,425</u>	<u>\$ 142,795</u>

8. DEBT

Catholic Healthcare West Loan:

On November 1, 2009, BAVC entered into a \$500,000 loan agreement with Catholic Healthcare West secured by BAVC's receivables from performance-based government or private grants and contracts. The loan bears interest at a rate of 4% per annum. The loan will mature on November 5, 2014. The outstanding balance of the loan was \$118,502 and \$223,898 at December 31, 2013 and 2012, respectively.

The remaining balance of \$118,502 is due to be paid before December 31, 2014.

Interest expense on long-term debt amounted to \$6,871 and \$10,997 for the years ended December 31, 2013 and 2012, respectively.

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were restricted for the following purposes at December 31,

	<u>2013</u>	<u>2012</u>
Youth Programs	\$ 134,946	\$ 168,386
Independent Media	133,334	33,821
Adult Training and Workforce Development	75,000	60,000
Preservation and Technology	-	40,000
Creative Programming	-	38,928
Time restriction	-	75,000
Other	-	1,903
Total	<u>\$ 343,280</u>	<u>\$ 418,038</u>

BAY AREA VIDEO COALITION
Notes to Financial Statements
December 31, 2013 and 2012

9. TEMPORARILY RESTRICTED NET ASSETS – (CONTINUED)

Net assets released from restriction by incurring expenses that satisfied the restricted purpose were as follows for the years ended December 31,

	<u>2013</u>	<u>2012</u>
Youth Programs	\$ 258,015	\$ 446,500
Independent Media	100,487	102,011
Adult Training and Workforce Development	195,000	40,000
Preservation and Technology	40,000	116,500
Creative Programming	38,928	579,890
Time restriction	1,903	75,000
Other	75,000	176,322
Total	<u>\$ 709,333</u>	<u>\$ 1,536,223</u>

10. LEASE COMMITMENTS

BAVC leases its facilities under non-cancelable operating lease agreements which expire in November 2021. Under the terms of the main facility lease in San Francisco, BAVC is responsible for maintaining liability and property damage insurance and paying certain allocable operating expenses. These agreements provide for rent increases over the lives of the leases. BAVC recognizes facility rent on a straight-line basis over the lease term, and accordingly, BAVC recognizes deferred rent for the difference between the payments required and the related expense recognized.

Rent expense for these leases amounted to \$352,669 and \$363,617 for the years ended December 31, 2013 and 2012, respectively.

In 2013, BAVC leased certain office equipment under an operating lease agreement that expires in 2016. Rent expense for this lease was \$9,927 and \$6,372 for the years ended December 31, 2013 and 2012, respectively.

BAY AREA VIDEO COALITION
Notes to Financial Statements
December 31, 2013 and 2012

10. LEASE COMMITMENTS (CONTINUED)

Future minimum lease payments required under these two operating lease agreements at December 31, 2013 are as follows:

<u>Year ending December 31,</u>	
2014	\$ 346,040
2015	348,083
2016	363,535
2017	362,067
2018	384,540
Thereafter	<u>1,170,607</u>
Total	\$ <u><u>2,974,872</u></u>

11. INCOME TAXES

BAVC is a not-for-profit organization, exempt from federal income tax under Section 501(c)(3) of the U.S Internal Revenue Code (the Code), and contributions to it are tax deductible as prescribed by the Code. BAVC is also exempt from California income tax under Section 23701d of Revenue and Taxation Code. Accordingly, no provision for income taxes has been included in these financial statements.

Accounting principles generally accepted in the United States of America require BAVC management to evaluate tax positions taken by BAVC and recognize a tax liability (or asset) if BAVC has taken an uncertain position that more likely than not would not be sustained upon examination by Internal Revenue Service. BAVC has analyzed its tax positions and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. BAVC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. BAVC believes it is no longer subject to income tax examinations for years prior to its fiscal year beginning January 1, 2009.

12. SUBSEQUENT EVENTS

Bay Area Video Coalition has evaluated all subsequent events through April 29, 2014, the date of this report, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

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

To the Board of Directors,
Bay Area Video Coalition
San Francisco, California

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 Bay Area Video Coalition, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bay Area Video Coalition'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 Bay Area Video Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of Bay Area Video Coalition'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Bay Area Video Coalition'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bay Area Video Coalition's financial statements are free of 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 Bay Area Video Coalition's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bay Area Video Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

San Francisco, California
April 29, 2014

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

To the Board of Directors,
Bay Area Video Coalition
San Francisco, California

Report on Compliance for Each Major Federal Program

We have audited the Bay Area Video Coalition's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bay Area Video Coalition's major federal programs for the year ended December 31, 2013. Bay Area Video Coalition's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bay Area Video Coalition'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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 Bay Area Video Coalition'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 Bay Area Video Coalition's compliance.

Opinion on Each Major Federal Program

In our opinion, Bay Area Video Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of Bay Area Video Coalition 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 Bay Area Video Coalition'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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of its internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bay Area Video Coalition'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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PMB Helin Donovan, LLP



San Francisco, California
April 29, 2014

BAY AREA VIDEO COALITION

**Schedule of Expenditures of Federal Awards
for the year ended December 31, 2013**

Schedule I

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Federal Expenditures
National Endowment for the Arts			
Media Arts	45.024	12-3400-7075	\$ 10,033
Media Arts	45.024	12-3446-7132	31,243
Arts in Media	45.024	13-3400-7067	27,628
Total National Endowment for the Arts			<u>68,904</u>
National Endowment for the Humanities			
Preservation	45.149	PR-50188-13	<u>131,464</u>
National Science Foundation			
Digital Pathways ATE	47.076	1104303	<u>275,141</u>
Department of Labor			
Passthrough City and County of San Francisco/ Office of Economic and Workforce Development Workforce Innovation Fund	17.283	13000177	<u>92,373</u>
Department of Labor			
Passthrough City and County of San Francisco/ Office of Economic and Workforce Development H1B VISA	17.268	13000076	<u>209,399</u>
Workforce Investment Act Cluster			
Department of Labor			
Passthrough City and County of San Francisco/ Office of Economic and Workforce Development			
WIA Adult	17.258	13000076	50,224
WIA Adult	17.258	14000085	122,538
WIA Youth Out of School	17.259	13000076	45,548
WIA Youth Out of School	17.259	14000085	25,241
WIA Dislocated Worker	17.278	13000076	75,473
WIA Dislocated Worker	17.278	14000085	102,009
Total Department of Labor			<u>421,033</u>
Total Workforce Investment Act Cluster			<u>421,033</u>
Department of Commerce			
Passthrough City and County of San Francisco/ Department of Technology ARRA- Broadband Technologies Opportunities Program	11.557	06-43-B10594	<u>153,627</u>
Total federal award expenditures			\$ <u><u>1,351,941</u></u>

See notes to the schedule of expenditures of federal awards.

BAY AREA VIDEO COALITION
Notes to Schedule of Expenditures of Federal Awards
December 31, 2013 and 2012

Schedule I

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the activity of all programs administered by Bay Area Video Coalition. Bay Area Video is defined in Note 1 of Bay Area Video Coalition's basic financial statements.

(b) Basis of Presentation

The Schedule presents total awards expended for each individual program in accordance with the OMB A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

(c) Basis of Accounting

The expenditures for the federal financial assistance programs are presented on the accrual basis of accounting, which is defined in Note 2 of Bay Area Video Coalition basic financial statements.

(2) Relationship to Financial Reports

The amounts reported in the financial reports agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note 2 of Bay Area Video Coalition's financial statements.

BAY AREA VIDEO COALITION
Schedule of Findings and Questioned Costs
December 31, 2013 and 2012

Schedule II

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None Reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
17.268	H1B VISA
17.283	Workforce Innovation Fund
Cluster	Workforce Investment Act Cluster

BAY AREA VIDEO COALITION
Schedule of Findings and Questioned Costs
December 31, 2013 and 2012

Schedule II

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

\$300,000

Auditee qualified as low-risk auditee?

 Yes

 X No

Section II - Financial Statement Findings

No findings.

Section III – Federal Award Findings and Questioned Costs

No findings.

Section IV – Summary Schedule of Prior Year Audit Findings

No findings.