

CONSOLIDATED FINANCIAL STATEMENTS



AND AFFILIATE

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of the Unity Productions Foundation and Affiliate (the Organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2023 and 2022, and the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



July 12, 2024

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,642,802	\$ 4,831,699
Grants and contributions receivable, net	365,550	230,411
Prepaid expenses and other current assets	27,993	17,195
Property and equipment, net	<u>-</u>	<u>1,737</u>
TOTAL ASSETS	<u>\$ 4,036,345</u>	<u>\$ 5,081,042</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Note payable	\$ -	\$ 250,000
Accounts payable and accrued liabilities	<u>174,095</u>	<u>212,676</u>
Total liabilities	<u>174,095</u>	<u>462,676</u>

NET ASSETS

Without donor restrictions	3,851,386	4,373,340
With donor restrictions	<u>10,864</u>	<u>245,026</u>
Total net assets	<u>3,862,250</u>	<u>4,618,366</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,036,345</u>	<u>\$ 5,081,042</u>

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>			<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE						
Grants and contributions	\$ 2,192,181	\$ 168,137	\$ 2,360,318	\$ 1,237,774	\$ 958,357	\$ 2,196,131
Investment income	131,862	-	131,862	43,936	-	43,936
License fees and other	21,964	-	21,964	82,955	-	82,955
Sales	11,643	-	11,643	8,201	-	8,201
Net assets released from donor restrictions	<u>502,299</u>	<u>(502,299)</u>	<u>-</u>	<u>1,008,395</u>	<u>(1,008,395)</u>	<u>-</u>
Total support and revenue	<u>2,859,949</u>	<u>(334,162)</u>	<u>2,525,787</u>	<u>2,381,261</u>	<u>(50,038)</u>	<u>2,331,223</u>
EXPENSES						
Program Services:						
Film Production	1,872,091	-	1,872,091	1,923,096	-	1,923,096
Education and Outreach	<u>783,683</u>	<u>-</u>	<u>783,683</u>	<u>747,718</u>	<u>-</u>	<u>747,718</u>
Total program services	<u>2,655,774</u>	<u>-</u>	<u>2,655,774</u>	<u>2,670,814</u>	<u>-</u>	<u>2,670,814</u>
Supporting Services:						
General and Administrative	305,086	-	305,086	274,929	-	274,929
Foundation Building	<u>571,043</u>	<u>-</u>	<u>571,043</u>	<u>473,401</u>	<u>-</u>	<u>473,401</u>
Total supporting services	<u>876,129</u>	<u>-</u>	<u>876,129</u>	<u>748,330</u>	<u>-</u>	<u>748,330</u>
Total expenses	<u>3,531,903</u>	<u>-</u>	<u>3,531,903</u>	<u>3,419,144</u>	<u>-</u>	<u>3,419,144</u>
Changes in net assets before other item	(671,954)	(334,162)	(1,006,116)	(1,037,883)	(50,038)	(1,087,921)
OTHER ITEM						
Extinguishment of debt	<u>150,000</u>	<u>100,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets after other item	(521,954)	(234,162)	(756,116)	(1,037,883)	(50,038)	(1,087,921)
Net assets at beginning of year	<u>4,373,340</u>	<u>245,026</u>	<u>4,618,366</u>	<u>5,411,223</u>	<u>295,064</u>	<u>5,706,287</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,851,386</u>	<u>\$ 10,864</u>	<u>\$ 3,862,250</u>	<u>\$ 4,373,340</u>	<u>\$ 245,026</u>	<u>\$ 4,618,366</u>

See accompanying notes to consolidated financial statements.

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services			Total Expenses
	Film Production	Education and Outreach	Total Program Services	General and Administrative	Foundation Building	Total Supporting Services	
Salaries and wages	\$ 498,452	\$ 401,240	\$ 899,692	\$ 56,616	\$ 98,143	\$ 154,759	\$ 1,054,451
Payroll tax expense	37,029	28,382	65,411	4,522	7,409	11,931	77,342
Employee benefits	139,167	100,742	239,909	14,845	25,019	39,864	279,773
Total salaries and related expenses	674,648	530,364	1,205,012	75,983	130,571	206,554	1,411,566
Production	758,700	19,763	778,463	-	4,353	4,353	782,816
Professional services	161,725	128,146	289,871	14,313	101,642	115,955	405,826
Subcontractors	108,270	51,092	159,362	116,632	52,800	169,432	328,794
Travel and transportation	16,233	4,294	20,527	2,008	59,035	61,043	81,570
Events	1,256	1,344	2,600	2,716	70,660	73,376	75,976
Insurance	35,579	12,053	47,632	10,200	13,405	23,605	71,237
Advertising	47,269	200	47,469	-	18,101	18,101	65,570
Internet and software	2,236	9,569	11,805	28,852	20,072	48,924	60,729
Occupancy	29,280	17,104	46,384	4,472	9,394	13,866	60,250
Printing and reproduction	838	2,117	2,955	33	25,724	25,757	28,712
Accounting and auditing	-	-	-	28,336	-	28,336	28,336
Gifts	635	-	635	-	21,302	21,302	21,937
Payroll services	8,561	3,016	11,577	2,552	3,354	5,906	17,483
Telephone	6,008	266	6,274	797	8,853	9,650	15,924
Office	496	785	1,281	8,832	5,079	13,911	15,192
Merchant fees	-	-	-	-	15,175	15,175	15,175
Internship Program	13,200	500	13,700	-	-	-	13,700
Bank charges	3,769	1,323	5,092	1,119	1,471	2,590	7,682
Bad debt	-	-	-	-	6,500	6,500	6,500
Postage and delivery	110	1,219	1,329	817	2,582	3,399	4,728
Taxes and fees	300	-	300	3,543	-	3,543	3,843
Legal	-	-	-	2,335	-	2,335	2,335
Film distribution and sales	1,190	-	1,190	800	-	800	1,990
Depreciation	885	-	885	500	352	852	1,737
Dues and subscriptions	524	405	929	38	350	388	1,317
Books, videos, films and photos	352	123	475	208	268	476	951
Royalties	27	-	27	-	-	-	27
TOTAL	\$ 1,872,091	\$ 783,683	\$ 2,655,774	\$ 305,086	\$ 571,043	\$ 876,129	\$ 3,531,903

See accompanying notes to consolidated financial statements.

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services			Total Expenses
	Film Production	Education and Outreach	Total Program Services	General and Administrative	Foundation Building	Total Supporting Services	
Salaries and wages	\$ 563,171	\$ 391,580	\$ 954,751	\$ 52,358	\$ 91,722	\$ 144,080	\$ 1,098,831
Payroll tax expense	37,195	27,841	65,036	3,623	5,821	9,444	74,480
Employee benefits	140,038	93,051	233,089	13,949	18,186	32,135	265,224
Total salaries and related expenses	740,404	512,472	1,252,876	69,930	115,729	185,659	1,438,535
Production	736,841	4,750	741,591	321	3,426	3,747	745,338
Professional services	218,131	134,516	352,647	17,892	88,698	106,590	459,237
Subcontractors	117,657	33,686	151,343	110,098	59,600	169,698	321,041
Internet and software	3,388	8,527	11,915	27,313	16,990	44,303	56,218
Printing and reproduction	287	6,292	6,579	-	46,415	46,415	52,994
Travel and transportation	5,355	1,937	7,292	4,623	35,344	39,967	47,259
Insurance	27,328	8,460	35,788	3,906	4,995	8,901	44,689
Occupancy	25,165	8,377	33,542	3,079	5,544	8,623	42,165
Events	784	2,153	2,937	3,423	24,773	28,196	31,133
Accounting and auditing	-	-	-	23,308	-	23,308	23,308
Advertising	18,320	-	18,320	-	2,794	2,794	21,114
Merchant fees	-	-	-	-	20,645	20,645	20,645
Telephone	6,200	4,120	10,320	776	9,376	10,152	20,472
Grants	-	15,177	15,177	-	-	-	15,177
Bad debt	-	-	-	-	15,000	15,000	15,000
Taxes and fees	65	-	65	700	9,216	9,916	9,981
Bank charges	5,373	1,987	7,360	1,047	1,343	2,390	9,750
Film distribution and sales	9,275	-	9,275	-	-	-	9,275
Office	-	765	765	5,301	1,796	7,097	7,862
Gifts	33	-	33	248	7,360	7,608	7,641
Payroll services	3,884	1,436	5,320	740	946	1,686	7,006
Depreciation	1,702	746	2,448	600	500	1,100	3,548
Legal	1,913	1,550	3,463	70	-	70	3,533
Dues and subscriptions	316	530	846	618	1,345	1,963	2,809
Postage and delivery	295	210	505	764	1,417	2,181	2,686
Books, videos, films and photos	368	27	395	172	149	321	716
Royalties	12	-	12	-	-	-	12
TOTAL	\$ 1,923,096	\$ 747,718	\$ 2,670,814	\$ 274,929	\$ 473,401	\$ 748,330	\$ 3,419,144

See accompanying notes to consolidated financial statements.

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (756,116)	\$ (1,087,921)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	1,737	3,548
Change in discount on long-term receivables	13,800	1,700
Change in allowance for bad debt	(7,754)	(13,717)
Receipt of contributed securities	(20,137)	(29,211)
Proceeds from sale of contributed securities	19,159	27,905
Realized gain	978	1,306
Extinguishment of debt	(250,000)	-
(Increase) decrease in:		
Grants and contributions receivables	(141,185)	(27,676)
Prepaid expenses and other current assets	(10,798)	11,698
(Decrease) increase in:		
Accounts payable and accrued liabilities	<u>(38,581)</u>	<u>33,966</u>
Net cash used by operating activities	<u>(1,188,897)</u>	<u>(1,078,402)</u>
Net decrease in cash and cash equivalents	(1,188,897)	(1,078,402)
Cash and cash equivalents at beginning of year	<u>4,831,699</u>	<u>5,910,101</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,642,802</u>	<u>\$ 4,831,699</u>

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

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

During 2018, UPF established Lamyas Poem LLC, a single-member LLC entirely owned by UPF, which is disregarded for tax purposes. The main purpose of Lamyas Poem LLC is to produce UPF's latest animated film project titled Lamyas Poem. Forming LLCs for film productions is a common practice in motion picture industry as they may provide legal and financial protection for the owner and/or investors under certain circumstances. Lamyas Poem, LLC had no financial activity until January 2020, when it entered into a note payable agreement in the amount of \$250,000 (see Note 4).

Program descriptions:

- **Film Production:** UPF produces documentary films for television, broadcast, online viewing, and theatrical release aimed at increasing understanding between people of different faiths and cultures, especially between Muslims and other faiths. Film production generally requires a large team of producers, editors, film crew, cast, and filming equipment. In addition, there are often expenses such as insurance premiums, location and permit fees, and travel costs.
- **Education & Outreach:** UPF implements long-term educational campaigns using its films as a platform and catalyst to discuss important topics of today to break down stereotypes and enhance understanding between people of different cultures and faiths. These educational and outreach activities include events, website development, film screenings, training, and online marketing.

Principles of consolidation -

The accounts of UPF have been consolidated with the accounts of Lamyas Poem LLC (collectively, the Organization) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

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

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

Investments -

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in grants and contributions.

Property and equipment -

Property and equipment in excess of \$1,000 are capitalized and stated at cost. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the years ended December 31, 2023 and 2022 totaled \$1,737 and \$3,548, respectively.

Income taxes -

UPF is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. UPF is not a private foundation.

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Support from grants and contributions, including Federal awards -

The Organization receives grants and contributions, including Federal awards from the U.S. Government. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual grant or contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction, depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from grants and contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Grants and contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Conditional grants and contributions contain a right of return and a measurable barrier, and are recognized when conditions have been satisfied. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional grants and contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organization had no refundable advances as of December 31, 2023 and 2022.

In addition, the Organization has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Organization's unrecognized conditional contributions to be received in future years totaled \$322,963 as of December 31, 2023. The Organization did not have any unrecognized conditional contributions as of December 31, 2022.

Revenue from contracts with customers -

The Organization's license fees and sales revenue are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Organization's contracts with customers generally have initial terms of one year or less.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Advertising -

The Organization expenses advertising and promotional costs as incurred. Advertising expenses incurred for the years ended December 31, 2023 and 2022 totaled \$65,570 and \$21,114, respectively.

Functional allocation of expenses -

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

Reclassification -

Certain amounts in the prior year's consolidated financial statements have been reclassified to conform to the current year's presentation. The reclassifications had no effect on the previously reported changes in net assets.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of December 31, 2023 and 2022, contributors to the Organization have made unconditional written promises to give, of which \$463,924 and \$322,739, respectively, remained due and outstanding.

Grants and contributions due beyond one year of the Consolidated Statements of Financial Position have been recorded at the present value of the estimated cash flows, using discount rates ranging from 8.00% to 8.50%.

Grants and contributions are due as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 357,467	\$ 257,240
One to five years	<u>106,457</u>	<u>65,499</u>
Total	463,924	322,739
Less: Allowance to discount balance to present value	(19,800)	(6,000)
Less: Allowance for bad debt	<u>(78,574)</u>	<u>(86,328)</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET	<u>\$ 365,550</u>	<u>\$ 230,411</u>

UNITY PRODUCTIONS FOUNDATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023 and 2022:

	2023	2022
Office equipment	\$ 98,398	\$ 98,398
Less: Accumulated depreciation	(98,398)	(96,661)
NET PROPERTY AND EQUIPMENT	\$ -	\$ 1,737

4. NOTE PAYABLE

In January 2020, UPF entered into a \$250,000 note payable agreement with an executive producer through its single-member LLC, Lamyas Poem, LLC. The proceeds were to be used toward the production and distribution of Lamyas Poem, one of the Organization's educational film projects. The terms of the agreement were as follows:

- Lamyas Poem, LLC will repay the financing in full solely from net proceeds received by the Organization from the sale of the film.
- The executive producer is also entitled to an additional fee of \$25,000 from net proceeds.
- Following repayment of the note principal and the additional fee, the executive producer is entitled to 5.55% of the net proceeds until no net proceeds are received by the Organization.

During the year ended December 31, 2023, the Organization received full forgiveness of the loan. Accordingly, the Organization recorded revenue from extinguishment of debt in the accompanying Consolidated Statements of Activities and Changes in Net Assets, \$150,000 as without donor restrictions and \$100,000 as with donor restrictions per the terms of forgiveness.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2023 and 2022:

	2023	2022
Subject to expenditure for specified purpose:		
Film Production	\$ 10,864	\$ -
Subject to passage of time	-	245,026
NET ASSETS WITH DONOR RESTRICTIONS	\$ 10,864	\$ 245,026

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended December 31, 2023 and 2022, respectively.

	2023	2022
Film Production	\$ 257,273	\$ 340,257
Passage of Time	245,026	668,138
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 502,299	\$ 1,008,395

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6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position comprise the following at December 31, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 3,642,802	\$ 4,831,699
Grants and contributions receivables, net	278,893	170,912
Subtotal financial assets available within one year	3,921,695	5,002,611
Less: Donor restricted funds	(10,864)	-
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 3,910,831	\$ 5,002,611

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

7. LEASE COMMITMENTS

During the years ended December 31, 2023 and 2022, UPF entered into a number of short-term lease agreements for use of space, all of which either expired in 2023 or continued on a month-to-month basis.

Occupancy expense for the years ended December 31, 2023 and 2022 totaled \$60,250 and \$42,165, respectively.

8. RETIREMENT PLAN

UPF provides retirement benefits to its employees through a defined contribution plan covering all eligible employees. UPF contributes 3% of gross wages. Contributions to the Plan during the years ended December 31, 2023 and 2022, totaled \$34,689 and \$33,772, respectively. Such costs are reflected in employee benefits expense in the Consolidated Statements of Functional Expenses.

9. CONTINGENCY

The Organization receives Federal awards from the U.S. Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the Federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. The Organization's expenditures of Federal awards totaled \$76,928 for the year ended December 31, 2023. Therefore, the Organization did not meet the threshold to require an audit in accordance with Subpart F of the Uniform Guidance.

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10. RELATED PARTY

During the years ended December 31, 2023 and 2022, UPF leased office space from two officers of the Organization, under annual leases at monthly rates of \$500 for each office. The leases expired December 31, 2023 and continued on a month-to-month basis.

11. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 12, 2024, the date the consolidated financial statements were issued.