

Based on three main financial reports, one can see that there are some positive and some negative aspects to the Lafayette Film Center's financial situation, and there have definitely been some major changes from the prior year. Most notably, they seem to have increased program-related and other expenses, cut back on fundraising, decreased revenue, and increased liabilities. At the same time, they have managed to retain a high amount of long-term assets and amount in reserve, which creates much needed stability when compared to their more current situation.

One major concern is that the organization's current liabilities are much higher than current assets. They have a very low current ratio of 0.58 (current assets of \$736,402 over current liabilities of \$1,260,054) that suggests they are unable to meet current obligations, as this number should definitely be over 1.0, and preferably over 2.0 to suggest a healthy financial state. There was a large increase in credit (860.5% increase) from 2013 to 2014, which increased total current liabilities by 237.4% and total overall liabilities by 180.6% over that time.

Their program efficiency is great at 83.6% in 2014 (program expenses of \$3,640,634 over total expenses of \$4,356,902), an increase from 66% in 2013, which is still a good indicator. This matches up with the fact that their statement of activities and statement of functional expenses demonstrate increases in programming across the board. Unfortunately these increases in expenses are not matched by enough increase in revenue to balance, with a loss in net assets. There were some increases (such as theater admissions, concessions and café sales, membership) that correlate to increases in programming, but other areas of revenue decreased. Based on decreased grants and contribution income, and decreases in fundraising expenses, there was clearly less fundraising activity. As a result, total revenues decreased by 50.6% (\$7,993,932 in 2013 and \$3,950,706 in 2014) and their fundraising ratio worsened considerably, indicating that their return on investment was very poor. The fundraising efficiency percentage should be less than 35%, yet it was 72.4% in 2014 (fundraising expenses of \$260,832 over total contributions of \$360,104), a big change from 26.8% in 2013. If the organization can keep up earned income while also ramping up their fundraising again, they should be able to increase revenues.

Their cash assets decreased 56.7% (from \$174,662 in 2013 to \$75,582 in 2014), and days with cash on hand decreased from 32.2 days to 7.4 days in 2014 (cash and equivalents of \$75,582 over total expenses of 4,356,902 less depreciation of \$624,356 x 365). While it can be a good thing to lessen cash on hand when an organization has a strong base of assets, such a dramatic decrease during a time when the organization is experiencing a decrease in revenue and increases in expenses and liabilities is somewhat concerning.

Fortunately, their debt ratio is very good, as Lafayette Film Center has a high amount of long-term assets. So even though the organization's short-term assets are not enough to meet current liabilities, their total assets outweigh total debt. Their debt ratio is 0.125 for 2014 (total debt of \$1,296,650 over total assets of \$10,339,098). This number should not exceed 0.5, and they are safely below that threshold. At 201.5% in 2014 (unrestricted net assets of \$8,777,934 over total expenses of \$4,356,902) their unrestricted net assets ratio also suggests that they have good stability, with a high amount held in reserve to weather uncertain circumstances.