

**FOSTERING MEDIA CONNECTIONS**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Fostering Media Connections

We have audited the accompanying financial statements of Fostering Media Connections - a non-profit organization, which comprises the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fostering Media Connections as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

February 20, 2019  
Encino, California

**FOSTERING MEDIA CONNECTIONS**  
**STATEMENT OF FINANCIAL POSITION**

June 30, 2018

**ASSETS**

**CURRENT ASSETS:**

Cash and Cash Equivalents - Unrestricted	\$ 47,444	
Cash and Cash Equivalents - Temporarily Restricted	292,189	
Accounts Receivable	2,000	
Prepaid Rent	2,250	
	343,883	
<b><i>TOTAL CURRENT ASSETS</i></b>		<b>343,883</b>

**FIXED ASSETS, AT COST:**

Furniture and Equipment	8,036	
Website	28,254	
	36,290	
<i>Accumulated Depreciation</i>	(36,290)	
	-	

Security Deposit		1,600
		1,600
<b><i>TOTAL ASSETS</i></b>	<b>\$ 345,483</b>	

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts Payable	\$ 16,664	
	16,664	
<b><i>TOTAL CURRENT LIABILITIES</i></b>		<b>16,664</b>

**NET ASSETS:**

Unrestricted	36,630	
Temporarily Restricted	292,189	
	328,819	
<b><i>TOTAL NET ASSETS</i></b>		<b>328,819</b>
<b><i>TOTAL LIABILITIES AND NET ASSETS</i></b>	<b>\$ 345,483</b>	

The Accompanying Notes are an Integral Part of These Financial Statements

## FOSTERING MEDIA CONNECTIONS

### STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND OTHER SUPPORT:</b>			
Fees for Services	\$ 262	\$ -	\$ 262
Subscriptions	142,450	-	142,450
Sponsorships	81,474	-	81,474
Donations	90,960	-	90,960
Grants	11,225	643,110	654,335
Special Events	23,139	-	23,139
Interest Income	211	-	211
Net Assets Released From Program Restrictions	509,343	(509,343)	-
<b><i>TOTAL REVENUE AND OTHER SUPPORT</i></b>	859,064	133,767	992,831
 <b>FUNCTIONAL EXPENSES:</b>			
Program Services	703,999	-	703,999
Management and General Expenses	201,764	-	201,764
Fundraising Expenses	81,502	-	81,502
<b><i>TOTAL FUNCTIONAL EXPENSES</i></b>	987,265	-	987,265
<b><i>CHANGE IN NET ASSETS</i></b>	(128,201)	133,767	5,566
Unrestricted Net Assets - Beginning of Year	164,831	158,422	323,253
<b><i>UNRESTRICTED NET ASSETS - END OF YEAR</i></b>	\$ 36,630	\$ 292,189	\$ 328,819

The Accompanying Notes are an Integral Part of These Financial Statements

**FOSTERING MEDIA CONNECTIONS**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2018

	Supporting Services			Total
	Program Services	Management and General Expenses	Fundraising Expenses	
Accounting	\$ 10,553	\$ 17,360	\$ 1,781	\$ 29,694
Advertising and Promotion	836	285	3,211	4,332
Conferences, Conventions and Meetings	343	738	426	1,507
Depreciation	2,373	-	-	2,373
Employee Benefits	-	25,747	-	25,747
Event Expenses	13,056	115	10,887	24,058
Information Technology	10,085	2,167	379	12,631
Insurance	5,672	7,352	871	13,895
Office Expenses	75	3,581	77	3,733
Payroll Taxes	35,823	7,067	2,765	45,655
Postage	16,130	1,936	1,936	20,002
Printing and Reproduction	31,703	9,508	1,218	42,429
Professional Development	660	1,196	49	1,905
Professional Fees	101,278	8,606	1,288	111,172
Occupancy	11,274	18,091	1,548	30,913
Salaries	435,790	85,080	39,098	559,968
Supplies	553	1,608	365	2,526
Telephone	549	2,287	632	3,468
Travel	22,586	6,884	14,933	44,403
Miscellaneous	4,660	2,156	38	6,854
<b><i>TOTAL FUNCTIONAL EXPENSES</i></b>	<b>\$ 703,999</b>	<b>\$ 201,764</b>	<b>\$ 81,502</b>	<b>\$ 987,265</b>

The Accompanying Notes are an Integral Part of These Financial Statements

**FOSTERING MEDIA CONNECTIONS**

**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2018

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in Net Assets	\$	5,566
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:		
Depreciation		2,373
(Increase) Decrease in:		
Accounts Receivable		(500)
Deposits		(1,200)
Prepaid Expenses		(2,250)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses		<u>7,233</u>
<b><i>NET CASH USED IN OPERATING ACTIVITIES</i></b>		11,222
<b><i>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</i></b>		11,222
Cash and Cash Equivalents - Beginning of Year		<u>328,411</u>
<b><i>CASH AND CASH EQUIVALENTS - END OF YEAR</i></b>	\$	<u><u>339,633</u></u>

Additional information:

No amounts were paid for interest or taxes in the fiscal year ending June 30, 2018.

The Accompanying Notes are an Integral Part of These Financial Statements

## FOSTERING MEDIA CONNECTIONS

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### NOTE 1 - NATURE OF ORGANIZATION

Founded in 2010, **Fostering Media Connections** (FMC) is a nonprofit media organization that uses a mix of investigative, accountability and solution-oriented journalism to drive reform within the systems that serve vulnerable children, youth and their families. We have three main programs:

- ***The Chronicle of Social Change (CSC)***: FMC's flagship daily site covering child welfare and juvenile justice news nationally. *The Chronicle* has editorial staff in California, New York, Michigan, Arizona and Wyoming.
- ***Fostering Families Today (FFT)***: a bi-monthly print and digital magazine that is distributed to over 30,000 caregivers of foster youth across the country.
- ***Youth Voice***: a journalism training program for young people with lived experience in the foster care or juvenile justice systems.

#### **Measuring Impact**

FMC's shines light on abuses of power and betrayals of public trust, while heightening public dialogue about critical topics that systems-involved children, youth and families face. We measure impact in three ways: 1) policy change; 2) media pickup; and 3) readership.

- **Policy Change**: FMC's coverage has repeatedly driven policy change at the local, state and federal level. Since launching in 2010, FMC has been critical to changing federal law affecting the educational rights of foster youth, extending the foster care to age 21 in California and a wide range of reforms in our home base of Los Angeles County. For example, our coverage of the states' failure to meet the requirements of the federal Every Student Succeeds Act foster care mandates led to millions of new dollars spent to provide rides to school for foster youth in California, Rhode Island and Colorado.
- **Media Pickup**: Key to driving policy change is FMC's aggressive dissemination strategy. In FY 17-8 other outlets followed our work 751 times. These include: *The NY Times*, *The Associated Press*, NPR, *The L.A. Times* and many others.
- **Readership**: FMC's audience ranges from child welfare and juvenile justice workers to policymakers, members of the media and youth. In 2018, readership grew 54 percent overall, with monthly page views regularly exceeding 100,000.

## FOSTERING MEDIA CONNECTIONS

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

*Unrestricted* net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.

*Temporarily restricted* net assets consist of contributed funds, subject to specific donor-imposed restrictions, contingent upon a specific performance of a future event or a specific passage of time before the Organization may spend the funds.

*Permanently Restricted* net assets are subject to irrevocable donor restrictions, requiring that the assets be maintained in perpetuity. The Organization has no permanently restricted net assets.

##### **MANAGEMENT'S USE OF ESTIMATES**

The preparation of 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 and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used by management includes allocation of certain common costs between management and general, program and fundraising.

##### **CONCENTRATIONS OF RISK**

The Organization places its cash deposits with various financial institutions. At times, balances in the Organization's cash accounts may exceed the federally insured amounts. Management has determined the risk of loss is acceptably low.

##### **REVENUE AND OTHER SUPPORT RECOGNITION**

The Organization recognizes contributions and donations, which include unconditional promises to give, which are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

## FOSTERING MEDIA CONNECTIONS

### NOTES TO FINANCIAL STATEMENTS

June 30, 2018

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the Organization's programs have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and supporting services by the method that best measures the relative degree of benefit.

##### **INCOME TAXES**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision has been made for Federal and state income taxes.

The Organization accounts for income taxes by evaluating its tax positions and recognize a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. If such issues exist, the Organization's policy will be to recognize any tax liability so recorded, including applicable interest and penalties, as a component of income tax expense.

The Organization has reviewed its tax positions and determined that an accrual for uncertain income tax positions and adjustment to the tax provision was not necessary. With few exceptions, the Organization is no longer subject to U. S. Federal and state income tax examinations for fiscal years before 2015.

##### **CASH AND CASH EQUIVALENTS**

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents at June 30, 2018 approximates its fair value.

The Organization maintains its cash and cash equivalents in bank deposit accounts and other investment accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and cash equivalents include temporarily restricted cash and cash equivalents of \$292,189 at June 30, 2018.

FOSTERING MEDIA CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. The estimated useful lives of property and equipment are as follows:

Computers and Computer Software	5 Years
Furniture and Fixtures	7 Years
Office Equipment	7 Years

Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized.

**LONG-LIVED ASSETS**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. No impairment losses were recognized on long-lived assets during the year ended June 30, 2018.

**SUBSEQUENT EVENTS**

In preparing these financial statements, events occurring after June 30, 2018 have been evaluated by the Organization for possible adjustments to the financial statements or disclosures through February 20, 2019, the date the financial statements were available to be issued. No significant matters were identified for disclosure during this evaluation.

**NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<b>2018</b>
The Chronicle of Social Change coverage	\$ 117,604
Youth Voice program support	13,542
General operations and development	161,043
<b><i>TOTAL TEMPORARILY RESTRICTED NET ASSETS</i></b>	<b><u><u>\$ 292,189</u></u></b>