

FOSTERING MEDIA CONNECTIONS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

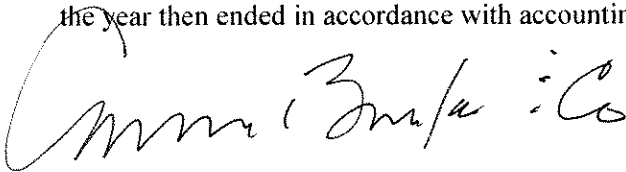
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2020, 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.



September 18, 2020
Encino, California

FOSTERING MEDIA CONNECTIONS

STATEMENT OF FINANCIAL POSITION

June 30, 2020

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents - Without Donor Restrictions	\$ 96,138
Cash and Cash Equivalents - With Donor Resertrictions	465,712
Accounts Receivable	87,783
Prepaid Expenses	<u>4,910</u>

TOTAL CURRENT ASSETS 654,543

FIXED ASSETS, AT COST:

Furniture and Equipment	8,036
Website	<u>38,254</u>
	46,290
<i>Accumulated Depreciation</i>	<u>(42,956)</u>
	3,334

Security Deposit 2,400

TOTAL ASSETS \$ 660,277

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$ 22,832
SBA - PPP Loan	<u>132,000</u>

TOTAL CURRENT LIABILITIES 154,832

NET ASSETS:

Without Donor Restrictions	39,733
With Donor Restrictions	<u>465,712</u>

TOTAL NET ASSETS 505,445

TOTAL LIABILITIES AND NET ASSETS \$ 660,277

The Accompanying Notes are an Integral Part of These Financial Statements

FOSTERING MEDIA CONNECTIONS

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND OTHER SUPPORT:			
Fees for Services	\$ 35,055	\$ -	\$ 35,055
Subscriptions	308,016	-	308,016
Sponsorships	93,671	-	93,671
Donations	77,557	-	77,557
Grants	72,980	998,576	1,071,556
In Kind Income	4,500	-	4,500
Interest Income	36	-	36
Net Assets Released From Restrictions	707,440	(707,440)	-
TOTAL REVENUE AND OTHER SUPPORT	1,299,255	291,136	1,590,391
 FUNCTIONAL EXPENSES:			
Program Services	852,161	-	852,161
Management and General Expenses	150,499	-	150,499
Fundraising Expenses	200,681	-	200,681
TOTAL FUNCTIONAL EXPENSES	1,203,341	-	1,203,341
 CHANGE IN NET ASSETS			
	95,914	291,136	387,050
Net Assets - Beginning of Year	(56,181)	174,576	118,395
NET ASSETS - END OF YEAR	\$ 39,733	\$ 465,712	\$ 505,445

The Accompanying Notes are an Integral Part of These Financial Statements

FOSTERING MEDIA CONNECTIONS
STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Supporting Services			Total
	Program Services	Management and General Expenses	Fundraising Expenses	
Accounting	\$ 18,492	\$ 2,520	\$ 2,851	\$ 23,863
Depreciation	3,333	-	-	3,333
Employee Benefits	20,823	4,714	2,459	27,996
Event Expenses	2,040	-	-	2,040
Information Technology	12,174	1,907	2,472	16,553
Insurance	3,438	8,039	497	11,974
Office Expenses	1,008	851	146	2,005
Payroll Taxes	38,574	6,633	11,239	56,446
Postage	50,712	38	175	50,925
Printing and Reproduction	44,173	-	-	44,173
Professional Fees	104,333	4,274	28,621	137,228
Occupancy	25,784	4,769	3,079	33,632
Salaries	506,746	108,708	142,407	757,861
In Kind Expenses	4,500	-	-	4,500
Telephone	1,680	666	726	3,072
Travel	7,700	2,463	3,777	13,940
Miscellaneous	6,651	4,917	2,232	13,800
<i>TOTAL FUNCTIONAL EXPENSES</i>	\$ 852,161	\$ 150,499	\$ 200,681	\$ 1,203,341

The Accompanying Notes are an Integral Part of These Financial Statements

FOSTERING MEDIA CONNECTIONS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 387,050
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used In) Operating Activities:	
Depreciation	3,333
(Increase) Decrease in:	
Accounts Receivable	(86,162)
Deposits	(1,200)
Prepaid Expenses	(2,793)
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	<u>(4,882)</u>
<i>NET CASH PROVIDED BY OPERATING ACTIVITIES</i>	295,346

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Fixed Assets	<u>(10,000)</u>
<i>NET CASH USED IN INVESTING ACTIVITIES</i>	(10,000)

CASH FLOWS FROM FINANCING ACTIVITIES:

SBA - PPP Loan	<u>132,000</u>
<i>NET CASH PROVIDED BY FINANCING ACTIVITIES</i>	132,000

NET INCREASE IN CASH & CASH EQUIVALENTS 417,346

Cash and Cash Equivalents - Beginning of Year	<u>144,504</u>
<i>CASH AND CASH EQUIVALENTS - END OF YEAR</i>	<u>\$ 561,850</u>

Additional information:

No amounts were paid for interest or taxes in the fiscal year ending June 30, 2020.

The Accompanying Notes are an Integral Part of These Financial Statements

FOSTERING MEDIA CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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 2020, readership grew 54 percent overall, with monthly page views regularly exceeding 100,000.

FOSTERING MEDIA CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of School on Wheels, Inc. and changes therein are classified and reported as follows:

Contributions are recorded in the period received. Contributions received are recorded as net assets without donor restrictions, or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor by time or purpose are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The related expense or cost of assets purchased in order to satisfy the donor restriction is expensed or capitalized.

When restrictions are satisfied in the same accounting period that the contribution is received, both revenue and expenses are reported in the net assets without donor restrictions class.

When a donor makes a contribution but does not stipulate a restriction of any kind on the use of funds, the transaction is reported as an increase in net assets without donor restriction.

COMPARABILITY OF FINANCIAL STATEMENTS

FMC adopted ASU 2016-14 "Presentation of Financial Statements of Not-for-Profit Entities." Accordingly, current year financial statements do not necessarily compare in format to financial statements issued in prior years.

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.

FOSTERING MEDIA CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2018.

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, 2020 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.

FOSTERING MEDIA CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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, 2020.

SUBSEQUENT EVENTS

In preparing these financial statements, events occurring after June 30, 2020 have been evaluated by the Organization for possible adjustments to the financial statements or disclosures through September 18, 2020, the date the financial statements were available to be issued. Due to the worldwide pandemic (Covid 19), the Organization may experience a reduction of revenue and other support.

NOTE 3 - NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are available for the following purposes:

	<u>2020</u>
The Chronicle of Social Change	\$ 288,972
Youth Voice program support	84,554
General operations and development	<u>92,186</u>
<i>TOTAL NET ASSETS WITH DONOR RESTRICTION</i>	<i>\$ 465,712</i>

FOSTERING MEDIA CONNECTIONS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects FMC's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year or because of contractual or donor-imposed restrictions.

	<u>2020</u>
Financial assets at year end—	
Cash	\$ 561,850
Accounts receivable	<u>87,783</u>
Total financial assets at year end	649,633
Less financial assets unavailable for general expenditures within one year—	
Donor restricted funds	(465,712)
Board designation—	
Operating reserve fund	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 183,921</u>

As part of the Organization's liquidity management, it establishes detailed budgets before the start of the year, then, on a monthly basis, closely monitor actual financial performance compared to budgets. Excess funds are invested in highly liquid assets.