

Fostering Media Connections

Audited Financial Statements
As of and for the Year Ended June 30, 2024



Fostering Media Connections

Financial Statements
June 30, 2024

Fostering Media Connections

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Independent Auditor's Report

To the Board of Directors
Fostering Media Connections
Los Angeles, California

Opinion

We have audited the accompanying financial statements of Fostering Media Connections (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2024, 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.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of Fostering Media Connections and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report - continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 Fostering Media Connections' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fostering Media Connections' 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.

Lewis Sharpstone & Co.

Woodland Hills, California
May 8, 2025

Financial Statements

Fostering Media Connections
Statement of Financial Position
June 30, 2024

Assets

Cash and cash equivalents	\$ 1,147,532
Accounts and contributions receivable	468,283
Prepaid expenses and other assets	2,523
Property and equipment	357

Total Assets \$ 1,618,695

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 138,708
Deferred revenue	302,401

Total Liabilities 441,109

Net Assets

Without donor restrictions	107,836
With donor restrictions	1,069,750

Total Net Assets 1,177,586

Total Liabilities and Net Assets \$ 1,618,695

See accompanying notes to financial statements.

Fostering Media Connections
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
Subscriptions	\$ 490,245	\$ -	\$ 490,245
Sponsorships	61,572	-	61,572
Contributions and grants	325,919	1,445,000	1,770,919
In kind income	112,371	-	112,371
Other income	7,409	-	7,409
Net assets released from restrictions	980,720	(980,720)	-
Total Revenue and Support	1,978,236	464,280	2,442,516
Expenses:			
Program services	1,560,499	-	1,560,499
Management and general	386,100	-	386,100
Fundraising	159,438	-	159,438
Total Expenses	2,106,037	-	2,106,037
Change in Net Assets	(127,801)	464,280	336,479
Net Assets, beginning of year	235,637	605,470	841,107
Net Assets, end of year	\$ 107,836	\$ 1,069,750	\$ 1,177,586

See accompanying notes to financial statements.

Fostering Media Connections
Statement of Functional Expenses
Year Ended June 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 1,034,012	\$ 106,200	\$ 136,963	\$ 1,277,175
Employee benefits	58,565	10,275	1,306	70,146
Payroll taxes	80,949	17,363	10,345	108,657
Accounting fees	8,374	94,615	1,161	104,150
Advertising and outreach	2,974	112,616	468	116,058
Consultants	107,538	16,850	4,049	128,437
Events - programmatic	29,757	-	-	29,757
Information technology	20,565	6,808	685	28,058
Insurance	3,408	11,056	788	15,252
Office expense	10,036	2,035	98	12,169
Postage and delivery	55,878	23	-	55,901
Printing	102,809	-	112	102,921
Program supplies	31,723	-	-	31,723
Rent	2,854	2,455	190	5,499
Transportation and travel	11,057	3,725	3,273	18,055
Depreciation	-	2,079	-	2,079
Total Expenses	\$ 1,560,499	\$ 386,100	\$ 159,438	\$ 2,106,037

See accompanying notes to financial statements.

Fostering Media Connections
Statement of Cash Flows
Year Ended June 30, 2024

Cash Flows from Operating Activities

Change in net assets	\$	336,479
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation		2,079
Changes in operating assets and liabilities:		
Receivables		(227,978)
Prepaid expenses and other assets		(601)
Accounts payable and accrued expenses		(578)
Deferred revenue		79,663
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Net cash flows from operating activities		189,064
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Net Change in Cash and Cash Equivalents		189,064
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Cash and Cash Equivalents, beginning of year		958,468
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Cash and Cash Equivalents, end of year	\$	1,147,532

See accompanying notes to financial statements.

Fostering Media Connections

Notes to Financial Statements

June 30, 2024

1. Organization

Fostering Media Connections (the "Organization") was established in 2010 and is based in Los Angeles, California. Fostering Media Connections' mission is to use the power of media and journalism to lead the conversation about children, youth and families in America. Fostering Media Connections was founded with the goal of using journalism to drive reform that positively affects vulnerable children and families. Fostering Media Connections publishes media to lead the conversation about children, youth, and families in America:

- **The Imprint:** FMC's flagship daily site covering child welfare and juvenile justice news nationally. The Imprint has editorial staff located across the country. Since its inception, The Imprint has run more than 6,000 articles on issues impacting children, youth, and families.
- **Fostering Families Today (FFT):** is an award-winning bi-monthly print and digital magazine that is distributed to resource families and kin caregivers across the country.
- **Youth Voices Rising:** launched in 2016 as a journalism/media training program for young people with lived experience in the foster care or juvenile justice systems. To date, they have published hundreds of personal reflections and opinion pieces from young people.

2. Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Asset Classification

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets, revenue, and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net Assets without Donor Restrictions: Net assets without donor restrictions are available for use at the discretion of the Board of Directors and management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. No such designations existed at June 30, 2024.

Net Assets with Donor Restrictions: Net assets with donor restrictions are net assets resulting from contributions or other inflows of assets whose use by the Organization is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to the restrictions. When a donor-specified restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. See Note 6 for details of net assets with donor restrictions.

Fostering Media Connections

Notes to Financial Statements

June 30, 2024

Revenue Recognition

Contributions and grants, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Grants typically do include restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met.

Subscription and sponsorship revenues are recognized in the periods to which these items relate.

Donated assets and services

Donations of assets are recorded as contributions at their estimated fair value at the date of the donation. Donated services that require specialized skills are performed by people with those skills and would otherwise be purchased if not provided by the donation. Such services are recorded at fair value in the period received.

The in-kind revenue recorded on the statement of activities represents contributed internet advertising. The estimate of value received was based on reports provided by the internet search engine and research by the Organization on rates that they would have had to pay for such advertising but for the donation.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with initial maturity of three months or less to be cash equivalents.

Accounts and Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Subscription and sponsorship receivables are recorded when the related contract is signed by the subscriber or sponsor. All receivables are from third parties with whom the Organization has excellent relationships, and subsequent payments have been received when due. Accordingly, recording an allowance for uncollectible receivables was not deemed necessary by management. Also, a discount would be recorded on contributions receivable due more than one year, if material. At June 30, 2024 all receivables were due within one year and accordingly a discount was not recorded.

Deferred Revenue

When subscribers and sponsors sign agreements, amounts are recorded to receivables and deferred revenue. The amounts relating to future periods is reported as deferred revenue.

Property and Equipment

Expenditures for the acquisition of property and equipment in excess of \$1,000 are capitalized at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets, which range from four to seven years. Leasehold improvements are recorded at cost and amortized over the shorter of the life of the lease or the estimated useful life of the asset.

Fostering Media Connections

Notes to Financial Statements

June 30, 2024

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Long-Lived Assets

The Organization reviews long-lived assets such as property and equipment to determine if there has been an impairment of value whenever events or changes occur that indicate the carrying value of the assets may have declined and may not be recoverable. No circumstances have occurred during the years to cause the Organization to believe there has been any impairment of the carrying value of its long-lived assets. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long-lived assets.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Salaries and expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Salaries and expenses which are not directly attributable to a function are allocated based on management's estimate of time and effort.

Income Taxes

The Organization is a nonprofit private corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and corresponding state provisions. The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Fair Value of Financial Instruments

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data (market-corroborated inputs).
- Level 3 inputs are unobservable inputs for the asset or liability, that is, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability (including assumptions about risks) developed based on the best information available in each circumstance.

The Organization's financial instruments, including accounts receivable and accounts payable and accrued expenses are carried at cost, which approximates fair value because of the short-term nature of these instruments.

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June 30, 2024

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States can require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from the estimated amounts.

Risks and concentrations

Custodial credit risk is the risk that the Organization will not be able to (a) recover deposits if the depository financial institution fails, b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails or c) recover receivables from third parties.

Financial instruments that potentially subject the Organization to credit risk include cash deposits with banks and other financial institutions that are in excess of the federally insured limit of \$250,000. The Organization's cash balances exceed this limit at times during the year. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Credit risk associated with receivables is considered to be limited due to high historic collection rates and the reputation of the entities with which the Organization extends credit.

For the year ended June 30, 2024, two grantors comprised 23% of the Organization's total revenue and support, and four receivable balances comprised 96% of accounts and contributions receivable.

Various claims, generally incidental to the conduct of normal business, are pending or threatened against the Organization from time to time. While the ultimate liability, if any, is presumably indeterminable, in the opinion of management, the ultimate resolution will not have a materially adverse effect on the financial condition of the Organization.

3. Receivables

Receivables as of June 30, 2024 comprised all contributions receivable and are all scheduled to be received before June 30, 2025.

4. Property and Equipment

Property and equipment as of June 30, 2024 is summarized as follows:

Furniture and equipment	\$ 8,536
Chronicle-imprint website	<u>70,298</u>
Total property and equipment - cost	78,834
Less: accumulated depreciation	<u>(78,477)</u>
Property and equipment - net	\$ <u>357</u>

Depreciation expense totaled \$2,079 for the year ended June 30, 2024.

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Notes to Financial Statements
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5. Deferred revenue

Deferred revenue as of June 30, 2024 comprised the following:

Deferred revenue related to subscriptions	\$ 286,819
Deferred revenue related to sponsorships	<u>15,582</u>
Total deferred revenue	<u>\$ 302,401</u>

6. Net Assets

Net Assets with Donor Restrictions

Net assets with donor restrictions as of and for the year ended June 30, 2024 are as follows:

	Balance as of June 30, 2024	Released, for the year ended June 30, 2024
The Imprint	\$ 606,633	\$ 783,645
Podcasts	47,881	2,119
Youth Voice program	395,989	191,298
Fostering Families Today	10,000	-
Restricted as to time only	<u>9,247</u>	<u>3,658</u>
Total net assets with donor restrictions	<u>\$ 1,069,750</u>	<u>\$ 980,720</u>

7. Retirement Plan

The Organization sponsors a Simple IRA retirement plan for all of its employees. All employees are eligible to participate in the Plan with no age or service requirement. Employees may contribute the maximum allowed under IRS regulations. The Organization matches the employee's contributions up to a maximum of 1% of the eligible employee's compensation. The Organization contributed \$9,401 in matching Simple IRA contributions for the year ended June 30, 2024.

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8. Liquidity and Availability of Resources

Financial assets and liquidity resources available within one year for general expenditure, reduced by amounts not available for general use because of donor-imposed restrictions, were as follows:

Cash and cash equivalents	\$ 1,147,532
Receivables	<u>468,283</u>
Total financial assets available	1,615,815
Less cash unavailable for expenditure within one year due to:	
Net assets restricted by donors	<u>(1,069,750)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>546,065</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operated with a balanced budget and anticipates covering its general expenditures by collection of the sufficient subscriptions, sponsorships, and contributions. The Organization reviews its cash position on a regular basis to ensure adequate funds are on hand to meet expenses.

9. Subsequent Events

Management has evaluated subsequent events through May 8, 2025, which is the date the financial statements were available to be issued.