



Independent
Arts & Media

Financial Statements

**For the Years Ended
December 31, 2023 and 2022**
With Independent Auditors' Report Thereon

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INDEPENDENT AUDITORS' REPORT

The Board of Directors Independent Arts & Media

We have audited the accompanying financial statements of Independent Arts & Media (a California nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 Independent Arts & Media as of December 31, 2023 and 2022, and the changes in net assets and its 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 Financial Statements section of our report. We are required to be independent of Independent Arts & Media 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 Independent Arts & Media's 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

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Auditors' 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 auditors' 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 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 Independent Arts & Media'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independent Arts & Media'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.

Danville, California
July 18, 2024

Regalia & Associates

INDEPENDENT ARTS & MEDIA

Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<i>Changes in net assets:</i>						
Support:						
Government	\$ 866,452	\$ 256,625	\$ 1,123,077	\$ 664,666	\$ 88,650	\$ 753,316
Foundation and corporate	2,018,833	1,805,000	3,823,833	1,385,006	821,123	2,206,129
Individual	746,479	-	746,479	830,713	-	830,713
Other contributed revenue	2,511	-	2,511	-	-	-
Contributed nonfinancial assets	5,426	-	5,426	71,817	-	71,817
Change in unamortized discount	-	(61,764)	(61,764)	-	-	-
Net assets released from restrictions	1,304,306	(1,304,306)	-	887,433	(887,433)	-
Total support	4,944,007	695,555	5,639,562	3,839,635	22,340	3,861,975
Revenue:						
Contract fees	133,851	-	133,851	118,931	-	118,931
Ticket sales	16,891	-	16,891	14,261	-	14,261
Sales and concessions	5,286	-	5,286	7,390	-	7,390
Tuition, workshops, and training	25,117	-	25,117	6,484	-	6,484
Investment income (loss)	3,557	-	3,557	(35,576)	-	(35,576)
Other	14,817	-	14,817	7,743	-	7,743
Total revenue	199,519	-	199,519	119,233	-	119,233
Total support and revenue	5,143,526	695,555	5,839,081	3,958,868	22,340	3,981,208
Expenses:						
Program	2,651,868	-	2,651,868	3,526,898	-	3,526,898
General and administrative	323,654	-	323,654	334,318	-	334,318
Fundraising	21,550	-	21,550	99,007	-	99,007
Total expenses	2,997,072	-	2,997,072	3,960,223	-	3,960,223
Increase (decrease) in net assets	2,146,454	695,555	2,842,009	(1,355)	22,340	20,985
Net assets at beginning of year	1,858,436	617,462	2,475,898	1,859,791	595,122	2,454,913
Net assets at end of year	\$ 4,004,890	\$ 1,313,017	\$ 5,317,907	\$ 1,858,436	\$ 617,462	\$ 2,475,898

INDEPENDENT ARTS & MEDIA

Statements of Cash Flows For the Years Ended December 31, 2023 and 2022

	2023	2022
<i>Operating activities:</i>		
Increase in net assets	\$ 2,842,009	\$ 20,985
Adjustments to reconcile to cash provided by operating activities:		
Net realized and unrealized losses on investments	8,945	36,836
Bad debt	5,197	-
Change in unamortized discount	61,764	-
Changes in:		
Grants and contributions receivable	(1,020,442)	96,259
Accounts and other receivables	(3,398)	-
Prepaid expenses and other assets	1,636	(5,965)
Accounts payable and accrued liabilities	(65,908)	38,856
Accrued payroll liabilities	18,636	(25,323)
Conditional advances	49,075	87,696
Deferred revenue	(3,984)	4,309
Cash provided by operating activities	1,893,530	253,653
<i>Investing activities:</i>		
Proceeds from disposition of investments	80,042	165,182
Acquisition of investments	-	(165,771)
Cash provided by (used for) investing activities	80,042	(589)
Net increase in cash and cash equivalents	1,973,572	253,064
Cash and cash equivalents at beginning of year	2,295,524	2,042,460
Cash and cash equivalents at end of year	\$ 4,269,096	\$ 2,295,524
<i>Additional cash flow information:</i>		
State registration taxes paid	\$ 200	\$ 200
Interest paid	\$ -	\$ -

INDEPENDENT ARTS & MEDIA

Statement of Functional Expenses

Year Ended December 31, 2023

	PROGRAMS			General and Admin- istrative	Fund- raising	Total 2023
	Fiscally		Total			
	IAM Corporate	Sponsored Projects				
Advertising	\$ -	\$ 14,570	\$ 14,570	\$ -	\$ -	\$ 14,570
Accessibility and outreach	-	8,567	8,567	100	-	8,667
Bad debt	-	-	-	5,197	-	5,197
Contractors	48,236	579,154	627,390	126,218	15,800	769,408
Event expenses	-	7,184	7,184	-	-	7,184
Fees, dues and subscriptions	1	8,823	8,824	3,776	5,678	18,278
Grants	-	10,000	10,000	-	-	10,000
Insurance	-	1,383	1,383	14,244	-	15,627
Miscellaneous	-	5,511	5,511	851	-	6,362
Occupancy	-	28,850	28,850	6,504	-	35,354
Model C grant expenses	-	717,964	717,964	-	-	717,964
Postage and delivery	-	1,473	1,473	408	33	1,914
Printing and reproduction	-	9,812	9,812	41	39	9,892
Return of fiscally sponsored funds	-	20,236	20,236	-	-	20,236
Salaries, payroll taxes and benefits	23,010	1,039,113	1,062,123	143,227	-	1,205,350
Supplies and materials	6	34,855	34,861	666	-	35,527
Telephone and technology	195	47,647	47,842	7,044	-	54,886
Travel, meetings and hospitality	559	44,719	45,278	15,378	-	60,656
Total expenses	\$ 72,007	\$ 2,579,861	\$ 2,651,868	\$ 323,654	\$ 21,550	\$ 2,997,072

INDEPENDENT ARTS & MEDIA

**Statement of Functional Expenses
Year Ended December 31, 2022**

	PROGRAMS			General and Admin- istrative	Fund- raising	Total 2022
	IAM Corporate	Fiscally Sponsored Projects	Total Program			
Advertising	\$ -	\$ 80,522	\$ 80,522	\$ -	\$ -	\$ 80,522
Accessibility and outreach	-	277,392	277,392	-	-	277,392
Contractors	9,150	565,923	575,073	75,447	58,589	709,109
Event expenses	-	20,362	20,362	-	-	20,362
Fees, dues and subscriptions	-	6,487	6,487	3,686	2,809	12,982
Grants	-	12,916	12,916	-	-	12,916
Insurance	-	-	-	16,535	-	16,535
Miscellaneous	231	903	1,134	15,446	-	16,580
Occupancy	-	14,911	14,911	38,212	-	53,123
Model C grant expenses	-	786,704	786,704	-	-	786,704
Postage and delivery	-	1,886	1,886	564	-	2,450
Printing and reproduction	-	376	376	314	-	690
Return of fiscally sponsored funds	-	693,893	693,893	-	-	693,893
Salaries, payroll taxes and benefits	17,873	917,689	935,562	117,324	37,492	1,090,378
Supplies and materials	-	37,691	37,691	11,555	-	49,246
Telephone and technology	-	-	-	41,383	-	41,383
Travel, meetings and hospitality	435	31,554	31,989	13,852	117	45,958
Uncollectible grants	-	50,000	50,000	-	-	50,000
Total expenses	\$ 27,689	\$ 3,499,209	\$ 3,526,898	\$ 334,318	\$ 99,007	\$ 3,960,223

Notes to Financial Statements
December 31, 2023 and 2022

1. Organization

Independent Arts & Media (IAM) is a California non-profit organization founded in 2000. IAM acts as a fiscal sponsor for independent artists, journalists, and media producers, referred to as “affiliates,” for the purpose of building community and civic participation, and facilitating cultural engagement and free expression.

IAM’s vision for fiscal sponsorship as a transformative “free speech platform” comes from its own experiences as journalists, artists, and media producers who need better infrastructure for their public-interest work. IAM currently supports over 130 affiliates dedicated to non-commercial work in media and the arts, including publishing, theater, dance, music, visual art, film and video, journalism, history, and public-events production.

All of the financial activity of IAM’s affiliates is combined for financial statement purposes. However, each affiliate’s funds are accounted for separately in IAM’s books and records. Because of the nature of the business of fiscal sponsorship, IAM’s portfolio of affiliates is volatile, with time-limited projects completing, with maturing projects receiving their own 501(c)(3) status, and with new projects coming on board throughout the year. As such, individual line items may vary considerably from year to year, and typical financial analyses are not always meaningful.

2. Summary of Significant Accounting Policies

Basis of Presentation – The financial statements of IAM have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“US GAAP”).

Measure of Operations – The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to IAM’s ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

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 certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – IAM’s cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

Concentrations of Credit Risk – Financial instruments that potentially subject IAM to concentrations of credit risk consist principally of cash and cash equivalents. IAM maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. IAM manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Concentrations of Credit Risk *(continued)* – To date, IAM has not experienced losses in any of these accounts. Credit risk associated with grants and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of IAM’s mission.

Grants and Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Investments – IAM follows the provisions of *ASC 958.320, Investments – Debt and Equity Securities of Not-for-Profit Entities* and has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that IAM could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of December 31, 2023 and 2022. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). IAM groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Fair Value Measurements *(continued)* – In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment, but it has opted not to do so as of December 31, 2023.

Net Assets with Donor Restrictions

Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates that such 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 when the assets are placed in service. Donor-imposed restrictions are released when a 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.

Functional Allocation of Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which require IAM to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis. Certain expenses (such as salaries, payroll taxes and benefits, supplies and materials, and other overhead) have been allocated based on time and effort using IAM's payroll allocations. Other expenses (such as contractors, grant expenses, and other direct costs) have been allocated in accordance with the specific services received.

Reclassifications – Certain prior year amounts have been reclassified to conform to 2023 presentation. These changes had no impact on previously reported net assets or changes in net assets.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Contributed Nonfinancial Assets – Contributed services and costs are reflected at the fair value of the contribution received in accordance with *ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Revenue and Revenue Recognition – Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute is accounted for as a refundable advance until the conditions have been substantially met. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with Topic 606. IAM recognizes revenue from ticket sales, tuition, workshops, and trainings at the time of admission or class.

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-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

A portion of IAM's revenue is derived from cost-reimbursable state and local government contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the conditions are met. Amounts received prior to the conditions being met are reported as conditional advances in the statements of financial position. IAM received cost-reimbursable grants of \$768,057 and \$629,214 that have not been recognized at December 31, 2023 and 2022, respectively, because the applicable conditions have not been met. Advance payments of \$150,824 and \$101,749 at December 31, 2023 and 2022, respectively, have been recognized in the statements of financial position as conditional advances.

Income Taxes – IAM is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. IAM is required to annually file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, IAM is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. IAM files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income, when applicable.

Notes to Financial Statements
December 31, 2023 and 2022

2. Summary of Significant Accounting Policies *(continued)*

Income Taxes *(continued)* – IAM has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that IAM continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

Recent and Relevant Accounting Pronouncements – The following pronouncements represent relevant current accounting guidance applicable to nonprofit organizations:

ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

ASU 2016-02, Leases (Topic 842) – Accounting for Leases requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. This standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets.

ASU 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern requires an organization’s management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of July 18, 2024 (the date of the Independent Auditor’s Report), management has made this evaluation and has determined that IAM has the ability to continue as a going concern.

ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. Accordingly, IAM has incorporated these clarifying standards within the audited financial statements.

ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Update requires that an organization present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The Update also requires certain enhanced disclosures for contributed nonfinancial assets.

INDEPENDENT ARTS & MEDIA

Notes to Financial Statements December 31, 2023 and 2022

3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in financial institutions (checking and savings) and consist of the following at December 31:

	2023	2022
Checking (<i>noninterest-bearing</i>)	\$ 306,580	\$ 26,886
Savings (<i>interest-bearing</i>)	3,960,622	2,268,268
PayPal	1,894	370
Total cash and cash equivalents	\$ 4,269,096	\$ 2,295,524

At various times throughout the year, deposits in various financial institutions may exceed federally insured limits. IAM attempts to limit its credit risk associated with cash and cash equivalents by utilizing financial institutions that are well capitalized and highly rated. Funds in interest-bearing accounts accrue interest at rates ranging from 0.02% to 4.00% at December 31, 2023.

4. Grants and Contributions Receivable

Grants and contributions receivable of \$1,216,135 and \$262,654 (current and noncurrent combined) at December 31, 2023 and 2022, respectively, are comprised of written commitments from a variety of donors, including government agencies, foundations, and other organizations. Grants and contributions receivable are expected to be collected as follows at December 31:

	2023	2022
Year ending December 31, 2023	\$ -	\$ 262,654
Year ending December 31, 2024	827,899	-
Year ending December 31, 2025	450,000	-
Subtotal	1,277,899	262,654
Less: Unamortized discount	(61,764)	-
Subtotal	1,216,135	262,654
Total amounts due within one year	(827,899)	(262,654)
Grants and contributions receivable, noncurrent (net)	\$ 388,236	\$ -

Grants and contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates ranging from 4.30% to 4.80% (based on U.S. Treasury bill rates at the date of the pledge). The change in the unamortized discount during the year ended December 31, 2023 amounted to (\$61,764) and is reflected as a component of income impacting net assets with donor restrictions on the statements of activities and changes in net assets.

IAM uses the direct write-off method for receivables deemed uncollectible. During the years ended December 31, 2023 and 2022, IAM recognized uncollectible grants and bad debt expense of \$5,197 and \$50,000, respectively. Management has evaluated the receivables as of December 31, 2023 and has determined that such amounts are fully collectible based on the financial strength of the donors involved.

INDEPENDENT ARTS & MEDIA

Notes to Financial Statements December 31, 2023 and 2022

5. Liquidity

IAM regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. IAM has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and the future collection of receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, IAM considers all expenditures related to its ongoing work in media and the arts to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, IAM operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of IAM's cash and shows positive cash generated by operations for the years ended December 31, 2023 and 2022.

The following table shows the total financial assets held by IAM and the amounts of those financial assets readily available within one year of the date of the statement of financial position to meet general expenditures:

	2023	2022
Cash and cash equivalents	\$ 4,269,096	\$ 2,295,524
Investments	-	88,987
Grants and contributions receivable	827,899	262,654
Accounts and other receivables	3,398	-
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs and projects	(1,313,017)	(617,462)
Financial assets available to meet general expenditures over the next twelve months	\$ 3,787,376	\$ 2,029,703

Much of the support that IAM receives is restricted by donors. Because donor restrictions require resources to be used in a particular manner or in a future period, IAM must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of IAM's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

6. Investments and Fair Value Measurements

Investments consist of the following at December 31:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Sweep account	\$ -	\$ -	\$ 284	\$ 284
Equities	-	-	79,487	88,703
	\$ -	\$ -	\$ 79,771	\$ 88,987

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6. Investments and Fair Value Measurements *(continued)*

Investment income is summarized as follows for the years ending December 31:

	2023	2022
Interest and dividends	\$ 12,502	\$ 1,260
Net realized and unrealized gains and losses	(8,945)	(36,836)
Total investment income	<u>\$ 3,557</u>	<u>\$ (35,576)</u>

In accordance with fair value measurement accounting, composition of assets utilizing fair value measurements at December 31, 2022 is as follows:

	Totals	Level 1	Level 2	Level 3
Sweep account	\$ 284	\$ 284	\$ -	\$ -
Equities	88,703	88,703	-	-
Totals	<u>\$ 88,987</u>	<u>\$ 88,987</u>	<u>\$ -</u>	<u>\$ -</u>

7. Conditional Advances

Conditional advances of \$150,824 and \$101,749 at December 31, 2023 and 2022, respectively, represent funds received in advance under conditional grant agreements. Such amounts have been reflected as a short-term liability on the statements of financial position. When the conditions have been satisfied, these advances will be transferred to contributed revenue on the statements of activities and changes in net assets.

8. Leases

IAM leases office space in San Francisco under a month-to-month operating lease agreement. The lease requires a monthly rental payment of \$650 as of December 31, 2023. IAM subleases a portion of its office space and recognized \$3,240 and \$2,580 in rental income during the years ended December 31, 2023 and 2022, respectively.

Certain of IAM's affiliates also lease office space and venue space under separate month-to-month rental agreements. Total rent expense amounted to \$35,354 and \$53,123 for the years ended December 31, 2023 and 2022, respectively, and is included in occupancy expense on the statements of functional expenses.

9. Advertising and Promotion

Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses amounted to \$14,570 and \$80,522 for the years ended December 31, 2023 and 2022, and are reflected as advertising on the statements of functional expenses.

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Notes to Financial Statements December 31, 2023 and 2022

10. Net Assets with Donor Restrictions

IAM recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or expire. Net assets with donor restrictions consist of the following at December 31:

	2023	2022
<i>Restricted for:</i>		
Fiscally sponsored projects – future activities	\$ 1,334,395	\$ 567,462
Finance training project	40,386	50,000
Unamortized discount	(61,764)	-
	<u>\$ 1,313,017</u>	<u>\$ 617,462</u>

During the years ended December 31, 2023 and 2022, additions to net assets with donor restrictions amounted to \$2,061,625 and \$909,773 respectively. During the years ended December 31, 2023 and 2022, IAM released \$1,304,306 and \$887,433, respectively, from net assets with donor restrictions to net assets without donor restrictions.

11. Contributed Nonfinancial Assets

IAM received the following contributions of nonfinancial assets during the years ended March 31:

	2023	2022
Conference passes	\$ 4,750	\$ -
Program related equipment	244	20,499
Food and beverages	432	-
Office supplies	-	690
Marketing and advertising	-	50,000
Other	-	628
Total in-kind donations reflected as contributions	<u>\$ 5,426</u>	<u>\$ 71,817</u>

Contributed conference passes, program related equipment, food and beverages, office supplies, and other are valued using prices that would be received for selling similar products. These items are placed in service when received and are used for program activities.

Contributed services are recognized if they create or enhance nonfinancial assets or if they require specialized skills that would need to be purchased if they were not donated. Contributed marketing and advertising services received by IAM during the year ended December 31, 2022 are recognized at fair value based on current rates for similar services, as provided by the contributors. These services are used for program activities.

Notes to Financial Statements
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12. Fiscal Sponsorship

As described in Footnote 1, IAM acts as a fiscal sponsor for independent artists, journalists, and media producers. IAM offers three types of sponsorship: Model A, Model C, and Model C+. Model A affiliates and IAM are legally considered one and the same and the affiliates are an integral part of IAM. Model C affiliates are grantees of IAM and have a legal identity separate from IAM. Model C+ affiliates are the same as Model C with the addition of certain administrative services performed by IAM on behalf of the affiliates. For affiliates approved for sponsorship in 2016 or later, IAM earns an administrative fee of 12% of all funds received on behalf of Model A affiliates and an administrative fee of 10% and 11% of all charitable contributions received on behalf of Model C and Model C+ affiliates, respectively. During the years ended December 31, 2023 and 2022, IAM received \$557,315 and \$403,735, respectively in fiscal sponsorship fees and IAM's affiliates paid \$557,315 and \$403,735, respectively, in fiscal sponsorship fees to IAM.

13. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of *ASC 710.25, Compensated Absences*. Under ASC 710.25, IAM is required to record a liability for the estimated amounts of compensation for future absences. Certain employees accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates in effect at the end of the years. The accrual for all payroll liabilities amounted to \$41,998 and \$23,362 as of December 31, 2023 and 2022, respectively.

14. Commitments and Contingencies

In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into and/or renew contracts related to ongoing operational activities, which might not be fully reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) grant restrictions and donor conditions which obligate IAM to fulfill certain requirements as set forth in grant instruments, (b) funding levels which vary based on factors beyond IAM's control, such as generosity of donors and general economic conditions, (c) employment and service agreements with key management and operating personnel, and (d) financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies, and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting entities.

15. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, IAM has evaluated subsequent events through July 18, 2024, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which are required to be disclosed.