

FREE SPIRIT MEDIA, NFP  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013  
(With summarized comparative information  
for the fiscal year ended June 30, 2012)

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### Independent Auditor's Report

Board of Directors  
Free Spirit Media, NFP  
1327 W. Washington #103B  
Chicago, Illinois 60607

I have audited the accompanying financial statements of Free Spirit Media, NFP (FSM), an Illinois nonprofit organization, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the fiscal 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 judgment, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Free Spirit Media, NFP as of June 30, 2013, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

The prior year summarized comparative information has been derived from FSM's June 30, 2012 financial statements and, in my report dated August 10, 2012, I expressed an unqualified opinion on those financial statements.

James M. Babic, PC

August 28, 2013

FREE SPIRIT MEDIA, NFP  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2013  
(With summarized comparative totals as of June 30, 2012)

	June 30, 2013			Total as of June 30, 2012
	Unrestricted	Temporarily Restricted	Total	
<b><u>ASSETS</u></b>				
Current assets:				
Cash (Note 5)	\$ 275,992	\$ 138,171	\$ 414,163	\$ 453,183
Investments (Note 6)	3,913	-	3,913	-
Grant and contract fees receivable	208,793	-	208,793	231,469
Pledge receivable within one year	-	100,000	100,000	25,000
Prepaid expenses and other	13,553	-	13,553	14,036
Total current assets	502,251	238,171	740,422	723,688
Video production and office equipment, net of accumulated depreciation (Note 7)	44,193	-	44,193	54,819
Other assets:				
Certificate of deposit, original term to maturity of two years	131,568	-	131,568	130,391
Office lease security deposit	500	-	500	500
Total other assets	132,068	-	132,068	130,891
Total assets	<u>\$ 678,512</u>	<u>\$ 238,171</u>	<u>\$ 916,683</u>	<u>\$ 909,398</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current liabilities:				
Accounts payable	\$ 74,625	\$ -	\$ 74,625	\$ 53,112
Accrued expenses	17,977	-	17,977	16,995
Deferred revenues (Note 8)	8,000	-	8,000	56,202
Funds held as custodian (Note 9)	28,075	-	28,075	13,075
Total current liabilities	128,677	-	128,677	139,384
Net assets	549,835	238,171	788,006	770,014
Total liabilities and net assets	<u>\$ 678,512</u>	<u>\$ 238,171</u>	<u>\$ 916,683</u>	<u>\$ 909,398</u>

The accompanying notes are an integral part of these financial statements

FREE SPIRIT MEDIA, NFP  
STATEMENT OF ACTIVITIES  
AND CHANGE IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(With summarized comparative totals for the fiscal year ended June 30, 2012)

	Fiscal Year Ended June 30, 2013			Total for Fiscal Year Ended Ended June 30, 2012
	Unrestricted	Temporarily Restricted	Total	
Public support and revenue:				
Public support:				
Grants and contributions (Note 10)	\$ 439,721	\$ 235,671	\$ 675,392	\$ 534,640
Contributions, in-kind (Note 10)	-	-	-	63,990
Fundraising events, net of direct expenses (Note 11)	31,389	-	31,389	78,979
Total public support	<u>471,110</u>	<u>235,671</u>	<u>706,781</u>	<u>677,609</u>
Net assets released from restrictions upon satisfaction of program requirements	<u>231,881</u>	<u>(231,881)</u>	<u>-</u>	<u>-</u>
Revenue:				
Contract fees and awards (Note 10)	486,334	-	486,334	488,717
Interest income	1,538	-	1,538	2,951
Investments, unrealized gains and dividends	739	-	739	-
Expense reimbursements and other	2,726	-	2,726	17,688
Total revenues	<u>491,337</u>	<u>-</u>	<u>491,337</u>	<u>509,356</u>
Total public support and revenues	<u>1,194,328</u>	<u>3,790</u>	<u>1,198,118</u>	<u>1,186,965</u>
Expenses:				
Program services:				
In-school programs	264,697	-	264,697	340,370
After-school and summer programs	456,689	-	456,689	412,594
FSM Productions	133,900	-	133,900	153,800
Special Projects	195,405	-	195,405	115,727
Total program services expenses	<u>1,050,691</u>	<u>-</u>	<u>1,050,691</u>	<u>1,022,491</u>
Supporting services:				
General management & administration	44,310	-	44,310	35,161
Fund raising	85,125	-	85,125	70,046
Total supporting services expenses	<u>129,435</u>	<u>-</u>	<u>129,435</u>	<u>105,207</u>
Total expenses	<u>1,180,126</u>	<u>-</u>	<u>1,180,126</u>	<u>1,127,698</u>
Net increase in net assets	14,202	3,790	17,992	59,267
Net assets:				
Beginning of the year	<u>535,633</u>	<u>234,381</u>	<u>770,014</u>	<u>710,747</u>
End of the year	<u>\$ 549,835</u>	<u>\$ 238,171</u>	<u>\$ 788,006</u>	<u>\$ 770,014</u>

The accompanying notes are an integral part of these financial statements

FREE SPIRIT MEDIA, NFP  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(With comparative totals for the fiscal year ended June 30, 2012)

	PROGRAM SERVICES					SUPPORTING SERVICES			GRAND TOTALS	
	In-School Programs	After- School and Summer Programs	FSM Productions	Special Projects	Total Program Services	General Mgmt. & Admin.	Fund-Raising	Total Supporting Services	2013	2012
Staff salaries	\$ 198,685	\$ 324,390	87,283	\$ 103,254	\$ 713,612	\$ 27,935	\$ 63,106	\$ 91,041	\$ 804,653	\$ 720,787
Employer payroll taxes	16,794	28,735	7,266	8,690	61,485	2,276	5,211	7,487	68,972	67,378
Staff fringe benefits	10,870	20,876	7,292	22,822	61,860	7,976	4,867	12,843	74,703	66,953
Contract services and stipends	-	9,507	9,848	8,838	28,193	20	-	20	28,213	24,117
Professional fees	2,448	4,065	1,107	23,961	31,581	350	803	1,153	32,734	8,481
Consulting, in-kind (Note 10)	-	-	-	-	-	-	-	-	-	56,000
Program expenses	15,818	26,309	10,492	14,127	66,746	-	1,069	1,069	67,815	78,861
Facility occupancy (Note 12)	2,207	3,412	882	982	7,483	323	679	1,002	8,485	4,270
Insurance	3,377	5,429	1,444	1,628	11,878	488	1,076	1,564	13,442	15,441
Supplies	852	1,221	319	347	2,739	811	241	1,052	3,791	3,956
Travel	2,647	3,468	2,190	1,651	9,956	145	1,095	1,240	11,196	11,067
Equipment rent & maintenance	577	855	570	236	2,238	1,093	171	1,264	3,502	3,127
Depreciation	5,140	13,039	3,005	2,297	23,481	310	826	1,136	24,617	25,999
Telecommunications	2,375	4,529	1,004	1,131	9,039	345	750	1,095	10,134	8,701
Postage and courier	194	336	93	102	725	168	993	1,161	1,886	1,986
Printing and reproduction	978	1,709	382	401	3,470	145	1,206	1,351	4,821	11,472
Marketing and media outreach	395	3,806	151	1,370	5,722	58	407	465	6,187	7,184
Conference & meetings	1,086	1,950	455	3,431	6,922	782	1,037	1,819	8,741	4,799
Van operations, repairs, and maintenance	-	2,457	-	-	2,457	-	-	-	2,457	3,746
Miscellaneous	254	596	117	137	1,104	1,085	1,588	2,673	3,777	3,373
<b>Total functional expenses</b>	<b>\$ 264,697</b>	<b>\$ 456,689</b>	<b>\$ 133,900</b>	<b>\$ 195,405</b>	<b>\$ 1,050,691</b>	<b>\$ 44,310</b>	<b>\$ 85,125</b>	<b>\$ 129,435</b>	<b>\$ 1,180,126</b>	<b>\$ 1,127,698</b>

The accompanying notes are an integral part of these financial statements

FREE SPIRIT MEDIA, NFP  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2013 AND JUNE 30, 2012

	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net increase in net assets	\$ 17,992	\$ 59,267
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	24,617	25,999
Donation of capitalizable video equipment	-	(7,990)
Investments, unrealized gains and dividends	(739)	
(Increase) decrease in:		
Grant and contract fees receivable	22,676	(79,035)
Pledge receivable within one year	(75,000)	-
Pledge receivable within one to two years	-	25,000
Prepaid expenses and other	483	(735)
Office lease security deposit	-	(500)
Increase (decrease) in:		
Accounts payable	21,513	10,030
Accrued expenses	982	4,376
Deferred revenues	(48,202)	56,202
Funds held as custodian	15,000	13,075
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(20,678)</u>	<u>105,689</u>
<b>CASH FLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Purchases of equipment	(13,991)	(19,951)
Donation of securities	(3,174)	-
Purchase certificate of deposit	(1,177)	(2,229)
Net cash used in investing activities	<u>(18,342)</u>	<u>(22,180)</u>
<b>NET INCREASE IN CASH</b>	(39,020)	83,509
<b>CASH, BEGINNING OF THE YEAR</b>	<u>453,183</u>	<u>369,674</u>
<b>CASH, END OF THE YEAR</b>	<u>\$ 414,163</u>	<u>\$ 453,183</u>

The accompanying notes are an integral part of these financial statements

FREE SPIRIT MEDIA, NFP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

Free Spirit Media, NFP (FSM) was incorporated on May 23, 2001 under the 1987 General Not-For-Profit-Act of Illinois. FSM partners with schools and organizations to provide education, access, and opportunity in media production to under-served urban youth. The mission of FSM is to cultivate diverse youth voices to transform media and society.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of presentation

Financial statement presentation follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-605 and No. 958-205.

Under FASB ASC No. 958-605 contributions are recognized in the period received, or in the period in which an unconditional promise to give is made.

Under FASB ASC 958-205, FSM is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of net assets as unrestricted, temporarily restricted, or permanently restricted is based on the absence or existence of donor imposed restrictions.

Donor-imposed restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, restricted support that is received and fulfilled within the same fiscal year is reported as unrestricted.

Income taxes

FSM is exempt from federal taxes under Section 501(c)3 of the Internal Revenue Code. It qualifies for charitable contributions under Section 170(b)(1)(A), and has been classified as an organization that is not a private foundation under Section 509(a)(2). FSM's management has determined that FIN 48, which addresses accounting for uncertainty in income taxes, has no effect on its financial statements due to FSM's tax-exempt status.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles may require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures. Actual results could differ from those estimates.

Expense allocation

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

FSM has evaluated subsequent events through August 28, 2013, the date financial statements were available to be issued.



FREE SPIRIT MEDIA, NFP  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - PRIOR YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized information presented for comparative purposes. Such comparative information is in total but not by net asset class, and therefore, does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with FSM's financial statements for the fiscal year ended June 30, 2012, from which the summarized information was derived.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2013 are available for the following specific program services:

Broadcast Journalism .....	\$	172,500
Media Workshops .....		2,500
Media Training Program .....		17,500
After School and Summer Programs .....		45,671
Total temporarily restricted net assets .....	\$	<u>238,171</u>

NOTE 5 - CASH

Cash consists of interest bearing and non-interest bearing demand deposits in financial institutions. Interest bearing demand deposits are insured by the FDIC up to \$250,000. Non-interest bearing demand deposits are insured in full by the FDIC through December 31, 2013. As of June 30, 2013 all of FSM's interest bearing and non-interest bearing demand deposits in financial institutions were fully insured by the FDIC.

NOTE 6 - INVESTMENTS

Investments consist of entirely of an unrestricted donation of stock in a publicly traded U.S. based corporation. The donated stock is presented on the statement of financial position at fair market value as of June 30, 2013. The fair market value of the stock on the date of donation was \$3,174, related dividends and unrealized gains from the donation date through June 30, 2013 is \$739.

NOTE 7 - VIDEO PRODUCTION AND OFFICE EQUIPMENT, net of accumulated depreciation

Purchased video production and office equipment is recorded at cost. Contributed video production and office equipment is recorded at the estimated fair market value on the date of receipt. Depreciation is provided on a straight-line basis over the estimated five-year useful life of the asset. Generally FSM capitalizes asset purchases or donations with a cost or estimated fair market value of \$1,000 or more. As of June 30, 2013 and June 30, 2012 video production and office equipment and related accumulated depreciation were as follows:

	06/30/2013	06/30/2012
Video production and office equipment, at cost .....	\$ 173,172	\$ 167,814
Less accumulated depreciation .....	<u>128,979</u>	<u>112,995</u>
Video production and office equipment at cost, net of accumulated depreciation .....	<u>\$ 44,193</u>	<u>\$ 54,819</u>

FREE SPIRIT MEDIA, NFP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8 - DEFERRED REVENUES

Deferred revenues consists entirely of contract proceeds received for contracts in progress as of June 30, 2013 in excess of related direct contract costs incurred through June 30, 2013. These deferred revenues will be recognized as revenue in the succeeding fiscal year as work on these contracts progress, costs are incurred, and the contracts are completed.

NOTE 9 - FUNDS HELD AS CUSTODIAN

Chicago Youth Voices Network (CYVN) is a collaborative of several organizations, including FSM. FSM has volunteered to act as custodian of the collaborative's cash management duties. Upon discontinuance of CYVN, unspent funds, if any, will be distributed to CYVN's collaborative organizations. Accordingly, revenues and expenses related to CYVN are not included in FSM's statement of activities and net assets.

NOTE 10 - GRANTS AND CONTRIBUTIONS, AND CONTRACT FEES AND AWARDS

FSM recognized grants and contributions, and contract fees and awards from the following benefactors for the fiscal years ended June 30, 2013 and June 30, 2012:

<u>Grants and contributions:</u>	<u>06/30/2013</u>	<u>06/30/2012</u>
Ariel Investments, LLC .....	\$ 10,000	\$ -
BMO Harris Bank .....	10,000	-
Chicago Community Trust, Smart Chicago Trust Fund .....	59,000	-
Chicago Community Trust, Learning Network - Smart Chicago .	83,000	115,572
Chicago Community Trust, Searle Funds .....	-	50,000
Chicago Sun-Times Charity Trust .....	10,000	5,000
Field Foundation of Illinois .....	25,000	-
Ford Motor Company Fund .....	7,000	7,000
Illinois Arts Council .....	11,000	11,000
Mardi Gras Fund .....	8,000	8,000
Robert R. McCormick Foundation .....	210,000	150,000
Northern Trust Charitable Trust .....	12,500	-
Polk Bros. Foundation .....	35,000	35,000
Richard H. Driehaus Foundation .....	-	5,000
Seabury Foundation .....	-	10,000
Steans Family Foundation .....	39,700	30,000
Warner Bros. Entertainment, Inc. ....	15,000	-
Anonymous .....	20,000	20,000
Individuals, each \$5,000 or more .....	61,600	45,000
Others under \$5,000 each (both years) .....	58,592	43,068
Total grants and contributions .....	<u>\$ 675,392</u>	<u>\$ 534,640</u>

(Continued on the following page)

FREE SPIRIT MEDIA, NFP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10 - GRANTS AND CONTRIBUTIONS AND CONTRACT FEES AND AWARDS (continued)

<u>Contributions, in-kind:</u>	<u>06/30/2013</u>	<u>06/30/2012</u>
Taproot Foundation, estimated value of consulting services . . . . .	\$ -	\$ 56,000
Service Club of Chicago, donation of control room equipment . . .	-	7,990
Total contributions, in-kind . . . . .	<u>\$ -</u>	<u>\$ 63,990</u>

The estimated value of consulting services per above is reflected as revenue and a corresponding expenditure, resulting in a zero effect of net assets.

The value of donated control room equipment per above was capitalized and is being depreciated over an estimated useful life of five years. Depreciation expense related to this donated equipment for the fiscal year ended June 30, 2013 and June 30, 2012 was \$1,598 and \$1,332, respectively. Accumulated depreciation related to this equipment as of June 30, 2013 and June 30, 2012 was \$2,930 and \$1,332, respectively.

<u>Contract fees and awards:</u>	<u>06/30/2013</u>	<u>06/30/2012</u>
Adler Planetarium . . . . .	\$ 6,000	\$ -
After School Matters . . . . .	75,756	70,486
Chicago Ideas Week . . . . .	-	15,000
Chicago Lights . . . . .	5,000	-
Chicago Public Schools . . . . .	16,100	15,000
DePaul University . . . . .	5,000	5,000
DRW Tading College Preparatory . . . . .	6,000	-
Enlace Chicago . . . . .	5,000	-
Foundation for Homan Square . . . . .	12,000	-
Gary Comer College Prep . . . . .	6,000	6,000
Gary Comer Youth Center . . . . .	34,155	31,800
Global Girl Media . . . . .	16,484	-
Goethe Institute, Chicago . . . . .	-	19,833
Illinois Humanities Council . . . . .	5,000	-
Juwan Howard Foundation . . . . .	5,000	-
Mikva Challenge . . . . .	8,000	9,000
MKTG . . . . .	-	8,500
Mozilla . . . . .	39,124	-
North Lawndale College Preparatory Charter High School . . . . .	175,427	161,017
Old Saint Patrick's Church . . . . .	5,000	-
Power House High School . . . . .	6,000	80,061
Snyder Lance, Inc. . . . .	5,000	-
Umoja Student Development Corporation . . . . .	8,650	12,000

(Continued on the following page)

FREE SPIRIT MEDIA, NFP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10 - GRANTS AND CONTRIBUTIONS AND CONTRACT FEES AND AWARDS (continued)

<u>Contract fees and awards (continued from the previous page):</u>	<u>06/30/2013</u>	<u>06/30/2012</u>
Working in the School .....	5,000	-
Window to the World Communications, WTTW Channel 11 .....	9,375	28,125
World Sport Chicago .....	-	8,000
YMCA .....	5,000	-
Others under \$5,000 each .....	22,263	18,895
Total contract fees and awards .....	<u>\$ 486,334</u>	<u>\$ 488,717</u>

NOTE 11 - FUNDRAISING EVENTS, net of direct expenses

Revenues and expenses related to fundraising events held during the fiscal years ended June 30, 2013 and June 30, 2012 are as follows:

<u>Revenues:</u>	<u>06/30/2013</u>	<u>06/30/2012</u>
Ticket sales, raffle, and auction .....	\$ 12,687	\$ 15,579
Sponsorship and contributions (See Note 11-A) .....	43,028	87,537
Total revenues .....	55,715	103,116
 <u>Expenses:</u>		
Catering, printing, and other .....	24,326	24,137
Revenues net of expenses .....	<u>\$ 31,389</u>	<u>\$ 78,979</u>

Note 11-A - Sponsorship and contributions

The below-listed benefactors provided sponsorship and contribution support to fundraising events held by FSM during the fiscal years ended June 30, 2013 and June 30, 2012:

<u>Fundraising Event Sponsorship and Contributions:</u>	<u>06/30/2013</u>	<u>06/30/2012</u>
BMW Mini .....	\$ 3,000	\$ 2,500
Chicago Film Studios Holdings, LLC .....	-	10,000
Commonwealth Edison (an Exelon Company) .....	-	5,000
Illinois Production Alliance .....	1,000	5,000
MacArthur Foundation .....	-	5,000
McCormick Foundation .....	-	5,000
Northern Trust Company .....	5,000	7,500
William Blair & Company Foundation .....	5,000	5,000
Others under \$5,000 each (both years) .....	29,028	42,537
Total fundraising event sponsorship and contributions .....	<u>\$ 43,028</u>	<u>\$ 87,537</u>

FREE SPIRIT MEDIA, NFP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 12 - FACILITY OCCUPANCY

FSM leases office space located at 1327 W. Washington, Chicago, IL under a lease agreement that commenced on January 9, 2012, continues through January 8, 2014. Monthly rent for the first year of the agreement was \$700, monthly rent for the second year of the agreement is \$835.

FSM utilizes office space located within North Lawndale College Preparatory Charter High School (NLCPCHS) for program-related activities. Under a verbal agreement between NLCPCHS and FSM, FSM can use designated office space for no charge on a month-to-month basis. Since the value of this office space utilized by FSM cannot be objectively measured, the financial statements do not include a provision for the use of this office space.