

FREE SPIRIT MEDIA, NFP  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016  
(With summarized comparative information  
for the fiscal year ended June 30, 2015)

FREE SPIRIT MEDIA, NFP  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(With summarized comparative information  
for the fiscal year ended June 30, 2015)

TABLE OF CONTENTS

	<u>Page No(s).</u>
Independent Auditors' Report	
<u>Financial Statements:</u>	
Statement of Financial Position .....	1
Statement of Activities and Changes in Net Assets .....	2
Statement of Functional Expenses .....	3
Statement of Cash Flows .....	4
Notes to Financial Statements .....	5-9

**J**ames M. Babic, PC  
Certified Public Accountant  
6414 Sinclair Avenue #220  
Berwyn, IL 60402

Phone: (708) 749-7030  
Fax: (312) 896-9431  
email: jimbabic@aol.com

### 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 of the statement of financial position as of June 30, 2016, 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, 2016, 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.

#### Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from FSM's June 30, 2015 financial statements and, in my report dated August 20, 2015, I expressed an unqualified opinion on those financial statements.

**James M. Babic, PC**

August 31, 2016

**FREE SPIRIT MEDIA, NFP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2016**  
(With summarized comparative totals as of June 30, 2015)

	June 30, 2016			Total as of June 30, 2015
	Unrestricted	Temporarily Restricted	Total	
<b><u>ASSETS</u></b>				
Current assets:				
Cash (Note 5)	\$ 611,057	\$ 156,625	\$ 767,682	\$ 564,080
Certificate of deposit, original term to maturity of one year or less	50,000	-	50,000	
Investments (Note 6)	12,078	-	12,078	9,992
Grant and contract fees receivable, net of allowance for uncollectible receivables of \$ZERO and \$1,861 as of June 30, 2016 and June 30, 2015, respectively	213,353	57,500	270,853	357,620
Pledge receivable within one year	-	-	-	150,000
Prepaid expenses and other	7,239	-	7,239	8,150
Total current assets	893,727	214,125	1,107,852	1,089,842
Video production and office equipment, net of accumulated depreciation (Note 7)	116,248	-	116,248	71,507
Other assets:				
Certificate of deposit, original term to maturity of more than one year	-	-	-	133,120
Office lease security deposit	500	-	500	500
Total other assets	500	-	500	133,620
Total assets	\$ 1,010,475	\$ 214,125	\$ 1,224,600	\$ 1,294,969
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current liabilities:				
Accounts payable	\$ 47,126	\$ -	\$ 47,126	\$ 129,841
Accrued expenses	23,186	-	23,186	28,281
Deferred revenues (Note 8)	-	-	-	17,075
Funds held as custodian (Note 9)	636	-	636	636
Total current liabilities	70,948	-	70,948	175,833
Net assets	939,527	214,125	1,153,652	1,119,136
Total liabilities and net assets	\$ 1,010,475	\$ 214,125	\$ 1,224,600	\$ 1,294,969

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, 2016**  
 (With summarized comparative totals for the fiscal year ended June 30, 2015)

	Fiscal Year Ended June 30, 2016			Total for Fiscal Year Ended Ended June 30, 2015
	Unrestricted	Temporarily Restricted	Total	
Public support and revenue:				
Public support:				
Grants and contributions (Note 10)	\$ 792,104	\$ 214,125	\$ 1,006,229	\$ 1,172,213
Fundraising events, net of direct expenses (Note 11)	68,729	-	68,729	69,493
Total public support	860,833	214,125	1,074,958	1,241,706
Net assets released from restrictions upon satisfaction of program requirements	406,375	(406,375)	-	-
Revenue:				
Contract fees and awards (Note 10)	591,282	-	591,282	516,166
Interest income	1,058	-	1,058	1,177
Investments, unrealized gains and dividends	538	-	538	2,278
Expense reimbursements and other	10,718	-	10,718	11,953
Total revenues	603,596	-	603,596	531,574
Total public support and revenues	1,870,804	(192,250)	1,678,554	1,773,280
Expenses:				
Program services:				
In-school programs	448,168	-	448,168	390,392
After-school and summer programs	361,157	-	361,157	353,965
FSM Productions	213,493	-	213,493	201,314
Special Projects	392,079	-	392,079	320,751
Total program services expenses	1,414,897	-	1,414,897	1,266,422
Supporting services:				
General management & administration	106,606	-	106,606	74,239
Resource development	122,535	-	122,535	117,358
Total supporting services expenses	229,141	-	229,141	191,597
Total expenses	1,644,038	-	1,644,038	1,458,019
Net increase (decrease) in net assets	226,766	(192,250)	34,516	315,261
Net assets:				
Beginning of the year	712,761	406,375	1,119,136	803,875
End of the year	\$ 939,527	\$ 214,125	\$ 1,153,652	\$ 1,119,136

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, 2016  
(With comparative totals for the fiscal year ended June 30, 2015)

	PROGRAM SERVICES					SUPPORTING SERVICES			GRAND TOTALS	
	In-School Programs	After- School and Summer Programs	FSM Productions	Special Projects	Total Program Services	General Mgmt. & Admin.	Resource Development	Total Supporting Services	2016	2015
Staff salaries	\$ 288,407	\$ 208,074	\$ 122,820	\$ 232,550	\$ 851,851	\$ 49,564	\$ 80,538	\$ 130,102	\$ 981,953	\$ 948,957
Employer payroll taxes	24,799	17,737	11,635	20,731	74,902	4,076	6,254	10,330	85,232	81,622
Staff fringe benefits	20,505	28,020	11,525	24,983	85,033	31,717	9,602	41,319	126,352	120,339
Contract services and stipends	36,654	29,854	32,268	14,597	113,373	1,036	1,759	2,795	116,168	67,435
Professional fees	3,366	2,500	962	2,013	8,841	4,456	769	5,225	14,066	36,808
Program expenses	21,211	34,938	13,786	67,336	137,271	136	899	1,035	138,306	80,537
Facility occupancy (Note 12)	16,141	13,490	4,021	6,514	40,166	2,808	3,158	5,966	46,132	11,098
Insurance	6,221	4,621	1,777	2,889	15,508	889	1,422	2,311	17,819	17,064
Supplies	2,072	1,985	658	1,263	5,978	850	891	1,741	7,719	4,554
Travel	2,442	1,522	3,301	5,101	12,366	243	565	808	13,174	18,552
Equipment rent, maintenance and purchases	1,920	1,249	531	1,158	4,858	107	172	279	5,137	293
Depreciation	9,965	7,402	2,847	4,555	24,769	942	2,279	3,221	27,990	18,387
Telecommunications	6,634	4,928	1,896	3,033	16,491	1,068	1,517	2,585	19,076	10,467
Postage and courier	183	102	231	58	574	110	395	505	1,079	2,556
Printing and photocopying	512	380	168	782	1,842	166	4,731	4,897	6,739	8,141
Marketing and media outreach	621	462	623	816	2,522	91	942	1,033	3,555	5,985
Conference & meetings	4,987	2,524	1,384	3,149	12,044	888	2,985	3,873	15,917	7,413
Van operations, repairs, and maintenance	184	145	39	65	433	2,093	21	2,114	2,547	6,207
Write-off of uncollectible receivables	-	-	2,500	-	2,500	3,500	-	3,500	6,000	1,861
Miscellaneous	1,344	1,224	521	486	3,575	1,866	3,636	5,502	9,077	9,743
<b>Total functional expenses</b>	<b>\$ 448,168</b>	<b>\$ 361,157</b>	<b>\$ 213,493</b>	<b>\$ 392,079</b>	<b>\$ 1,414,897</b>	<b>\$ 106,606</b>	<b>\$ 122,535</b>	<b>\$ 229,141</b>	<b>\$ 1,644,038</b>	<b>\$ 1,458,019</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, 2016 AND JUNE 30, 2015

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net increase in net assets	\$ 34,516	\$ 315,261
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	27,990	18,387
Investments, unrealized gains and dividends reinvested	(538)	(2,442)
(Increase) decrease in:		
Grant and contract fees receivable	86,767	(117,340)
Pledge receivable within one year	150,000	(110,000)
Prepaid expenses and other	911	12,300
Increase (decrease) in:		
Accounts payable	(82,715)	49,352
Accrued expenses	(5,095)	7,844
Deferred revenues	(17,075)	(2,925)
Funds held as custodian	-	(89)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>194,761</u>	<u>170,348</u>
<b>CASH FLOW PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Purchases of equipment	(72,730)	(38,932)
Donation of securities	(1,550)	(1,576)
Proceeds, sale of certificate of deposit	133,521	-
Purchase certificate of deposit	(50,000)	-
Purchase certificate of deposit, interest reinvested	(400)	(531)
Net cash provided by (used in) investing activities	<u>8,841</u>	<u>(41,039)</u>
<b>NET INCREASE IN CASH</b>	203,602	129,309
<b>CASH, BEGINNING OF THE YEAR</b>	<u>564,080</u>	<u>434,771</u>
<b>CASH, END OF THE YEAR</b>	<u>\$ 767,682</u>	<u>\$ 564,080</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, 2016

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 31, 2016, 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, 2016

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, 2015, from which the summarized information was derived.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2016 are available for the following specific program services:

Support Programs at North Lawndale College Preparatory Charter High School . . . . .	\$ 53,125
Youth Digital Media . . . . .	20,000
After School and Summer Programs . . . . .	28,500
Pathways Programming . . . . .	35,000
General Program Support . . . . .	62,500
Internships . . . . .	15,000
Total temporarily restricted net assets . . . . .	<u>\$ 214,125</u>

NOTE 5 - CASH

Cash consists of interest bearing and non-interest bearing demand deposits in financial institutions that are insured by the FDIC up to \$250,000. As of June 30, 2016 the uninsured amount of interest bearing and non-interest bearing demand deposits in financial institutions was \$364,671. FSM has not experienced a loss, and believes it is not exposed to any significant risk of loss on such bank balances.

NOTE 6 - INVESTMENTS

Investments consist entirely of unrestricted donations of stock in publicly-traded U.S. based corporations. The donated stock is presented on the statement of financial position at fair market value as of June 30, 2016 and June 30, 2015.

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, 2016 and June 30, 2015 video production and office equipment and related accumulated depreciation were as follows:

	<u>06/30/2016</u>	<u>06/30/2015</u>
Video production and office equipment, at cost . . . . .	\$ 232,706	\$ 159,975
Less accumulated depreciation . . . . .	<u>116,458</u>	<u>88,468</u>
Video production and office equipment at cost, net of accumulated depreciation . . . . .	<u>\$ 116,248</u>	<u>\$ 71,507</u>

NOTE 8 - DEFERRED REVENUES

Deferred revenues consists entirely of contract proceeds received for contracts in progress as of June 30, 2015 in excess of related direct contract costs incurred through June 30, 2015. These deferred revenues were recognized as revenue in the succeeding fiscal year when work on these contracts was completed.

FREE SPIRIT MEDIA, NFP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016 and June 30, 2015:

<u>Grants and contributions:</u>	<u>06/30/2016</u>	<u>06/30/2015</u>
Alphawood Foundation Chicago . . . . .	\$ 30,000	\$ 30,000
Annie E. Casey Foundation . . . . .	-	75,000
Bank of America . . . . .	12,000	10,000
Blue Cross and Blue Shield of Illinois . . . . .	20,000	-
BMO Harris Bank . . . . .	11,000	10,000
Chicago Community Foundation, Chicago Hive Fund for Connected Learning . . . . .	50,000	41,000
Chicago Community Trust . . . . .	-	67,900
Chicago Community Trust, E. and L. Volwiler Fund . . . . .	40,000	-
Childrens' Care Foundation . . . . .	30,000	25,000
City of Chicago, Dept. of Cultural Affairs and Special Events . . . . .	57,500	-
The Crown Family . . . . .	75,000	50,000
Dr. Scholl Foundation . . . . .	10,000	-
Emerson Collective . . . . .	20,000	-
Field Foundation of Illinois . . . . .	-	26,250
Illinois Arts Council . . . . .	-	18,400
Impact 100 of Chicago, NFP . . . . .	100,000	-
Mardi Gras Fund . . . . .	8,000	-
Robert R. McCormick Foundation . . . . .	-	300,000
Northern Trust Charitable Trust . . . . .	-	15,000
Paul M. Angel Family Foundation . . . . .	65,000	-
Pert Foundation . . . . .	25,000	25,000
Polk Bros. Foundation . . . . .	40,000	-
Seabury Foundation . . . . .	-	10,000
Steans Family Foundation . . . . .	74,000	71,000
Susan Crown Exchange . . . . .	7,500	-
Voqal Chicago . . . . .	-	50,000
Woods Fund of Chicago . . . . .	10,000	10,000
Anonymous . . . . .	16,000	15,000
Individuals, each \$10,000 or more . . . . .	190,000	220,103
Others under \$10,000 each (both years) . . . . .	115,229	102,560
Total grants and contributions . . . . .	<u>\$ 1,006,229</u>	<u>\$ 1,172,213</u>

(Continued on the following page)

FREE SPIRIT MEDIA, NFP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

<u>Contract fees and awards:</u>	<u>06/30/2016</u>	<u>06/30/2015</u>
After School Matters . . . . .	\$ 82,582	\$ 72,341
Chicago Community Trust . . . . .	32,500	-
Chicago Park District . . . . .	74,984	-
Chicago Public Schools . . . . .	15,000	9,999
Cities of Peace . . . . .	4,575	18,300
City of Chicago, Dept. of Family and Support Services . . . . .	-	17,804
DRW Trading College Prep . . . . .	10,000	15,000
Foundation for Homan Square . . . . .	-	9,000
Gary Comer College Prep and Middle Schools . . . . .	4,000	15,995
Gary Comer Youth Center . . . . .	35,884	43,077
Leadership of Greater Chicago . . . . .	11,000	-
North Lawndale College Preparatory Charter High School . . . . .	192,448	203,403
Peace Exchange . . . . .	10,000	12,000
Snyder's Lance . . . . .	-	10,000
Time Warner . . . . .	-	10,000
Others under \$10,000 each, both years . . . . .	118,309	79,247
Total . . . . .	<u>\$ 591,282</u>	<u>\$ 516,166</u>

NOTE 11 - FUNDRAISING EVENTS, net of direct expenses

Revenues and expenses related to fundraising events held during the fiscal years ended June 30, 2016 and June 30, 2015 are as follows:

<u>Revenues:</u>	<u>06/30/2016</u>	<u>06/30/2015</u>
Ticket sales, raffle, and auction . . . . .	\$ 8,405	\$ 12,481
Sponsorship and contributions (See Note 11-A) . . . . .	88,569	95,480
Total revenues . . . . .	96,974	107,961
 <u>Direct expenses:</u>		
Catering, printing, and other . . . . .	28,245	38,468
Revenues net of expenses . . . . .	<u>\$ 68,729</u>	<u>\$ 69,493</u>

(Continued on the following page)

FREE SPIRIT MEDIA, NFP  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 - FUNDRAISING EVENTS, net of direct expenses (Continued)

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, 2016 and June 30, 2015:

<u>Fundraising Event Sponsorship and Contributions:</u>	<u>06/30/2016</u>	<u>06/30/2015</u>
Ariel Investments, LLC .....	\$ -	\$ 5,000
AbelCine .....	10,600	-
CineSpace .....	-	5,000
The Private Bank .....	-	5,000
Google, Inc. ....	5,000	5,000
Northern Trust Company .....	-	10,000
The Private Bank .....	5,000	-
William Blair & Company Foundation .....	5,000	5,000
Others under \$5,000 each (both years) .....	62,969	60,480
Total fundraising event sponsorship and contributions .....	<u>\$ 88,569</u>	<u>\$ 95,480</u>

NOTE 12 - FACILITY OCCUPANCY

FSM leases office space located at 1327 W. Washington, Chicago, Illinois under a lease agreement that commenced on January 9, 2012 and expired on July 31, 2015. Monthly rent under this agreement was \$835. Upon expiration of this lease agreement FSM continued renting this office space on a month-to-month basis at a monthly rent rate of \$835. Total rent expense under this agreement for the fiscal years ended June 30, 2016 and June 30, 2015 was \$10,020 and \$10,020, respectively.

In March, 2016 FSM entered into a five-year lease agreement for additional office space located at 906 S. Homan Ave., Chicago, Illinois. Monthly base rent for the entire five-year term of this agreement is \$4,791. An option to extend the agreement for an additional five years at an annual base rent of \$48,000 is also included in the agreement. Total rent expense under this agreement for the fiscal year ended June 30, 2016 was \$29,145.

Aggregate office space rent expense for the fiscal years ended June 30, 2016 and June 30, 2015 was \$39,165 and \$10,020, respectively.

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.