

**IN THE LIFE MEDIA, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**LEDERER, LEVINE & ASSOCIATES, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors  
In the Life Media, Inc.

We have audited the accompanying statement of financial position of In the Life Media, Inc. ("ITLM", the "Organization") as of June 30, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements presents fairly, in all material respects, the financial position of In the Life Media, Inc. as of June 30, 2011 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
Lederer, Levine & Associates, LLC

New York, NY  
December 1, 2011

**IN THE LIFE MEDIA, INC.  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

**IN THE LIFE MEDIA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2011**

**ASSETS**

Cash and cash equivalents (Notes B and I )	\$ 15,469
Contributions receivable (Notes B and C )	606,374
Prepaid expenses	30,722
Property and equipment, net (Notes B and D)	152,567
Other assets (Note E)	<u>50,692</u>

**TOTAL ASSETS** **\$ 855,824**

**LIABILITIES**

Accounts and accrued expenses payable	\$ 108,604
Deferred revenue (Note G)	5,000
Deferred rent (Note H)	<u>99,171</u>

**TOTAL LIABILITIES** **212,775**

**COMMITMENTS AND CONTINGENCIES (NOTE H)**

**NET ASSETS**

Unrestricted	145,743
Temporarily restricted (Note J)	<u>497,306</u>

**TOTAL NET ASSETS** **643,049**

**TOTAL LIABILITIES AND NET ASSETS** **\$ 855,824**

The accompanying notes are an integral part of these financial statements.

**IN THE LIFE MEDIA, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>SUPPORT AND REVENUE:</b>			
Foundation and corporate grants (Note B)	\$ 606,556	\$ 94,000	\$ 700,556
Individual contributions and membership	220,162		220,162
Special event revenues (net of expenses of \$65,175)	337,801	25,000	362,801
In-kind contributions (Notes B and F)	270,726		270,726
Program income	9,428		9,428
Investment income	932		932
Net assets released from restrictions	203,284	(203,284)	
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,648,889</b>	<b>(84,284)</b>	<b>1,564,605</b>
<b>EXPENSES:</b>			
Program services	1,311,761		1,311,761
Management and general	168,543		168,543
Fundraising and development	327,437		327,437
<b>TOTAL EXPENSES</b>	<b>1,807,741</b>		<b>1,807,741</b>
<b>CHANGE IN NET ASSETS</b>	<b>(158,852)</b>	<b>(84,284)</b>	<b>(243,136)</b>
<b>Net Assets - Beginning of Year</b>	<b>304,595</b>	<b>581,590</b>	<b>886,185</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 145,743</b>	<b>\$ 497,306</b>	<b>\$ 643,049</b>

The accompanying notes are an integral part of these financial statements.

**IN THE LIFE MEDIA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 378,622	\$ 81,592	\$ 136,907	\$ 597,121
Payroll taxes	38,527	6,074	15,850	60,451
Employee benefits	<u>37,016</u>	<u>5,592</u>	<u>15,473</u>	<u>58,081</u>
Total salaries and related costs	454,165	93,258	168,230	715,653
Professional fees (Note F)	223,608	50,479	26,412	300,499
Rent and related occupancy costs (Note H)	190,337	11,668	28,476	230,481
Production costs	200,486		6,581	207,067
Marketing and communications (Note F)	84,653		50	84,703
Equipment rental and maintenance	13,958	1,439	23,564	38,961
Office and related expenses	37,580	3,884	27,281	68,745
Travel and meetings	44,517	1,155	6,521	52,193
Development and special events			8,035	8,035
Insurance costs	17,660	1,134	4,685	23,479
Miscellaneous expenses	<u>633</u>	<u>2,833</u>	<u>20,600</u>	<u>24,066</u>
Total expenses before depreciation and amortization	1,267,597	165,850	320,435	1,753,882
Depreciation and amortization	<u>44,164</u>	<u>2,693</u>	<u>7,002</u>	<u>53,859</u>
<b>TOTAL EXPENSES</b>	<u>\$ 1,311,761</u>	<u>\$ 168,543</u>	<u>\$ 327,437</u>	<u>\$ 1,807,741</u>

The accompanying notes are an integral part of these financial statements.

**IN THE LIFE MEDIA, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ (243,136)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	53,859
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Contributions receivable	10,606
Prepaid expenses	(7,000)
Other assets	(714)
Increase (decrease) in liabilities:	
Accounts and accrued expenses payable	53,426
Deferred revenue	5,000
Deferred rent	<u>(27,616)</u>
<b>Net Cash Used by Operating Activities</b>	<u>(155,575)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Property and equipment acquisitions	<u>(29,793)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(29,793)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(185,368)
Cash and cash equivalents - beginning of year	<u>200,837</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 15,469</u>
<b>Supplementary Disclosure of Cash Flow Information:</b>	
Cash paid during the year for interest	<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

**IN THE LIFE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**Note A - Organization and Nature of Activities**

In The Life Media, Inc. ("ITLM", the "Organization") produces change through innovative media that exposes social injustice by chronicling lesbian, gay, bisexual and transgender life and providing our audiences with effective ways to advance equality within and beyond our communities.

In the Life Media, Inc. is a not-for profit organization incorporated in the state of New York and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Note B - Summary of Significant Accounting Policies**

**Basis of Accounting**

The Organization prepares its financial statements using the accrual basis of accounting. The Organization follows accounting principles generally accepted in the United States of America ("US GAAP") which include certain specialized requirements set forth in publications of the Financial Accounting Standards Board.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of less than three months to be cash equivalents.

**Restricted Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Restrictions on Net Assets**

Temporarily restricted net assets consist of purpose and time restricted contributions. Permanently restricted net assets consist of net assets restricted in perpetuity by the donor.

**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 and disclosures. Accordingly, actual results could differ from those estimates.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. ITLM capitalizes property and equipment with a cost of \$500 or more.

**In-kind Contributions**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial 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 donations.

IN THE LIFE MEDIA, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011  
(Continued)

**Note B – Summary of Significant Accounting Policies (continued)**

**Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 1, 2011.

**Accounting for Uncertainty in Income Taxes**

The Organization's accounting policy is to record liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax.

**Note C – Contributions Receivable**

Contributions receivable consist of the following as of June 30, 2011:

Unconditional promises to be collected in:

Less than one year	\$ 290,393
Two to five years	<u>362,084</u>
	652,477
Less: present value discount (3%)	<u>(46,103)</u>
	<u>\$ 606,374</u>

ITLM believes that credit risk relating to these receivables are minimal and no provision for doubtful accounts is necessary at June 30, 2011.

**Note D – Property and Equipment**

Property and equipment consist of the following as of June 30, 2011:

Furniture and fixtures	\$ 64,341
Equipment	161,205
Leasehold improvements	<u>382,930</u>
	608,476
Less: accumulated depreciation and amortization	<u>455,909</u>
	<u>\$ 152,567</u>

Depreciation and amortization expense amounted to \$53,859 for the year ended June 30, 2011.

**Note E – Other Assets**

Other assets consist of the following as of June 30, 2011:

Security deposit	<u>\$ 50,692</u>
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**Note F – In-kind Contributions**

In-kind contributions consisted of the following for the year ended June 30, 2011:

Professional fees	\$ 217,686
Marketing and communications	47,000
Special event cost	<u>6,040</u>
	<u>\$ 270,726</u>

**IN THE LIFE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(Continued)**

**Note G – Deferred Revenue**

This represents revenue received for a special event occurring subsequent to June 30, 2011:

\$ 5,000

**Note H – Commitments and Contingencies**

1. ITLM leases real property located at 184 Fifth Avenue, NYC, NY, for program and administrative purposes. Rental expense amounted to \$165,165 for the year ended June 30, 2011.

Future minimum annual rental commitments under non-cancelable rental lease obligations are as follows:

For the year ended June 30, 2012	\$ 192,396
2013	192,396
2014	192,396
2015	32,066

The Organization recognizes rent expense on the straight line basis and the difference between rent expense and rent paid is recorded as deferred rent.

2. The Organization has entered into various equipment leases with annual costs approximating \$10,000. The leases expire between November 2011 and September 2013.

**Note I – Concentration of Credit Risk**

The Organization maintains several bank accounts at two banks which are institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. This limit will be in effect through December 31, 2013. At June 30, 2011, there were no uninsured cash balances.

**Note J – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at June 30, 2011:

Program restrictions	\$ 52,877
Time restrictions:	<u>444,429</u>
	\$ <u>497,306</u>