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**CENTER FOR MEDIA  
CHANGE, INC.  
dba Hack the Hood**

**FINANCIAL STATEMENTS**

**December 31, 2015**

**(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)**

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**CROSBY & KANEDA**  
Certified Public Accountants

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Dedicated to Nonprofit Organizations

**CENTER FOR MEDIA CHANGE, INC.**  
**dba Hack the Hood**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Center for Media Change, Inc.  
dba Hack the Hood  
Oakland, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Center for Media Change, Inc. dba Hack the Hood, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows and functional expenses for the 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**

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 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Media Change, Inc. dba Hack the Hood as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Center for Media Change, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

Oakland, California

September 15, 2016

**CENTER FOR MEDIA CHANGE, INC.**  
**dba Hack the Hood**

**Statement of Financial Position**  
**December 31, 2015**  
**(With Comparative Totals as of December 31, 2014)**

	2015	2014
<b>Assets</b>		
Current Assets		
Cash	\$ 790,631	\$ 351,279
Accounts receivable	37,013	59,848
Grants receivable (Note 3)	320,000	250,000
Deposits	400	-
Total current assets	1,148,044	661,127
Grants receivable, long term (Note 3)	195,000	-
Total Assets	\$ 1,343,044	\$ 661,127
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 3,128	\$ 35,343
Accrued vacation	7,987	3,007
Deferred revenue	-	5,307
Total Liabilities	11,115	43,657
Commitments and Contingencies (Notes 5 and 6)		
Net Assets		
Unrestricted Net Assets	98,934	131,578
Temporarily Restricted (Note 7)	1,232,995	485,892
Total Net Assets	1,331,929	617,470
Total Liabilities and Net Assets	\$ 1,343,044	\$ 661,127

See Notes to the Financial Statements

**CENTER FOR MEDIA CHANGE, INC.**  
**dba Hack the Hood**

**Statement of Activities**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for the Year Ended December 31, 2014)**

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
<b>Support and Revenue</b>				
Support				
Foundation and corporate	\$ 70,751	\$ 1,511,816	\$ 1,582,567	\$ 785,597
Government	192,938		192,938	94,075
Individual	80,051		80,051	35,225
Events, net	4,721		4,721	19,771
In-kind support (Note 9)	35,238		35,238	13,710
Total support	<u>383,699</u>	<u>1,511,816</u>	<u>1,895,515</u>	<u>948,378</u>
Revenue				
Advertising	750		750	9,703
Other	1,650		1,650	6,336
Total revenue	<u>2,400</u>	<u>-</u>	<u>2,400</u>	<u>16,039</u>
Net assets released from donor restriction (Note 7)	<u>764,713</u>	<u>(764,713)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,150,812</u>	<u>747,103</u>	<u>1,897,915</u>	<u>964,417</u>
<b>Expenses</b>				
Program	903,468		903,468	275,073
Management and general	170,976		170,976	65,397
Fundraising	109,012		109,012	103,139
Total Expenses	<u>1,183,456</u>	<u>-</u>	<u>1,183,456</u>	<u>443,609</u>
Change in net assets	(32,644)	747,103	714,459	520,808
Net Assets, beginning of year	<u>131,578</u>	<u>485,892</u>	<u>617,470</u>	<u>96,662</u>
Net Assets, end of year	<u>\$ 98,934</u>	<u>\$ 1,232,995</u>	<u>\$ 1,331,929</u>	<u>\$ 617,470</u>

See Notes to the Financial Statements

**CENTER FOR MEDIA CHANGE, INC.**  
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**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for the Year Ended December 31, 2014)**

	2015	2014
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 714,459	\$ 520,808
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Change in assets and liabilities:		
Accounts receivable	22,835	(30,161)
Grants receivable	(265,000)	(200,000)
Pledges receivable	-	(7,433)
Deposits	(400)	-
Accounts payable and accrued expenses	(32,215)	16,122
Accrued vacation	4,980	3,007
Deferred revenue	(5,307)	5,307
Net cash provided (used) by operating activities	439,352	307,650
<b>Cash flows from financing activities:</b>		
Repayments of loans	-	(6,400)
Net cash provided (used) by financing activities	-	(6,400)
Net change in cash	439,352	301,250
Cash, beginning of year	351,279	50,029
Cash, end of year	\$ 790,631	\$ 351,279

See Notes to the Financial Statements

**CENTER FOR MEDIA CHANGE, INC.**  
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**Statement of Functional Expenses**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for the Year Ended December 31, 2014)**

	Program		Total Program	Management and General	Fundraising	Total	
	Hack the Hood	Oakland Local				2015	2014
Salaries	\$ 409,335	\$ -	\$ 409,335	\$ 91,557	\$ 44,211	\$ 545,103	\$ 85,199
Benefits	22,188	-	22,188	927	40	23,155	6,402
Payroll taxes	32,863	-	32,863	9,781	3,618	46,262	7,939
Total Personnel	<u>464,386</u>	<u>-</u>	<u>464,386</u>	<u>102,265</u>	<u>47,869</u>	<u>614,520</u>	<u>99,540</u>
Grants	58,500	-	58,500	-	-	58,500	15,462
Legal	351	-	351	4,203	-	4,554	1,760
Accounting	-	-	-	17,041	-	17,041	4,679
Professional services	203,058	15,887	218,945	24,569	48,592	292,106	267,728
Advertising and promotion	1,118	-	1,118	-	-	1,118	3,423
Office supplies and expenses	3,871	2,834	6,705	4,960	3,445	15,110	1,992
Bank fees	67	3	70	2,833	-	2,903	499
Information technology	2,588	205	2,793	294	1,650	4,737	4,612
Occupancy	25,956	-	25,956	6,932	1,041	33,929	3,970
Travel and meals	9,289	-	9,289	3,576	4,286	17,151	4,184
Conferences and meetings	6,922	-	6,922	684	1,959	9,565	5,218
Insurance	-	-	-	2,326	-	2,326	5,131
Student stipends and incentives	49,875	-	49,875	300	-	50,175	4,270
Program supplies	58,239	-	58,239	-	-	58,239	6,982
Miscellaneous	319	-	319	993	170	1,482	449
In-kind rent	-	-	-	-	-	-	13,710
Total Expenses	<u>\$ 884,539</u>	<u>\$ 18,929</u>	<u>\$ 903,468</u>	<u>\$ 170,976</u>	<u>\$ 109,012</u>	<u>\$ 1,183,456</u>	<u>\$ 443,609</u>

See Notes to the Financial Statements



**CENTER FOR MEDIA CHANGE, INC.**  
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**Notes to the Financial Statements**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for the Year Ended December 31, 2014)**

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**NOTE 1: NATURE OF ACTIVITIES**

Center for Media Change, Inc. dba Hack the Hood (the Organization) is a California nonprofit public benefit corporation founded in 2006.

The Organization's programs include:

Hack the Hood, which introduces low-income youth of color to careers in tech by hiring and training them to build websites for small businesses in their own communities, and other kinds of hands-on learning. Hack the Hood offers boot-camps, workshops, mentoring, career coaching, and events.

Oakland Local, a civic engagement project and news outlet with several websites that provide diverse perspectives on local issues such as education, food and food justice, local businesses, community development, local government, environmental issues, health, crime technology, and police accountability.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Basis of Presentation**

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

*Unrestricted net assets* – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

*Temporarily restricted net assets* – represent contributions whose use is limited by donor-imposed stipulations that expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Temporarily restricted net assets may also include accumulated appreciation of permanently restricted endowment funds that have not been appropriated by the Organization.

*Permanently restricted net assets* – represent contributions whose use is limited by donor-imposed stipulations that require the gift to be invested in perpetuity. The income from such invested assets, including realized and unrealized gains, is generally available to support the activities of the Organization. Donors may also restrict all or part of the income and/or appreciation from these investments to permanently restricted net assets, resulting in increases/decreases to these net assets. There were no permanently restricted net assets as of December 31, 2015.

**CENTER FOR MEDIA CHANGE, INC.**  
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**Notes to the Financial Statements**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for the Year Ended December 31, 2014)**

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**Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2015 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the

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**For the Year Ended December 31, 2015**  
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asset or liability in an orderly transaction between market participants on the measurement date.

The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2015.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at December 31, 2015.

**Deferred Revenue**

Deferred revenue represents government grants which have not yet been earned.

**Functional Allocation of Expenses**

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

**Subsequent Events**

The Organization has evaluated subsequent events and has concluded that as of September 15, 2016 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

**NOTE 3: GRANTS AND ACCOUNTS RECEIVABLE**

The Organization considers all grants and accounts receivable to be fully collectible at December 31, 2015. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made. Management did not consider discounts to present value material to the financial statements. Grants receivable at December 31, 2015 are expected to be realized during the years ended December 31:

2016	\$ 320,000
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**(With Comparative Totals for the Year Ended December 31, 2014)**

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2017	<u>195,000</u>
Total	<u>\$ 515,000</u>

**NOTE 4: LINE OF CREDIT**

The Organization has a \$25,000 line of credit with Beneficial State Bank bearing interest at the US Prime Rate plus 5%. As of December 31, 2015, there was no outstanding balance and the interest rate on the line was 8.5%.

**NOTE 5: COMMITMENTS**

**Operating Lease**

The Organization is party to a lease for office space in Oakland, California which expires in February 2018. The following is a schedule of future minimum payments required under the lease as of December 31:

2016	\$ 57,335
2017	60,000
2018	<u>10,000</u>
Total	<u>\$ 127,335</u>

Rent for the years ended December 31, 2015 and 2014 was \$33,929 and \$4,274, respectively.

**Additional Terms**

The Organization has an option to extend the lease by one year at a set price. The Organization also has an early termination option subject to a notice period and fee.

**NOTE 6: CONTINGENCIES**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

**NOTE 7: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available as follows for the year ended December 31:

	<u>2015</u>	<u>2014</u>
Hack the Hood	\$ 846,578	\$ 364,680
Train the Trainer	-	110,631
Oakland Police Beat	-	670
General Local Oakland	200	-
Kevin's Fellows	9,892	9,911

**CENTER FOR MEDIA CHANGE, INC.**  
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**Notes to the Financial Statements**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for the Year Ended December 31, 2014)**

Network Support	85,000	-
Ateam	<u>291,325</u>	<u>-</u>
Total	<u>\$ 1,232,995</u>	<u>\$ 485,892</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses for the training program as specified by donors during the year ended December 31:

	<u>2015</u>	<u>2014</u>
Hack the Hood	\$ 569,918	\$ 167,820
Train the Trainer	110,631	4,369
Oakland Police Beat	670	24,330
General local Oakland	24,800	51,059
Kevin's Fellows	19	89
Network Support	15,000	-
Ateam	43,675	-
Passage of time	<u>-</u>	<u>25,000</u>
Total	<u>\$ 764,713</u>	<u>\$ 272,667</u>

**NOTE 8: CONCENTRATIONS**

**Cash Deposits**

During the year ended December 31, 2015 the Organization maintained deposits in excess of federally insured limits. The Organization managed the risk of this concentration by monitoring the financial strength of the financial institutions where such deposits were held.

**Accounts Receivable**

As of December 31, 2015 approximately 80% of accounts and grants receivable were due from a single funder as part of a multi-year grant award.

**Support**

Approximately 34% of support came from one funder as part of a multi-year grant award.

**NOTE 9: IN-KIND SUPPORT**

During the years ended December 31, 2015 and 2014, in-kind support consisted of the following:

	<u>2015</u>	<u>2014</u>
In kind supplies	\$ 35,238	\$ -
In kind facilities	<u>-</u>	<u>13,170</u>
Total	<u>\$ 35,238</u>	<u>\$ 13,170</u>