

SKEPTOID MEDIA, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2017 and 2016



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FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Skeptoid Media, Inc.
Bend, Oregon

We have reviewed the accompanying financial statements of Skeptoid Media, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Jones & Roth, P.C.

Jones & Roth, P.C.
Bend, Oregon
August 1, 2018

FINANCIAL STATEMENTS

SKEPTOID MEDIA, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets		
Cash	\$ 57,324	\$ 59,989
Fixed assets , net of accumulated depreciation	<u>3,967</u>	<u>1,364</u>
Total assets	<u>\$ 61,291</u>	<u>\$ 61,353</u>
Net Assets		
Net assets		
Unrestricted	\$ 41,769	\$ 8,115
Temporarily restricted	<u>19,522</u>	<u>53,238</u>
Total net assets	<u>\$ 61,291</u>	<u>\$ 61,353</u>

See independent accountant's review report and accompanying notes.

SKEPTOID MEDIA, INC.
 STATEMENTS OF ACTIVITIES
 For the Years Ended December 31, 2017 and 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Donations	\$ 161,133	\$ -	\$ 161,133
Program restricted support	<u>-</u>	<u>41,111</u>	<u>41,111</u>
 Total support and revenue	 161,133	 41,111	 202,244
 Net assets released from restriction	 <u>74,827</u>	 <u>(74,827)</u>	 <u>-</u>
 Total support, revenue and reclassifications	 <u>235,960</u>	 <u>(33,716)</u>	 <u>202,244</u>
 Expenses			
Program services	176,128	-	176,128
Management and general	18,475	-	18,475
Fundraising	<u>7,703</u>	<u>-</u>	<u>7,703</u>
 Total expenses	 <u>202,306</u>	 <u>-</u>	 <u>202,306</u>
 Change in net assets	 33,654	 (33,716)	 (62)
 Net assets, beginning of year	 <u>8,115</u>	 <u>53,238</u>	 <u>61,353</u>
 Net assets, end of year	 <u>\$ 41,769</u>	 <u>\$ 19,522</u>	 <u>\$ 61,291</u>

2016		
Unrestricted	Temporarily Restricted	Total
\$ 77,295	\$ -	\$ 77,295
<u>-</u>	<u>58,279</u>	<u>58,279</u>
77,295	58,279	135,574
<u>5,041</u>	<u>(5,041)</u>	<u>-</u>
<u>82,336</u>	<u>53,238</u>	<u>135,574</u>
61,751	-	61,751
11,002	-	11,002
<u>4,495</u>	<u>-</u>	<u>4,495</u>
<u>77,248</u>	<u>-</u>	<u>77,248</u>
5,088	53,238	58,326
<u>3,027</u>	<u>-</u>	<u>3,027</u>
<u>\$ 8,115</u>	<u>\$ 53,238</u>	<u>\$ 61,353</u>

See independent accountant's review report and accompanying notes.

SKEPTOID MEDIA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2017 and 2016

	2017			
	Program Services	Management and General	Fundraising	Total
Advertising	\$ 10,627	\$ -	\$ 4,770	\$ 15,397
Conferences	-	-	2,907	2,907
Contracted labor	2,518	-	-	2,518
Depreciation	-	546	-	546
Insurance	-	3,444	-	3,444
Internet	8,311	-	-	8,311
Legal and accounting	-	1,350	-	1,350
Office	-	3,307	26	3,333
Payroll	85,515	9,502	-	95,017
Production	64,229	-	-	64,229
Research	50	-	-	50
Software	1,518	316	-	1,834
Taxes	-	10	-	10
Travel	3,360	-	-	3,360
	<u>\$ 176,128</u>	<u>\$ 18,475</u>	<u>\$ 7,703</u>	<u>\$ 202,306</u>
Total expenses	<u>\$ 176,128</u>	<u>\$ 18,475</u>	<u>\$ 7,703</u>	<u>\$ 202,306</u>

2016			
<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ -	\$ -	\$ 1,985	\$ 1,985
-	-	2,497	2,497
800	-	-	800
-	341	-	341
-	3,221	-	3,221
7,938	-	-	7,938
-	1,344	-	1,344
-	1,303	13	1,316
42,780	4,753	-	47,533
7,100	-	-	7,100
60	-	-	60
1,435	40	-	1,475
-	-	-	-
1,638	-	-	1,638
<u>\$ 61,751</u>	<u>\$ 11,002</u>	<u>\$ 4,495</u>	<u>\$ 77,248</u>

See independent accountant's review report and accompanying notes.

SKEPTOID MEDIA, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (62)	\$ 58,326
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	546	341
Net cash provided by operating activities	484	58,667
Cash flows from investing activities		
Purchase of fixed assets	(3,149)	(1,705)
Net change in cash and cash equivalents	(2,665)	56,962
Cash, beginning of year	59,989	3,027
Cash, end of year	\$ 57,324	\$ 59,989

See independent accountant's review report and accompanying notes.

SKEPTOID MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Skeptoid Media, Inc. (the Organization), a nonprofit organization, encourages public science literacy and critical thinking worldwide by producing free, STEM-focused educational and entertainment content. The Organization produces a weekly science podcast as well as episodic web video programming and documentary films accompanied by free comprehensive lesson plans and educators.

Basis of Accounting

The Organization follows the accrual basis of accounting under accounting principles generally accepted in the United States of America. Revenue is recognized when earned and expenses are recognized in the period incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not for Profit Entities*. Under ASC 958, the Organization is required to report 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.

Unrestricted net assets – represent expendable funds that are available for support of the Organization's operations.

Temporarily restricted net assets – consist of contributions that have been restricted by the donor for specific purposes or are not available for use until a specific time.

Permanently restricted net assets – consist of contributions with donor restrictions that stipulate the resources be maintained permanently, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. The Organization had no permanently restricted net assets as of December 31, 2017 or 2016.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

SKEPTOID MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies, continued

Income Taxes

The Organization is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3). However, certain activities defined by the IRC that generate unrelated business taxable income could subject the Organization to unrelated business income taxes. The Organization has not accrued a provision for unrelated business income taxes as management believes no such activities were conducted during the years ended December 31, 2017 and 2016

Cash

Cash includes deposits held in checking.

Concentrations of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash. The Organization maintains cash balances at Chase Bank. Accounts at this institution are secured by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2017 and 2016, the Organization had no cash amounts in excess of the FDIC insured balance of \$250,000.

Fixed Assets

Fixed assets consist of equipment. Fixed assets are stated at cost or at the fair market value in the case of donated assets. Acquisitions at or in excess of \$1,000 are capitalized if they have a useful life over one year. Fixed assets are depreciated using the straight-line method over estimated useful lives of the assets, currently at five years.

Revenue Recognition

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Donations designated for future periods or restricted by the donor for specific purposes, if any, are reported as temporarily restricted or permanently restricted support that increases those net asset classes. 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 restriction.

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program, general and administrative, and fundraising. The Organization allocates all expenses, other than payroll and benefits, directly. Payroll and benefits are allocated indirectly based on a time review performed by management. Management reviews and updates these allocations on an annual basis.

SKEPTOID MEDIA, INC.
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies, continued

Advertising

Advertising and marketing costs are expensed when incurred. The amounts expensed in the years ended December 31, 2017 and 2016, were \$15,397 and \$1,985, respectively.

2. Fixed Assets

At December 31, 2017 and 2016, fixed assets consisted of the following:

	<u>2017</u>	<u>2016</u>
Computer and equipment	\$ 4,854	\$ 1,705
Accumulated depreciation	<u>(887)</u>	<u>(341)</u>
Total fixed assets, net of accumulated depreciation	<u>\$ 3,967</u>	<u>\$ 1,364</u>

3. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent accountant's review report.