

FINANCIAL STATEMENTS

MEDIA MATTERS FOR AMERICA

**FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2014**

MEDIA MATTERS FOR AMERICA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Media Matters for America
Washington, D.C.

We have audited the accompanying financial statements of Media Matters for America (MMFA), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and change in net assets, functional expenses and cash flows 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 MMFA as of December 31, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from MMFA's 2014 financial statements, which were audited by other auditors and, in their report dated October 30, 2015, they expressed an unmodified opinion on those statements.

Gelman Rosenberg & Freedman

September 1, 2016

MEDIA MATTERS FOR AMERICA
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

ASSETS		
	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 958,394	\$ 1,518,087
Grants receivable	1,191,491	681,709
Due from related parties	107,401	123,429
Prepaid expenses and other	<u>77,298</u>	<u>123,363</u>
Total current assets	<u>2,334,584</u>	<u>2,446,588</u>
FIXED ASSETS		
Furniture	439,037	439,820
Computer equipment	1,512,413	1,336,482
Leasehold improvements	<u>2,162,785</u>	<u>2,149,071</u>
	4,114,235	3,925,373
Less: Accumulated depreciation and amortization	<u>(2,522,343)</u>	<u>(2,049,322)</u>
Net fixed assets	<u>1,591,892</u>	<u>1,876,051</u>
OTHER ASSETS		
Investments	1,005,721	1,377,209
Grants receivable, net of current portion	<u>50,000</u>	<u>550,000</u>
Total other assets	<u>1,055,721</u>	<u>1,927,209</u>
TOTAL ASSETS	<u>\$ 4,982,197</u>	<u>\$ 6,249,848</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Capital lease obligation	\$ 210,492	\$ 165,837
Line of credit	150,606	-
Accounts payable	522,975	548,700
Accrued liabilities	346,155	509,792
Deferred rent abatement	260,255	223,194
Due to related party	<u>-</u>	<u>52,198</u>
Total current liabilities	<u>1,490,483</u>	<u>1,499,721</u>
LONG-TERM LIABILITIES		
Capital lease obligation, net of current portion	81,091	167,409
Sublease deposits payable	51,284	47,284
Deferred rent abatement, net of current portion	<u>1,102,463</u>	<u>1,345,502</u>
Total long-term liabilities	<u>1,234,838</u>	<u>1,560,195</u>
Total liabilities	<u>2,725,321</u>	<u>3,059,916</u>
NET ASSETS		
Unrestricted	244,341	1,335,125
Temporarily restricted	<u>2,012,535</u>	<u>1,854,807</u>
Total net assets	<u>2,256,876</u>	<u>3,189,932</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,982,197</u>	<u>\$ 6,249,848</u>

See accompanying notes to financial statements.

MEDIA MATTERS FOR AMERICA

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	<u>2015</u>			<u>2014</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
REVENUE				
Contributions and grants	\$ 6,526,657	\$ 2,598,019	\$ 9,124,676	\$ 10,021,188
Interest income	77,724	-	77,724	86,165
Realized gain (loss)	7,628	-	7,628	(8,530)
Unrealized (loss) gain	(45,313)	-	(45,313)	16,635
Royalty income	5,036	-	5,036	707
Net assets released from donor restrictions	<u>2,440,291</u>	<u>(2,440,291)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>9,012,023</u>	<u>157,728</u>	<u>9,169,751</u>	<u>10,116,165</u>
EXPENSES				
Program Services	<u>7,903,839</u>	<u>-</u>	<u>7,903,839</u>	<u>8,331,589</u>
Supporting Services:				
Management and General	961,274	-	961,274	1,022,039
Fundraising	<u>1,237,694</u>	<u>-</u>	<u>1,237,694</u>	<u>1,348,854</u>
Total supporting services	<u>2,198,968</u>	<u>-</u>	<u>2,198,968</u>	<u>2,370,893</u>
Total expenses	<u>10,102,807</u>	<u>-</u>	<u>10,102,807</u>	<u>10,702,482</u>
Change in net assets	(1,090,784)	157,728	(933,056)	(586,317)
Net assets at beginning of year	<u>1,335,125</u>	<u>1,854,807</u>	<u>3,189,932</u>	<u>3,776,249</u>
NET ASSETS AT END OF YEAR	<u>\$ 244,341</u>	<u>\$ 2,012,535</u>	<u>\$ 2,256,876</u>	<u>\$ 3,189,932</u>

MEDIA MATTERS FOR AMERICA

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	2015			2014	
	Program Services	Supporting Services		Total Expenses	Total Expenses
		Management and General	Fundraising		
Salaries	\$ 4,168,749	\$ 512,189	\$ 54,931	\$ 4,735,869	\$ 4,562,250
Occupancy	815,440	120,585	-	936,025	924,803
Payroll taxes and benefits	637,728	78,990	5,042	721,760	761,074
Consulting	579,324	90,000	1,000	670,324	129,950
Professional fundraising fees	-	-	1,130,384	1,130,384	1,147,882
Research	125,134	18	839	125,991	125,837
Professional fees	239,875	29,504	7,745	277,124	655,153
Travel and meetings	92,632	27,018	16,310	135,960	214,487
Depreciation and amortization	524,278	64,484	-	588,762	494,511
Contributions	199,850	-	-	199,850	1,080,000
Telephone and internet	84,044	5,059	2,815	91,918	81,111
Server hosting	102,104	-	-	102,104	92,830
Advertising	3,631	-	-	3,631	6,350
Supplies	35,126	3,267	2,899	41,292	44,941
Miscellaneous	33,170	10,463	6,773	50,406	72,902
Dues and subscription	90,044	2,995	2,740	95,779	84,504
Insurance	70,427	8,662	-	79,089	54,338
Media services	57,840	-	-	57,840	106,500
Training	9,623	-	-	9,623	10,968
Repairs and maintenance	23,728	2,832	-	26,560	22,641
Printing and copying	2,211	2,610	4,841	9,662	4,052
Equipment rental	8,571	1,095	-	9,666	22,237
Postage and shipping	310	1,503	1,375	3,188	3,161
TOTAL	\$ 7,903,839	\$ 961,274	\$ 1,237,694	\$ 10,102,807	\$ 10,702,482

MEDIA MATTERS FOR AMERICA

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (933,056)	\$ (586,317)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	588,762	494,511
Unrealized loss (gain)	45,313	(16,635)
Realized (gain) loss	(7,628)	8,530
(Increase) decrease in:		
Grants receivable	(9,782)	758,085
Due from related parties	16,028	(50,169)
Prepaid expenses and other	46,065	(65,203)
Increase (decrease) in:		
Accounts payable	(25,725)	(272,970)
Accrued liabilities	(163,637)	-
Sublease deposits payable	4,000	-
Deferred rent abatement	(205,978)	(182,813)
Due to related parties	<u>(52,198)</u>	<u>(50,282)</u>
Net cash (used) provided by operating activities	<u>(697,836)</u>	<u>36,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(154,065)	(374,265)
Purchase of investments	(1,132,943)	(359,597)
Proceeds from sale of investments	<u>1,466,746</u>	<u>522,002</u>
Net cash provided (used) by investing activities	<u>179,738</u>	<u>(211,860)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	150,606	-
Payments of capital lease obligations	<u>(192,201)</u>	<u>(109,331)</u>
Net cash used by financing activities	<u>(41,595)</u>	<u>(109,331)</u>
Net decrease in cash and cash equivalents	(559,693)	(284,454)
Cash and cash equivalents at beginning of year	<u>1,518,087</u>	<u>1,802,541</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 958,394</u>	<u>\$ 1,518,087</u>

MEDIA MATTERS FOR AMERICA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	<u>2015</u>	<u>2014</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ <u>14,733</u>	\$ <u>21,388</u>
SCHEDULE OF NONCASH INVESTING AND FINANCING TRANSACTIONS		
Donated Securities	\$ <u>710,300</u>	<u>358,325</u>
Capital Lease Obligation Incurred for Use of Equipment	\$ <u>150,538</u>	\$ <u>442,577</u>

MEDIA MATTERS FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Media Matters for America (MMFA) is a not-for-profit corporation incorporated in the District of Columbia on August 15, 2003. MMFA is a national non-profit organization dedicated to comprehensive monitoring, analyzing and correcting conservative misinformation in the United States media.

MMFA's primary program is to notify activists, journalists, pundits and the general public about instances of misinformation, providing them with resources to rebut false claims and take direct action against offending media institutions.

MMFA is supported primarily by contributions.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information 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 MMFA's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Cash and cash equivalents -

MMFA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, MMFA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are separately stated in the Statement of Activities and Change in Net Assets.

Grants receivable -

Grants receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years. Leasehold improvements are amortized over the remaining life of the lease.

MEDIA MATTERS FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Fixed assets (continued) -

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended December 31, 2015 totaled \$588,762.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

MMFA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. MMFA is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2015, MMFA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of MMFA and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of MMFA and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

MEDIA MATTERS FOR AMERICA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

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

Risks and uncertainties -

MMFA invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

MMFA adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. MMFA accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

2. INVESTMENTS

Investments consisted of the following at December 31, 2015:

	<u>Fair Value</u>
Equities	\$ 18,955
Corporate bonds	978,599
Partnership interest	<u>8,167</u>
TOTAL INVESTMENTS	<u>\$ 1,005,721</u>

MEDIA MATTERS FOR AMERICA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

3. GRANTS RECEIVABLE

As of December 31, 2015, contributors to MMFA have made written promises to give totaling \$1,241,491. Grants are due as follows at December 31, 2015:

Less than one year	\$ 1,191,491
One to five years	<u>50,000</u>
TOTAL GRANTS RECEIVABLE	<u>\$ 1,241,491</u>

4. CAPITAL LEASE OBLIGATION

MMFA has entered into various capital leases for computer equipment, which expire in 2018. As of December 31, 2015, the cost and related accumulated amortization of the leased asset were \$593,124 and \$332,681, respectively.

Amortization of assets held under capital leases is included with depreciation expense. Future minimum lease payments at December 31, 2015 are as follows:

<u>Year Ending December 31,</u>	
2016	\$ 216,661
2017	70,312
2018	<u>11,406</u>
	298,379
Less: Interest	<u>(6,796)</u>
	291,583
Less: Current portion	<u>(210,492)</u>
LONG-TERM PORTION	<u>\$ 81,091</u>

5. LINE OF CREDIT

MMFA has entered into a bank line of credit. The total amount that may be drawn on the account is based on the sum of the loanable amount of eligible securities as defined under the line of credit agreement. The eligible securities serve as collateral. Interest is charged based on the bank's base rate. As of December 31, 2015, the outstanding balance on the line of credit was \$150,606.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2015:

Coordination Litigation	\$ 30,000
Economic Initiative	136,780
Environmental Initiative	112,361
Equality Matters	282,401
Immigration Initiative	8,593
Metis	118,126
Reproductive Rights	186,674
Grants - Time Restriction	<u>1,137,600</u>
	<u>\$ 2,012,535</u>

MEDIA MATTERS FOR AMERICA

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

6. TEMPORARILY RESTRICTED NET ASSETS (Continued)

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Economic Initiative	\$ 323,220
Environmental Initiative	309,119
Equality Matters	178,834
Gun and Public Safety Initiative	175,000
Hate Speech	106,739
Metis	6,874
Reproductive Rights	313,745
Spanish Language	76,760
Grants - Time Restriction	<u>950,000</u>
	<u>\$ 2,440,291</u>

7. LEASE COMMITMENTS

MMFA entered into a lease in 2009 for office space in Washington, D.C. The lease expires on June 30, 2020. Base rent is set at \$88,624 per month, with an annual increase of 2.50%.

In connection with the lease, MMFA provided a letter of credit totaling \$531,744 as a security deposit. The security deposit requirement is reduced each of the first five years to a minimum of \$88,624 in the fifth year. The letter of credit amount as of December 31, 2015 was \$88,624.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statement of Financial Position. The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	
2016	\$ 1,248,659
2017	1,279,875
2018	1,311,872
2019	1,344,669
2020	<u>689,143</u>
	<u>\$ 5,874,218</u>

MMFA subleases a portion of its office space under various leases expiring throughout 2020. The following is a schedule of the future minimum rental income:

<u>Year Ending December 31,</u>	
2016	\$ 298,172
2017	147,633
2018	151,323
2019	155,106
2020	<u>79,492</u>
	<u>\$ 831,726</u>

MEDIA MATTERS FOR AMERICA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

7. LEASE COMMITMENTS (Continued)

Rent expense for the year ended December 31, 2015, net of rental income of \$329,868, was \$791,555, and is included in occupancy expense in the accompanying Statement of Functional Expense. The deferred rent liability was \$1,362,718.

8. RETIREMENT PLAN

Effective January 1, 2015, MMFA merged into the Media Advocates 401(k) Plan (the Plan) as a participating employer. The Plan is a multiple employer defined contribution plan (profit-sharing plan) and matches employee contributions up to certain levels. The Plan has a four-year graduated vesting schedule for employer contributions. Contributions to the plan during the year ended December 31, 2015 totaled \$82,546, net of forfeitures of \$5,946.

9. SETTLEMENT AGREEMENT

During the year ended December 31, 2012, the Organization entered into a settlement agreement. The Organization is required to pay \$400,000 in semi-annual installments over a period of 5 years. As of December 31, 2015, the remaining balance due under the settlement was \$75,000 and is included in accrued expenses in the accompanying Statement of Financial Position.

10. RELATED PARTY

During the year ended December 31, 2015, MMFA shared employees, office space and other related expenses and services with the Media Matters for America Action Network (the Network), a not-for-profit organization exempt under Section 501(c)(4) of the Internal Revenue Code.

During the year ended December 31 2013, the Organization spun-off its Progressive Training Institute program to two new entities: the Franklin Forum (the Forum), a non-profit organization exempt under Section 501(c)(4) of the Code, and the Franklin Education Forum (the Education Forum), a non-profit organization exempt under Section 501(c)(3) of the Code. The Organization's Chair of the Board of Directors is the Chair of the Board of Directors for the Forum and the Education Forum. As part of this spinoff, the Organization granted \$89,850 during the year ended December 31, 2015 to the Education Forum.

During the year ended December 31, 2015, the Organization shared employees and other related expenses and services with The American Independent (AI), a not-for-profit journalism organization exempt under Section 501(c)(3) of the Code, in furtherance of its journalism efforts. The Organization granted AI \$110,000 during the year ended December 31, 2015. As of December 31, 2015, the Organization had amounts due from AI totaling \$4,731.

The Organization has sublease agreements with the following entities, all of whom have elected the Organization's Chair of the Board of Directors as the Chair of the Board of Directors of their respective entities:

- American Bridge 21st Century (American Bridge), a political action committee and American Bridge 21st Century Foundation (the Foundation), a non-profit organization exempt under Section 501(c)(4) of the Code - American Bridge and the Foundation have subleases from the Organization. During the year ended December 31, 2015, rental income received from the subleases totaled approximately \$60,736. As of December 31, 2015, MMFA had amounts due from American Bridge and the Foundation totaling \$14,280 and \$10,497, respectively.

MEDIA MATTERS FOR AMERICA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2015

10. RELATED PARTY (Continued)

- The Forum - The Forum had a sublease agreement with the Organization which expired June 30, 2014, when the sublease became month-to-month. During the year ended December 31, 2015, rental income received from the Forum totaled approximately 18,416. As of December 31, 2015, MMFA had amounts due from The Forum totaling \$65,321.
- Citizens for Responsibility and Ethics in Washington (CREW) - CREW has a sublease with MMFA that commenced on February 1, 2015, and will expire on December 31, 2016. During the year ended December 31, 2015, rental income received from CREW totaled approximately \$42,000. As of December 31, 2015, MMFA had amounts due from CREW totaling \$4,450.
- During the year ended December 31, 2015, MMFA shared office space and other related expenses and services with Correct The Record, a political action committee. During the year ended December 31, 2015, rental income received from Correct The Record totaled \$47,191. As of December 31, 2015, MMFA had amounts due from Correct The Record totaling \$8,122.

11. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, MMFA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market MMFA has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Corporate bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Partnership interests* - These do not have a readily determinable fair value. The fair values used are generally determined by the general partner or management of the entity and are based on appraisals or other estimates that require varying degrees of judgment. Inputs used in determining fair value may include the cost and recent activity concerning the underlying investments in the partnerships.

MEDIA MATTERS FOR AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, MMFA's investments as of December 31, 2015:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 18,955	\$ -	\$ -	\$ 18,955
Corporate bonds	-	978,599	-	978,599
Partnership interest	<u>-</u>	<u>-</u>	<u>8,167</u>	<u>8,167</u>
TOTAL	<u>\$ 18,955</u>	<u>\$ 978,599</u>	<u>\$ 8,167</u>	<u>\$ 1,005,721</u>

Level 3 Financial Assets

The following table provides a summary of changes in fair value of MMFA's financial assets for the year ended December 31, 2015:

	<u>Investments</u>
Beginning balance as of January 1, 2015	\$ 15,167
Amortization of Partnership Interest	<u>(7,000)</u>
BALANCE AS OF DECEMBER 31, 2015	<u>\$ 8,167</u>

12. SUBSEQUENT EVENTS

In preparing these financial statements, MMFA has evaluated events and transactions for potential recognition or disclosure through September 1, 2016, the date the financial statements were issued.