

**INVESTIGATIVE NEWSOURCE  
FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

## INVESTIGATIVE NEWSOURCE

	<u>Pages</u>
I Index	1
II Independent auditor's report	2 – 3
III Statements of financial position	4
IV Statements of activities and changes in net assets	5 - 6
V Statements of functional expenses	7 – 8
VI Statements of cash flows	9
VII Notes to the financial statements	10 - 19

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Investigative Newsource

We have audited the accompanying financial statements of Investigative Newsource dba *inewsourc*, a nonprofit organization, which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 Investigative Newsource dba *inewsourc*e as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink that reads "Considine & Considine". The signature is written in a cursive, slightly stylized font.

CONSIDINE & CONSIDINE  
An accountancy corporation

November 4, 2019

**INVESTIGATIVE NEWSOURCE**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

Page 4

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 683,052	\$ 454,064
Pledges receivable - current (note 3)	270,000	315,200
Prepaid expenses	-	656
	953,052	769,920
PROPERTY AND EQUIPMENT (note 4)	10,844	9,576
<b>OTHER ASSETS</b>		
Other receivable	2,375	702
Pledges receivable - long term (note 3)	185,000	325,000
Endowment investments (note 6)	25,416	24,432
	212,791	350,134
<b>TOTAL ASSETS</b>	<b>1,176,687</b>	<b>1,129,630</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	34,122	26,704
<b>NET ASSETS (note 9)</b>		
Without donor restrictions	970,009	1,015,994
With donor restrictions	172,556	86,932
	1,142,565	1,102,926
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,176,687</b>	<b>\$ 1,129,630</b>

See accompanying notes

**INVESTIGATIVE NEWSOURCE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Page 5

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
<b>REVENUE</b>			
Contributions	\$ 975,025	\$ 135,000	\$ 1,110,025
In kind donations (note 11)	65,900	-	65,900
Program service revenue	1,000	-	1,000
Dividend and interest income	919	624	1,543
Gain on endowment investments, net	-	360	360
	<u>1,042,844</u>	<u>135,984</u>	<u>1,178,828</u>
Net assets released from restriction	<u>50,360</u>	<u>(50,360)</u>	<u>-</u>
<b>TOTAL REVENUE</b>	<b>1,093,204</b>	<b>85,624</b>	<b>1,178,828</b>
<b>OPERATING EXPENSES</b>			
Program services	856,487	-	856,487
Management and general	112,458	-	112,458
Development	170,244	-	170,244
	<u>1,139,189</u>	<u>-</u>	<u>1,139,189</u>
<b>CHANGE IN NET ASSETS</b>	<b>(45,985)</b>	<b>85,624</b>	<b>39,639</b>
<b>NET ASSETS, BEGINNING</b>	<u><b>1,015,994</b></u>	<u><b>86,932</b></u>	<u><b>1,102,926</b></u>
<b>NET ASSETS, ENDING</b>	<u><u><b>\$ 970,009</b></u></u>	<u><u><b>\$ 172,556</b></u></u>	<u><u><b>\$ 1,142,565</b></u></u>

See accompanying notes

**INVESTIGATIVE NEWSOURCE**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Page 6

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE			
Contributions	\$ 1,440,503	\$ 85,000	\$ 1,525,503
In kind donations (note 11)	67,875	-	67,875
Program service revenue	44,018	-	44,018
Dividend and interest income	611	567	1,178
Loss on endowment investment, net	240	735	975
	<u>1,553,247</u>	<u>86,302</u>	<u>1,639,549</u>
Net assets released from restriction	<u>27,633</u>	<u>(27,633)</u>	<u>-</u>
TOTAL REVENUE	1,580,880	58,669	1,639,549
OPERATING EXPENSES			
Program services	815,672	-	815,672
Management and general	124,969	-	124,969
Development	114,382	-	114,382
	<u>1,055,023</u>	<u>-</u>	<u>1,055,023</u>
CHANGE IN NET ASSETS	525,857	58,669	584,526
NET ASSETS, BEGINNING	<u>490,137</u>	<u>28,263</u>	<u>518,400</u>
NET ASSETS, ENDING	<u>\$ 1,015,994</u>	<u>\$ 86,932</u>	<u>\$ 1,102,926</u>

See accompanying notes

**INVESTIGATIVE NEWSOURCE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

Page 7

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Bank fees	\$ 48	\$ 4,729	\$ -	\$ 4,777
Conferences and meetings	13,255	-	552	13,807
Depreciation	3,304	391	652	4,347
Information technology	27,814	11,398	2,614	41,826
Insurance	14,715	11,424	2,904	29,043
Office	6,025	3,166	403	9,594
Personnel	675,460	64,126	115,427	855,013
Professional services	85,653	13,655	12,413	111,721
Promotional	-	-	29,578	29,578
Rent	28,880	3,420	5,700	38,000
Story entry fees	1,333	-	-	1,333
Tax and license	-	150	-	150
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL EXPENSES	<u>\$ 856,487</u>	<u>\$ 112,458</u>	<u>\$ 170,244</u>	<u>\$ 1,139,189</u>

See accompanying notes



**INVESTIGATIVE NEWSOURCE  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

**Page 8**

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Bank fees	\$ 224	\$ 3,511	\$ -	\$ 3,735
Conferences and meetings	19,249	8,250	-	27,499
Depreciation	1,356	174	209	1,738
Information technology	36,975	13,733	2,113	52,821
Insurance	23,706	2,061	-	25,767
Mileage reimbursement	903	32	140	1,075
Office	1,132	8,605	1,585	11,323
Personnel	608,425	60,091	82,626	751,142
Professional services	72,473	24,547	19,872	116,892
Promotional	19,669	468	3,278	23,416
Rent	30,020	3,420	4,560	38,000
Story entry fees	1,540	-	-	1,540
Tax and license	-	75	-	75
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL EXPENSES	<u>\$ 815,672</u>	<u>\$ 124,969</u>	<u>\$ 114,382</u>	<u>\$ 1,055,023</u>

See accompanying notes

**INVESTIGATIVE NEWSOURCE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

Page 9

	2019	2018
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 39,639	\$ 584,526
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	4,347	1,738
Net endowment investments activity	(984)	(1,302)
Change in operating assets and liabilities:		
Pledges Receivable	185,200	(444,931)
Prepaid expenses	656	(549)
Other receivable	(1,673)	(702)
Accounts payable and accrued liabilities	7,418	7,507
	194,964	(438,239)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	234,603	146,287
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of property and equipment	(5,615)	(5,926)
CASH USED FOR INVESTING ACTIVITIES	(5,615)	(5,926)
NET INCREASE IN CASH	228,988	140,361
CASH, BEGINNING OF YEAR	454,064	313,703
CASH, END OF YEAR	\$ 683,052	\$ 454,064

See accompanying notes

**INVESTIGATIVE NEWSOURCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Page 10**

**NOTE 1 THE ORGANIZATION**

*inewssource* is the only news organization in the San Diego region whose focus is satisfying a need for investigative and data-based journalism. It was founded in 2009 as an independent nonprofit dedicated to shining a light on government actions, accounting for public spending and prompting intelligent discussions that lead to informed decisions.

The unique strength of *inewssource* lies in the intersection of journalism and technology. This means *inewssource* distinguishes itself by data-driven reports and a Data Center, which opens the workings of government to people in new, interactive ways.

*inewssource* concentrates on reporting issues that affect the everyday lives of San Diegans. Although all stories have strong roots in San Diego, some projects have statewide and national relevance. Content is produced for television, radio, the web to reach broad audiences on their terms.

Teaching, training and mentoring is a dual priority. This underscores our commitment to the next generation of journalists, and to the community, where we educate about the tenets of trustworthy journalism and act as a model for it.

*inewssource*, formerly the Watchdog Institute, was founded in response to downsizing in newsrooms across the country and to an increasing void in thorough, labor-intensive journalism. The IRS granted 501(c)(3) status in September 2010. It is located on the campus of San Diego State University, but is operated as a wholly separate nonprofit.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting - The financial statements have been prepared using the accrual method in conformity with generally accepted accounting principles (GAAP) in the United States.

Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from these estimates.

Basis of presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions - Consists of assets which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services. Net assets without donor restrictions also include amounts designated for certain purposes by the Board of Directors.

**INVESTIGATIVE NEWSOURCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Page 11**

Net assets with donor restrictions - These net assets consist of contributed funds subject to donor imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the Organization may spend the funds. These nets assets also include amounts that are restricted by donors that neither expire by the passage of time nor can be fulfilled or removed by actions of the Organization. Restricted net assets were \$172,556 and \$86,932 as of June 30, 2019 and 2018, respectively.

Cash - The Organization considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Organization maintains its bank accounts with a credit union located in California. The Organization does not believe it is exposed to any significant credit risk on cash. The uninsured balances at June 30, 2019 and 2018 were approximately \$377,000 and \$140,000 respectively.

Property and equipment - Property and equipment are carried at cost. It is the policy of management to capitalize property and equipment in excess of \$1,000. Donations of property and equipment are recorded as contributions, unless the donor has restricted the donated asset to specific purpose. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of three to five years. Maintenance and repairs are charged to the expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

Fair value measurement - The Organization follows accounting standards consistent with the Financial Accounting Standards Board (FASB) codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial assets and liabilities.

Pledges receivable - The pledges receivable consist of donor promises to give and reimbursement grants. It is the Organization's policy to charge off uncollectible pledges receivable when management determines the pledge will not be collected. All pledges receivable were considered collectible as of June 30, 2019 and 2018.

Donor-imposed restrictions - All contributions are considered to be without donor restriction unless specifically restricted by the donor. Amounts received designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions, increasing that net asset class. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as restricted and then released from restriction in the same period.

Donated services and facilities - The Organization follows standards relating to contributions received and contributions made as consistent with FASB codification. These standards require recording the value of donated services and facilities that create or enhance non-financial assets or require specialized skills. The fair value of donated services and facilities has been measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs).

**INVESTIGATIVE NEWSOURCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Page 12**

Functional allocation of expenses - The Organization allocates its expenses on a functional basis among its program and support services. Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income taxes - As a nonprofit organization, the Organization has obtained exempt status. Under Internal Revenue Section 501(c)(3) and Section 23701(d) of the California Franchise Tax Code, the Organization is not subject to income taxes for operations related to its exempt purpose.

The Organization follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt organization tax returns are more likely than not to be sustained upon examination. As of June 30, 2019 the Organization has no accrued interest or penalties related to uncertain tax positions. The Organization files tax returns in the U.S. Federal jurisdiction and the State of California.

In August 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. The Organization's management elected to adopt this ASU effective for the year ending June 30, 2019.

The new standards change the following aspects of the Organization's financial statements:

- The temporarily and permanently restricted net asset classes have been renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (note 9).
- The net asset disclosure was expanded.
- The description of the method of allocation of functional expenses has been expanded.

Reclassifications - Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**INVESTIGATIVE NEWSOURCE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 3 PLEDGES RECEIVABLE**

Pledges receivable consists of unconditional promises to give totaling \$455,000 and \$640,200 on June 30, 2019 and 2018, respectively.

Amounts due:	<u>2019</u>	<u>2018</u>
Within one year	\$ 270,000	\$ 315,200
Thereafter	<u>185,000</u>	<u>325,000</u>
	<u>\$ 455,000</u>	<u>\$ 640,200</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Cameras and equipment	\$ 29,836	\$ 24,221
Accumulated depreciation	<u>(18,992)</u>	<u>(14,645)</u>
	<u>\$ 10,844</u>	<u>\$ 9,576</u>

Depreciation expense was \$4,347 and \$1,738 for the years ended June 30, 2019 and 2018, respectively.

**NOTE 5 ENDOWMENT FUND**

Effective January 1, 2009, California enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the provisions of which apply to endowment funds existing on or established after that date. Based on its interpretation of the provisions of UPMIFA, the Organization is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds. The Organization classifies as net assets with donor restrictions the original value of its initial investment to be held in perpetuity.

Amounts are to be given by the Organization to the Rancho Santa Fe Foundation (the "Foundation") for the establishment of an endowment fund to support the mission of the Organization (See note 1). The nature of the promises to give require the amounts to be classified as net assets with donor restrictions. These funds are to help support the general purpose of the Organization in perpetuity. The Foundation makes all investment decisions related to the endowment fund.

**INVESTIGATIVE NEWSOURCE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

The Policy Manual of the Foundation states their primary goals as preservation of capital with appropriate liquidity, sufficient growth of capital to offset the effects of inflation and provide for future needs, and enhancement of the realization of the philanthropic goals of the Foundation and its constituent organizations.

The portion of the endowment Fund that is classified as restricted is not reduced by losses on the investments of the fund. Losses on the investments of restricted funds reduce the net assets with donor restrictions to the extent that donor-imposed restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining losses reduce net assets without donor restrictions.

Composition of and changes in endowment net assets for the year ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2019 Beginning balance	\$ -	\$ 24,432	\$ 24,432
Earnings on investments	-	624	624
Investment fees	-	(245)	(245)
Realized and unrealized gain	-	605	605
2019 Ending balance	<u>\$ -</u>	<u>\$ 25,416</u>	<u>\$ 25,416</u>

Composition of and changes in endowment net assets for the year ended June 30, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2018 Beginning balance	\$ -	\$ 23,130	\$ 23,130
Earnings on investments	-	567	567
Investment fees	-	(240)	(240)
Realized and unrealized gain	-	975	975
2018 Ending balance	<u>\$ -</u>	<u>\$ 24,432</u>	<u>\$ 24,432</u>

**INVESTIGATIVE NEWSOURCE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 6 FAIR VALUE MEASUREMENT**

The Organization follows the method of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Financial assets carried at fair value and measured on a recurring basis at June 30, 2019 are classified below in one of the three levels described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Pooled investments	<u>\$ 25,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,416</u>

Financial assets carried at fair value and measured on a recurring basis at June 30, 2018 are classified below in one of the three levels described above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Pooled investments	<u>\$ 24,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,432</u>

Level 1 - The endowment investments are held and managed by the Foundation. The funds are held in The Foundation's endowment and long-term pool of investments. The values are based on the fair market value of the underlying securities.



**INVESTIGATIVE NEWSOURCE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 7    ENDOWMENT INVESTMENTS**

The Organization's restricted endowment fund investments are held and managed by the Foundation. Investments are stated at fair value, measured at quoted market price, and consist of the long-term pool of investments with the Foundation. Cost basis information is not provided by the Foundation.

	Without Donor Restrictions	With Donor Restrictions	Total
2019 Beginning balance	\$ -	\$ 24,432	\$ 24,432
Earnings on investments	-	624	624
Investment fees	-	(245)	(245)
Realized and unrealized gain, net	-	605	605
2019 Ending balance	\$ -	\$ 25,416	\$ 25,416
	Without Donor Restrictions	With Donor Restrictions	Total
2018 Beginning balance	\$ -	\$ 23,130	\$ 23,130
Earnings on investments	-	567	567
Investment fees	-	(240)	(240)
Realized and unrealized gain, net	-	975	975
2018 Ending balance	\$ -	\$ 24,432	\$ 24,432

**NOTE 8    RETIREMENT PLAN**

The Organization maintains a 401(k) plan which provides employees an opportunity to defer a portion of their compensation through salary reduction. There is no matching provision on the part of the Organization.

**INVESTIGATIVE NEWSOURCE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE 9 NET ASSETS**

The changes as a result of the new accounting standards as outline in note 2 have the following effect on the net assets at June 30, 2018:

<u>Net asset class</u>	<u>As originally presented</u>	<u>After adoption of ASU 2016-14</u>
Unrestricted	\$ 1,015,994	\$ -
Temporarily restricted	65,687	-
Permanently restricted	21,245	-
Without donor restrictions	-	1,015,994
With donor restrictions	-	86,932
Total net assets	<u>\$ 1,102,926</u>	<u>\$ 1,102,926</u>

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by donors during the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Purpose restrictions accomplished:		
Data Project	\$ 22,500	\$ -
Market research	-	2,500
Social media initiative	20,000	20,000
Infrastructure reporting	7,860	-
Internship program	-	5,133
	<u>\$ 50,360</u>	<u>\$ 27,633</u>

**INVESTIGATIVE NEWSOURCE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**Page 18**

Net assets consisted of the following at June 30:

	2019	2018
Without donor restrictions	\$ 970,009	\$ 1,015,994
With donor restrictions		
Infrastructure reporting	127,140	-
Endowment investments in perpetuity	21,245	21,245
Social media initiative	20,000	40,000
Endowment earnings	4,171	3,187
Market research/data project	-	22,500
	172,556	86,932
	\$ 1,142,565	\$ 1,102,926

**NOTE 10 LIQUIDITY AND AVAILABILITY**

The Organization is substantially supported by contributions without donor restrictions. Contributions and expenses are monitored on a monthly basis by the Organization’s management and a committee of the Board of Directors. The level of assets are monitored on an annual basis. The Organization’s goal is to be able to function within the boundaries of the income received throughout the year.

As part of the Organization’s liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization manages its liquidity following three guiding principles: operating within a prudent range of financial stewardship and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient funds to provide reasonable assurance that long-term obligations will be discharged. The Organization has a reserve account for which excess funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the course of business.

The following reflects the Organization’s financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

**INVESTIGATIVE NEWSOURCE  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**Page 19**

Financial assets at year-end:	
Cash	\$ 683,052
Pledges receivable - current	270,000
Investments	<u>25,416</u>
	978,468
Less those amounts unavailable for general expenditures within one year due to:	
Donor imposed restrictions	(151,311)
Endowment investments held in perpetuity	<u>(21,245)</u>
	<u>(172,556)</u>
	<u><u>\$ 805,912</u></u>

**NOTE 11 IN KIND DONATIONS**

The Organization received the following gifts in-kind and donated services for the years ending June 30 as follows:

	2019	2018
Office space	\$ 38,000	\$ 38,000
Accounting and finance	18,000	24,000
Salon and events	9,900	5,155
Freelance reporting	<u>-</u>	<u>720</u>
	<u><u>\$ 65,900</u></u>	<u><u>\$ 67,875</u></u>

**NOTE 12 SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 4, 2019, the date which the financial statements were available to be issued. There were no material subsequent events which affected the amounts or disclosures in the financial statements.