

**INVESTIGATIVE NEWSOURCE
dba INEWSOURCE
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**INVESTIGATIVE NEWSOURCE
dba INEWSOURCE**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Investigative Newsource
dba inewsource

Opinion

We have audited the accompanying financial statements of Investigative Newsource *dba inewsource*, which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Investigative Newsource *dba inewsource* as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Investigative Newsource *dba inewsource* and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Investigative Newsource *dba inewsource's* ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Investigative Newsource *dba inewsource's* internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about Investigative Newsource *dba inewsource's* ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CONSIDINE & CONSIDINE
An accountancy corporation

October 14, 2022

**INVESTIGATIVE NEWSOURCE
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STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

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	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,573,217	\$ 1,488,570
Pledges receivable - current (note 3)	244,164	261,981
	1,817,381	1,750,551
PROPERTY AND EQUIPMENT (note 4)	34,719	22,955
OTHER ASSETS		
Prepaid expense	28,249	-
Other receivable	-	9,485
Pledges receivable - long term (note 3)	22,000	100,000
Endowment investments (note 5)	28,870	32,658
	79,119	142,143
TOTAL ASSETS	1,931,219	1,915,649
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	82,242	81,056
Deferred revenue	25,000	-
TOTAL LIABILITIES	107,242	81,056
NET ASSETS (note 9)		
Without donor restrictions	1,247,933	1,389,729
With donor restrictions	576,044	444,864
	1,823,977	1,834,593
TOTAL LIABILITIES AND NET ASSETS	\$ 1,931,219	\$ 1,915,649

See accompanying notes

INVESTIGATIVE NEWSOURCE
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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

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	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE			
Contributions			
Foundation	\$ 652,703	\$ 694,000	\$ 1,346,703
Individual	741,970	-	741,970
In-kind (note 11)	32,000	-	32,000
Corporate	9,482	-	9,482
	<u>1,436,155</u>	<u>694,000</u>	<u>2,130,155</u>
Other income	10,754	-	10,754
Dividend and interest income	647	572	1,219
Loss on endowment investments, net (note 5)	-	(4,360)	(4,360)
	<u>1,447,556</u>	<u>690,212</u>	<u>2,137,768</u>
Net assets released from restriction (note 9)	<u>559,032</u>	<u>(559,032)</u>	<u>-</u>
TOTAL REVENUE	2,006,588	131,180	2,137,768
OPERATING EXPENSES			
Program services	1,511,556	-	1,511,556
Management and general	211,721	-	211,721
Development	425,106	-	425,106
	<u>2,148,384</u>	<u>-</u>	<u>2,148,384</u>
CHANGE IN NET ASSETS	(141,796)	131,180	(10,616)
NET ASSETS, BEGINNING	<u>1,389,729</u>	<u>444,864</u>	<u>1,834,593</u>
NET ASSETS, ENDING	<u><u>\$ 1,247,933</u></u>	<u><u>\$ 576,044</u></u>	<u><u>\$ 1,823,977</u></u>

See accompanying notes

INVESTIGATIVE NEWSOURCE
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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

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	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE			
Contributions			
Foundation	\$ 580,497	\$ 268,457	\$ 848,954
Individual	792,025	-	792,025
Corporate	15,645	-	15,645
	<u>1,388,167</u>	<u>268,457</u>	<u>1,656,624</u>
Other income (note 7)	167,197	-	167,197
Gain on endowment investments, net	-	5,897	5,897
Dividend and interest income	986	543	1,529
	<u>1,556,350</u>	<u>274,897</u>	<u>1,831,247</u>
Net assets released from restriction (note 9)	<u>457,766</u>	<u>(457,766)</u>	<u>-</u>
TOTAL REVENUE	2,014,116	(182,869)	1,831,247
OPERATING EXPENSES			
Program services	1,223,050	-	1,223,050
Management and general	191,132	-	191,132
Development	242,202	-	242,202
	<u>1,656,385</u>	<u>-</u>	<u>1,656,385</u>
CHANGE IN NET ASSETS	357,731	(182,869)	174,862
NET ASSETS, BEGINNING	<u>1,031,998</u>	<u>627,733</u>	<u>1,659,731</u>
NET ASSETS, ENDING	<u><u>\$ 1,389,729</u></u>	<u><u>\$ 444,864</u></u>	<u><u>\$ 1,834,593</u></u>

See accompanying notes

**INVESTIGATIVE NEWSOURCE
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Bank fees	\$ -	\$ 52	\$ 5,159	\$ 5,211
Conferences and meetings	14,395	3,599	-	17,994
Depreciation	5,964	706	1,177	7,848
Information technology	57,229	9,811	14,716	81,756
Insurance	16,658	20,885	4,275	41,818
Mileage reimbursement	5,433	679	1,434	7,546
Office	15,373	5,040	4,788	25,201
Personnel	1,232,689	154,086	325,293	1,712,068
Professional services	146,627	13,535	65,418	225,580
Promotional	13,896	-	2,846	16,742
Rent	-	2,188	-	2,188
Story entry fees	3,292	-	-	3,292
Tax and license	-	1,140	-	1,140
TOTAL EXPENSES	<u>\$ 1,511,556</u>	<u>\$ 211,721</u>	<u>\$ 425,106</u>	<u>\$ 2,148,384</u>

See accompanying notes

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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Bank fees	\$ 58	\$ 5,778	\$ -	\$ 5,836
Bad debt	-	20,000	-	20,000
Conferences and meetings	4,999	27	378	5,404
Depreciation	5,421	642	1,070	7,133
Information technology	34,153	10,312	2,838	47,303
Insurance	21,543	16,724	4,252	42,519
Office	11,674	5,496	1,781	18,951
Personnel	1,049,992	99,683	179,429	1,329,104
Professional services	93,080	29,663	40,915	163,658
Promotional	-	-	9,500	9,500
Rent	-	2,616	2,039	4,655
Story entry fees	2,130	-	-	2,130
Tax and license	-	192	-	192
TOTAL EXPENSES	<u>\$ 1,223,050</u>	<u>\$ 191,132</u>	<u>\$ 242,202</u>	<u>\$ 1,656,385</u>

See accompanying notes

**INVESTIGATIVE NEWSOURCE
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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	2022	2021
CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ (10,616)	\$ 174,862
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
Bad debt	-	20,000
Depreciation	7,848	7,133
Donated investments	-	(28,132)
Income from loan forgiveness	-	(163,100)
Loss on disposal of assets	-	257
Net endowment investments activity	3,788	(5,897)
Change in operating assets and liabilities:		
Pledges receivable	95,817	(60,379)
Prepaid expense	(28,249)	-
Other receivable	9,485	(7,110)
Accounts payable and accrued liabilities	1,186	27,953
Deferred revenue	25,000	-
	<u>114,875</u>	<u>(209,275)</u>
CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES	104,259	(34,413)
CASH FLOWS PROVIDED/(USED) BY INVESTING ACTIVITIES		
Purchase of property and equipment	(19,612)	(9,038)
Proceeds on sale of investments	-	27,589
Proceeds on sale of assets	-	910
	<u>(19,612)</u>	<u>19,461</u>
NET INCREASE/(DECREASE) IN CASH	84,647	(14,952)
CASH, BEGINNING OF YEAR	<u>1,488,570</u>	<u>1,503,522</u>
CASH, END OF YEAR	<u>\$ 1,573,217</u>	<u>\$ 1,488,570</u>

See accompanying notes

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 1 THE ORGANIZATION

Investigative Newsource *dba inewsourc*e (the Organization) is a nonprofit, nonpartisan newsroom dedicated to improving lives in the San Diego region and beyond through impactful, data-based investigative and accountability journalism. Betrayals of the public trust are revealed and rectified, wrongdoing is deterred, and inequities are illuminated thanks to Investigative Newsource *dba inewsourc*e's deep, dogged, fact-based reporting.

Investigative Newsource *dba inewsourc*e values:

- Truth: Above all else, we value the importance of a free and credible press. Truth is the cornerstone of democracy and the core value for Investigative Newsource *dba inewsourc*e.
- Transparency: We build trust with our readers by adhering to the highest standards and ethics, and reporting with facts, precision and context.
- Collaboration: Our newsroom prioritizes collaboration over competition. We regularly partner with media outlets on reporting projects and to share content.
- Community: Our reporting serves the San Diego region, and we strive to build relationships with our audience by getting out into the community to listen and engage.

Investigative Newsource *dba inewsourc*e concentrates on reporting issues that affect the everyday lives of people who live in the San Diego region. Although all stories have strong roots in San Diego, some projects have statewide and national relevance. Content is produced for television, radio, and the web to reach broad audiences on their teams.

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.

Investigative Newsource *dba inewsourc*e, formerly the Watchdog Institute, was founded in 2009 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.

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.

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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. The Organization follows standards regarding classification of endowment funds of nonprofits subject to an enacted version of the Uniform Prudent Management of Institutional Funds Acts (UPMIFA) and enhances disclosures in the endowment.

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.

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 net 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 \$576,044 and \$444,864 as of June 30, 2022 and 2021, 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, 2022 and 2021 were approximately \$1,398,000 and \$1,223,000 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 a 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 collectable as of June 30, 2022 and 2021.

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Revenue and 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.

The Organization follows the FASB Accounting Standards Codification (“ASC”) Topic 606 (“ASC 606”) Revenue from Contracts with Customers, which provides guidance for revenue recognition. This ASC’s core principle requires an organization to recognize revenue when it transfers promised goods or services to customers in an amount that reflects consideration to which the organization expects to be entitled in exchange for those goods and services. The standard also clarifies the principal versus agent considerations, providing the evaluation must focus on whether the entity has control of the goods or services before they are transferred to the customer.

The Organization follows the FASB-issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made which provides clarification regarding the accounting for contracts and agreements as exchange transactions or contributions and provides improved guidance to better distinguish between conditional and unconditional contributions.

Conditional Grants - During the year ended June 30, 2020, the Organization received a restricted grant amounting to \$1,515,000 from The American Journalism Project (AJP) that contained donor conditions. Since this grant represents conditional promises to give, it is not recorded as contribution revenue until donor conditions are met. The grant from AJP provides the Organization with capacity to build the revenue team, therefore the funds are fully restricted for development and business salaries and expenses. During the years ended June 30, 2022 and 2021, the Organization recognized \$505,000 and \$252,500, respectively, as contribution revenue once the donor conditions were met. As of June 30, 2022 approximately \$1,262,500 has been recognized as revenue since the initial grant was received. During the year ended June 30, 2022, the Organization received a partially restricted grant amounting to \$150,000 from Reva and David Logan Foundation that contained donor conditions of which \$25,000 has matching fund requirements. Since this grant represents conditional promises to give, it is not recorded as contribution revenue until the donor conditions are met. As of June 30, 2022, the donor conditions have not been met and the amount is recorded in deferred revenue on the statement of financial position.

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).

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

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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, 2022 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.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable consists of unconditional promises to give totaling \$266,164 and \$361,981 on June 30, 2022 and 2021, respectively.

Pledges receivable consists of the following for the years ended June 30:

Amounts due:	2022	2021
Within one year	\$ 244,164	\$ 261,981
Thereafter	22,000	100,000
	\$ 266,164	\$ 361,981

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2022	2021
Cameras and equipment	\$ 73,133	\$ 53,521
Accumulated depreciation	(38,414)	(30,566)
	\$ 34,719	\$ 22,955

Depreciation expense was \$7,848 and \$7,133 for the years ended June 30, 2022 and 2021, respectively.

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NOTE 5 ENDOWMENT FUND

Effective January 1, 2009, California enacted the 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.

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.

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.

Composition of and changes in endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ -	\$ 32,658	\$ 32,658
Earnings on investments	-	572	572
Investment fees	-	(324)	(324)
Realized and unrealized gain	-	(4,036)	(4,036)
Ending balance	<u>\$ -</u>	<u>\$ 28,870</u>	<u>\$ 28,870</u>

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Composition of and changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ -	\$ 26,218	\$ 26,218
Earnings on investments	-	543	543
Investment fees	-	(288)	(288)
Realized and unrealized gain	-	6,185	6,185
Ending balance	<u>\$ -</u>	<u>\$ 32,658</u>	<u>\$ 32,658</u>

Included in with the donor restrictions amount above are \$21,245 to be held in perpetuity.

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, 2022 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Assets				
Endowment investments	<u>\$ 28,870</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,870</u>

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Financial assets carried at fair value and measured on a recurring basis at June 30, 2021 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Assets				
Endowment investments	\$ 32,658	\$ -	\$ -	\$ 32,658

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.

NOTE 7 NOTE PAYABLE

On May 12, 2020, the Organization entered into note payable agreement with Newtek Small Business Finance, LLC for \$163,100, pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The note matures two years from the disbursement date and bears interest at a rate of 1.00% per annum, with the first six months of interest deferred. Principal and interest are payable monthly commencing six months after the disbursement date and may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Under the terms of the Cares Act, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. The note is subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses (qualifying expenses), pursuant to the terms and limitations of the PPP.

On October 20, 2021, the Organization received forgiveness for the PPP loan above and hence has decided that the PPP loan should be accounted for as a government grant. As GAAP does not contain guidance on the accounting for government grants, the Organization is following the guidance in International Accounting Standards, or IAS, 20, Accounting for Government Grants and Disclosure of Government Assistance. Under the provisions of IAS 20, "a forgivable loan from the government is treated as a government grant when there is reasonable assurance that the entity will meet the terms for forgiveness of the loan." Under IAS 20, government grants are recognized in income as required activities are undertaken. Included in other income on the statement of activities and changes in net assets for the year ended June 30, 2021, is the full amount of the PPP loan, \$163,100, and no liability for the PPP loan is reflected in the statement of financial position as of June 30, 2021.

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. Effective January 1, 2021, the Organization provides matching contributions to the retirement plan. The Organization matches 50% of the employee's contribution up to a maximum of 6% relative to the salaries of the participating employee.

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NOTE 9 NET ASSETS

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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Purpose restrictions accomplished:		
Development/business salaries	\$ 482,629	\$ 321,166
Meta journalism project	22,946	-
Investigative reporter support	28,457	110,000
Audience engagement	25,000	-
Infrastructure reporting	-	25,000
Community listening and engagement	-	1,600
	<u>\$ 559,032</u>	<u>\$ 457,766</u>

Net assets consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Without donor restrictions	\$ 1,247,933	\$ 1,389,729
With donor restrictions		
Development/business salaries	418,620	412,206
Meta journalism project	27,054	-
Investigative reporter support	97,500	-
Conservatorships reporting	4,000	-
Endowment investments in perpetuity	21,245	21,245
Endowment earnings	7,625	11,413
	<u>576,044</u>	<u>444,864</u>
	<u>\$ 1,823,977</u>	<u>\$ 1,834,593</u>

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

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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, 2022 and 2021, 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:

	2022	2021
Financial assets at year-end:		
Cash	\$ 1,573,217	\$ 1,488,570
Pledges receivable - current	244,164	261,981
Endowment investments	28,870	32,658
	1,846,251	1,783,209
Less those amounts unavailable for general expenditures within one year due to:		
Donor imposed restrictions	(554,799)	(423,619)
Endowment investments held in perpetuity	(21,245)	(21,245)
	(576,044)	(444,864)
	\$ 1,270,207	\$ 1,338,345

NOTE 11 IN KIND DONATIONS

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

	2022	2021
Salon and events	\$ 32,000	\$ -

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 14, 2022 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.