

**INVESTIGATIVE NEWSOURCE
FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

INVESTIGATIVE NEWSOURCE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Investigative Newsource

We have audited the accompanying financial statements of Investigative Newsource dba *inewsourc*e, a nonprofit organization, which comprise the statements of financial position as of June 30, 2020 and 2019, 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Investigative Newsource dba *inewssource* as of June 30, 2020 and 2019, 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.

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CONSIDINE & CONSIDINE
An accountancy corporation

October 21, 2020

INVESTIGATIVE NEWSOURCE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

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	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,503,522	\$ 683,052
Pledges receivable - current (note 3)	321,602	270,000
	1,825,124	953,052
PROPERTY AND EQUIPMENT (note 4)	22,217	10,844
OTHER ASSETS		
Other receivable	2,375	2,375
Pledges receivable - long term (note 3)	-	185,000
Endowment investments (note 7)	26,218	25,416
	28,593	212,791
TOTAL ASSETS	1,875,934	1,176,687
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	53,103	34,122
LONG-TERM LIABILITIES		
Note payable (note 8)	163,100	-
TOTAL LIABILITIES	216,203	34,122
NET ASSETS (note 10)		
Without donor restrictions	1,031,998	970,009
With donor restrictions	627,733	172,556
	1,659,731	1,142,565
TOTAL LIABILITIES AND NET ASSETS	\$ 1,875,934	\$ 1,176,687

See accompanying notes

INVESTIGATIVE NEWSOURCE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE			
Contributions	\$ 1,012,315	\$ 726,600	\$ 1,738,915
In kind donations (note 11)	80,190	-	80,190
Program service revenue	9,024	-	9,024
Dividend and interest income	1,506	593	2,099
Gain on endowment investment, net	-	209	209
	<u>1,103,035</u>	<u>727,402</u>	<u>1,830,437</u>
Net assets released from restriction	<u>272,225</u>	<u>(272,225)</u>	<u>-</u>
TOTAL REVENUE	1,375,260	455,177	1,830,437
OPERATING EXPENSES			
Program services	978,263	-	978,263
Management and general	120,423	-	120,423
Development	214,586	-	214,586
	<u>1,313,271</u>	<u>-</u>	<u>1,313,271</u>
CHANGE IN NET ASSETS	61,989	455,177	517,166
NET ASSETS, BEGINNING	<u>970,009</u>	<u>172,556</u>	<u>1,142,565</u>
NET ASSETS, ENDING	<u>\$ 1,031,998</u>	<u>\$ 627,733</u>	<u>\$ 1,659,731</u>

See accompanying notes

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

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE			
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 investment, 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>
TOTAL REVENUE	1,093,204	85,624	1,178,828
OPERATING EXPENSES			
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>
CHANGE IN NET ASSETS	(45,985)	85,624	39,639
NET ASSETS, BEGINNING	<u>1,015,994</u>	<u>86,932</u>	<u>1,102,926</u>
NET ASSETS, ENDING	<u>\$ 970,009</u>	<u>\$ 172,556</u>	<u>\$ 1,142,565</u>

See accompanying notes

**INVESTIGATIVE NEWSOURCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Bank fees	\$ 39	\$ 3,824	\$ -	\$ 3,863
Conferences and meetings	19,718	-	822	20,540
Depreciation	4,388	520	866	5,774
Information technology	45,063	13,421	3,078	61,562
Insurance	12,980	10,077	2,562	25,619
Mileage reimbursement	599	77	180	856
Office	8,453	4,442	565	13,460
Personnel	798,762	75,832	136,497	1,011,091
Professional services	42,761	6,817	6,197	55,775
Promotional	-	-	55,079	55,079
Rent	44,279	5,244	8,739	58,262
Story entry fees	1,220	-	-	1,220
Tax and license	-	170	-	170
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	<u>\$ 978,263</u>	<u>\$ 120,423</u>	<u>\$ 214,586</u>	<u>\$ 1,313,271</u>

See accompanying notes

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

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	<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>150</u>	<u>-</u>	<u>150</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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

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	2020	2019
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 517,166	\$ 39,639
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	5,774	4,347
Net endowment investments activity	(802)	(984)
Change in operating assets and liabilities:		
Pledges receivable	133,398	185,200
Prepaid expenses	-	656
Other receivable	-	(1,673)
Accounts payable and accrued liabilities	18,981	7,418
	157,351	194,964
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	674,517	234,603
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of property and equipment	(17,147)	(5,615)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Proceeds on note payable	163,100	-
NET INCREASE IN CASH	820,470	228,988
CASH, BEGINNING OF YEAR	683,052	454,064
CASH, END OF YEAR	\$ 1,503,522	\$ 683,052

See accompanying notes

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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NOTE 1 THE ORGANIZATION

inewssource 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 *inewssource's* deep, dogged, fact-based reporting.

inewssource 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 *inewssource*.
- Transparency: We build trust with our readers by adhering to the highest standards and ethics, and to 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.

inewssource 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, 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.

inewssource, 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. 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.

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NOTES TO THE FINANCIAL STATEMENTS
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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.

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 \$627,733 and \$172,556 as of June 30, 2020 and 2019, 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, 2020 and 2019 were approximately \$1,263,000 and \$377,000 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, 2020 and 2019.

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

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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.

Conditional Grants - During the year, the Organization received a restricted grant amounting to \$1,515,000 from The American Journalism Project (AJP) that contained donor conditions. Since these grants represent conditional promises to give, they are 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. Of the \$1,515,000 of restricted grant, the Organization recognized \$505,000 as contribution revenue once the donor conditions were met.

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 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, 2020 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.

Recent accounting pronouncements

Accounting Standards Update No. 2014-9, 2016-08, 2016-10, 2016-12, and 2016-20, collectively implemented as Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") Topic 606 ("ASC 606") *Revenue from Contracts with Customers*, provides guidance for revenue recognition. The Organization's financial statements reflect the application of ASC 606 guidance beginning on January 1, 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of Accounting Standards (ASU) 2014-09 did not significantly impact the Organization's reported historical revenue.

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There was not a material impact to fiscal 2020 net assets as a result of applying ASC 606, and there have not been significant changes to the Organization's business processes, systems, or internal controls as a result of implementing the standard. The Organization adopted the standard on July 1, 2019, using the modified retrospective transition method.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU includes the 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. The Organization adopted ASU 2018-08, under the modified prospective approach to agreements that were either not completed as of July 1, 2019 or entered into after July 1, 2019. The adoption of this ASU did not have a material effect on the financial statements for contributions received. The Organization does not make significant contributions and the impact of ASU 2019-08 related to contributions made and contributions received did not have a material effect on the financial statements or disclosures.

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable consists of unconditional promises to give totaling \$321,602 and \$455,000 on June 30, 2020 and 2019, respectively.

Amounts due:	<u>2020</u>	<u>2019</u>
Within one year	\$ 321,602	\$ 270,000
Thereafter	-	185,000
	<u>\$ 321,602</u>	<u>\$ 455,000</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Cameras and equipment	\$ 46,983	\$ 29,836
Accumulated depreciation	(24,766)	(18,992)
	<u>\$ 22,217</u>	<u>\$ 10,844</u>

Depreciation expense was \$5,774 and \$4,347 for the years ended June 30, 2020 and 2019, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
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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.

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, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ -	\$ 25,416	\$ 25,416
Earnings on investments	-	593	593
Investment fees	-	(254)	(254)
Realized and unrealized gain	-	463	463
Ending balance	<u>\$ -</u>	<u>\$ 26,218</u>	<u>\$ 26,218</u>

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NOTES TO THE FINANCIAL STATEMENTS
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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
Beginning balance	\$ -	\$ 24,432	\$ 24,432
Earnings on investments	-	624	624
Investment fees	-	(245)	(245)
Realized and unrealized gain	-	605	605
Ending balance	\$ -	\$ 25,416	\$ 25,416

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, 2020 are classified below in one of the three levels described above:

	Level 1	Level 2	Level 3	Total
Assets				
Pooled investments	\$ 26,218	\$ -	\$ -	\$ 26,218

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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:

	Level 1	Level 2	Level 3	Total
Assets				
Pooled investments	\$ 25,416	\$ -	\$ -	\$ 25,416

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 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.

Composition of and changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	\$ -	\$ 25,416	\$ 25,416
Earnings on investments	-	593	593
Investment fees	-	(254)	(254)
Realized and unrealized gain	-	463	463
Ending balance	\$ -	\$ 26,218	\$ 26,218

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

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Earnings on investments	-	624	624
Investment fees	-	(245)	(245)
Realized and unrealized gain	-	605	605
Ending balance	\$ -	\$ 25,416	\$ 25,416

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NOTE 8 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. The Organization believes that it used all of the proceeds from the note for the qualifying expenses. However, no assurance is provided that the Organization will obtain forgiveness of the note in whole or in part. The Organization is accounting for the loan as debt and if forgiveness is granted, the Organization will recognize income upon forgiveness.

NOTE 9 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.

NOTE 10 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, 2020 and 2019 are as follows:

	2020	2019
Purpose restrictions accomplished:		
Investigative reporter support	\$ 110,000	\$ -
Infrastructure reporting	102,140	7,860
Development/business salaries	40,085	22,500
Social media initiative	20,000	20,000
	\$ 272,225	\$ 50,360

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Net assets consisted of the following at June 30, 2020 and 2019:

	2020	2019
Without donor restrictions	\$ 1,031,998	\$ 970,009
With donor restrictions		
Development/business salaries	464,915	-
Investigative reporter support	110,000	-
Infrastructure reporting	25,000	127,140
Endowment investments in perpetuity	21,245	21,245
Endowment earnings	4,973	4,171
Community listening and engagement	1,600	-
Social media initiative	-	20,000
	627,733	172,556
	\$ 1,659,731	\$ 1,142,565

NOTE 11 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.

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The following reflects the Organization's financial assets as of June 30, 2020, 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:

Financial assets at year-end:

Cash	\$ 1,503,522
Pledges receivable - current	321,602
Endowment investments	26,218
	1,851,342

Less those amounts unavailable for general expenditures within one year due to:

Donor imposed restrictions	(606,488)
Endowment investments held in perpetuity	(21,245)
	(627,733)
	\$ 1,223,609

NOTE 12 IN-KIND DONATIONS

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

	2020	2019
Office space	\$ 58,000	\$ 38,000
Salon and events	22,190	9,900
Accounting and finance	-	18,000
	\$ 80,190	\$ 65,900

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 21, 2020, the date which the financial statements were available to be issued. As a result of the spread of COVID-19 Coronavirus and the resulting orders issued by the State of California, the state in which the Organization operates, the Organization is experiencing reduced revenues. The duration of the reduction in revenues may be only temporary. However, the related financial impact and duration cannot be reasonably estimated at this time.