

**INSTITUTE FOR NONPROFIT NEWS**

**INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**

# INSTITUTE FOR NONPROFIT NEWS

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**DOUGLAS & BHAGAT CPA SERVICES, INC.**  
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Institute for Nonprofit News

We have audited the accompanying financial statements of Institute for Nonprofit News ("INN") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows and statement of functional expenses for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Institute for Nonprofit News as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Douglas & Bhagat CPA Services, Inc.***

Thousand Oaks, California  
August 3, 2021

**INSTITUTE FOR NONPROFIT NEWS**  
**STATEMENT OF FINANCIAL POSITION**  
DECEMBER 31, 2020

ASSETS

Current assets:

Cash	\$ 3,982,591
Accounts receivable	176,640
Prepaid expenses	68,786
Total current assets	4,228,017

Restricted deposits: Fiscal Sponsorship	1,757,814
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Equipment and furnishings, net of accumulated depreciation of \$21,755	60,120
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Other assets:

Security deposit	1,811
Total other assets	1,811

Total assets	\$ 6,047,762
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 89,786
Accounts payable - Fiscal Sponsorship	93,135
Deferred revenue	66,955
Paycheck Protection Program Loan	215,800
Total current liabilities	465,676

Net assets:

Without donor restrictions	
Undesignated	584,609
Board-designated operating reserve	1,029,000
Total without donor restrictions	1,613,609
With donor restrictions	3,968,477
	3,968,477
Total net assets	5,582,086

Total liabilities and net assets	\$ 6,047,762
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*See accompanying auditors' report and notes to financial statements.*

**INSTITUTE FOR NONPROFIT NEWS**  
**STATEMENT OF ACTIVITIES**  
YEAR ENDED DECEMBER 31, 2020

CHANGES IN ASSETS WITHOUT DONOR RESTRICTIONS:

Grants and contributions	\$ 963,103
Membership dues and program service fees	125,038
Investment return	990
Loss on equipment scrapped	(1,900)
Other income	483,863
Total public support, revenue and reclassifications without donor restrictions	1,571,094
Net assets released from restrictions - satisfaction of program restriction	4,191,401
Total public support, revenue and reclassifications	5,762,495
 Program expenses	 2,493,122
Supporting services	
Management and general	321,786
Fund-raising	327,925
Total supporting services	649,711
Total expenses before Fiscal Sponsorship expenses	3,142,833
 Fiscal Sponsorship Expenses	 2,302,507
Total expenses	5,445,340
Increase (decrease) in net assets without donor restrictions	317,155

CHANGES IN ASSETS WITH DONOR RESTRICTIONS:

Grants and contributions	2,774,305
Fiscal sponsorship grants and contributions	3,399,376
Funds released to separated Fiscally Sponsored Organizations	(210,772)
Net assets released from restrictions	(1,888,894)
Net assets released from restrictions - Fiscal Sponsorship	(2,091,735)
Increase (decrease) in net assets with donor restrictions	1,982,280
 Increase (decrease) in total net assets	 2,299,435
Net assets - beginning of year	3,282,651
Net assets - end of year	\$ 5,582,086

*See accompanying auditors' report and notes to financial statements.*

**INSTITUTE FOR NONPROFIT NEWS**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets \$ 2,299,435

Adjustments to reconcile change in net assets to  
net cash provided by (used in) operating activities:

Loss on equipment scrapped 1,900

Depreciation 4,755

Change in operating assets and liabilities

(Increase) decrease in accounts receivable (128,738)

(Increase) decrease in prepaid expenses (12,734)

(Increase) decrease in deposits 2,731

Increase (decrease) in accounts payable 117,007

Increase (decrease) in deferred income 16,442

Net cash provided by (used in) operating activities 2,300,798

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Decrease in deposits restricted for fiscal programs (1,124,220)

Purchase of fixed assets (43,349)

Net cash provided by (used in) investing activities (1,167,569)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Loan proceed - Paycheck Protection Funds 215,800

Net cash provided by (used in) financing activities 215,800

Total increase/(decrease) in cash 1,349,029

Cash at beginning of year 2,633,562

Cash at end of year \$ 3,982,591

Supplemental information:

Income taxes paid \$ 0

Interest paid \$ 0

*See accompanying auditors' report and notes to financial statements.*

**INSTITUTE FOR NONPROFIT NEWS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
YEAR ENDED DECEMBER 31, 2020

	Supporting Services			Total Expenses
	Program Services	Management & General	Fundraising	2020
Salaries and related expenses	\$ 1,305,544	\$ 196,859	\$ 214,168	1,716,571
Support to Members	314,218	0	0	314,218
Professional fees	616,536	43,619	74,589	734,744
Printing and postage	448	299	0	747
Travel and conference	22,187	2,077	4,211	28,475
Dues, licenses & education	25,830	1,588	8,387	35,805
Telephone	326	164	94	584
Rent	10,776	5,424	3,094	19,294
Insurance	5,935	7,096	0	13,031
Banking/Merchant Fees	7,958	504	876	9,338
Office expense	1,851	2,613	330	4,794
Employee benefits and payroll expenses	124,788	19,461	20,526	164,775
Technology expenses	33,951	24,858	987	59,796
Marketing	2,622	1,216	0	3,838
Conferences and meetings	16,303	15,446	0	31,749
Meals and entertainment	216	0	103	319
Total expenses before depreciation	2,489,489	321,224	327,365	3,138,078
Depreciation	3,633	562	560	4,755
Total expenses	<u>\$ 2,493,122</u>	<u>\$ 321,786</u>	<u>\$ 327,925</u>	<u>\$ 3,142,833</u>

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*See accompanying auditors' report and notes to financial statements.*

**INSTITUTE FOR NONPROFIT NEWS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 - DESCRIPTION OF ORGANIZATION:**

INN was organized to help nonprofit news organizations produce and distribute stories with impact; to achieve cost efficiencies by pooling resources and services, and to develop new revenue streams that will help member organizations become sustainable businesses.

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES:**

**Financial Statement Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Cash and Cash Equivalents**

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts. As of December 31, 2020 INN has no cash equivalents.

**Contributed Services**

No amounts have been reflected in the financial statements for contributed services. INN generally pays for services requiring specific expertise.

**Revenue Recognition**

INN recognizes revenue from membership dues which are nonrefundable and comprise an exchange element based on the value of benefits provided over the membership period (which is normally one year from date the membership is due). Membership fees related to the exchange element of the transaction that carry member benefits which can be utilized in future periods have been recorded as deferred revenue in the statements of financial position.



**INSTITUTE FOR NONPROFIT NEWS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES: (Continued)**

**Equipment and Furnishings**

All acquisitions of equipment and furnishings in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Purchased equipment and furnishings are stated at cost. Depreciation is computed using the straight-line method with the following estimated useful lives:

Equipment and furnishings	5 to 7 years
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Expenditures for maintenance and repairs are charged directly to the appropriate operating account at the time the expense is incurred. Expenditures determined to represent additions and betterments are capitalized.

**Fiscal Sponsorships**

INN effects change not only through the direct impact of its own programs but also by supporting members who have yet to receive their exempt status. One of the ways that INN does this is by becoming a fiscal sponsor to independent projects to further their mission. As a fiscal sponsor, INN receives donations and provides organization infrastructure, legal and tax-exempt status for the projects for a small fee. The funds received for the projects are restricted and held in a separate bank account. In 2020, INN is a fiscal sponsor for twenty six projects.

During 2020, five of INN's fiscally sponsored organizations received their 501(c)(3) determination from the Internal Revenue Service and subsequently ended their fiscal sponsorship relationship with INN. As a result, INN disbursed remaining held funds to the organizations in accordance with their separation agreements for three of the organizations. The total funds released to separated fiscally sponsored organizations consist of the following at December 31:

	<u>2020</u>
Rochester Beacon	\$ 32,640
NC Community Foundation	177,900
Independent Investigative Network	<u>232</u>
Total funds released to separated Fiscally Sponsored Organizations	<u><u>\$ 210,772</u></u>

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities (e.g., the fair value of financial instruments, potential impairments to fixed assets and accrued expenses) at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**INSTITUTE FOR NONPROFIT NEWS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 - SUMMARY OF ACCOUNTING POLICIES: (Continued)**

**Income Taxes**

INN is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Internal Revenue Service has determined that INN is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended December 31, 2020. At December 31, 2020 the Organization's information returns generally remain open for the three preceding years.

**Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

In its normal course of business, INN deposits cash with financial institutions which are insured by the Federal Deposit Insurance Corporation. The balance in these accounts will, at times, exceed the insurance limitation. It is Management's policy to review on an ongoing basis the financial condition of the financial institutions in which funds are deposited. At December 31, 2020, the Company had \$5,090,074 that exceeds amounts covered by insurance. Management believes that there is no significant risk with respect to such deposits.

**NOTE 3 - ACCOUNTS RECEIVABLE:**

Accounts receivable is due and receivable in less than one year.

**NOTE 4 – FIXED ASSETS:**

Fixed assets consist of the following at December 31:

	<u>2020</u>
Equipment & furnishings	\$ 24,542
Domain name	20,000
Website Development	37,333
Less: Accumulated Depreciation & amortization	<u>(21,755)</u>
	<u>\$ 60,120</u>

**NOTE 5 - ACCOUNTS PAYABLE:**

Accounts payable consists of normal operating expenses of INN that occurred prior to December 31, 2020; there were no unusual items accrued.

**NOTE 6 - DEFERRED REVENUES:**

Income from membership dues is deferred and recognized over the period to which it relates. Deferred revenue from membership dues for the year ended December 31, 2020, are \$66,955.

**INSTITUTE FOR NONPROFIT NEWS**  
**NOTES TO FINANCIAL STATEMENTS**  
DECEMBER 31, 2020

NOTE 7 - PAYCHECK PROTECTION PROGRAM LOAN:

On April 23, 2020, INN received loan proceeds in the amount of \$215,800 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides loans (through the U.S. Small Business Administration) to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses. Section 1106 of the CARES Act contains provisions for the forgiveness of all or a portion of a PPP loan, subject to certain requirements. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of interest payments for the first six months. INN has used the proceeds for purposes consistent with the PPP requirements.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purpose and periods:

	2020
INN - Purpose and time restriction	
Purpose restriction:	
Amplify Midwest Project	\$ 87,506
Chicago-based collaborative journalism projects	50,000
Columbia Journalism grads summer intern program	61,814
Fund collaborative reporting, COVID-19 impact in rural education	25,679
INN Days: Strengthening Nonprofit News Leaders	86,892
Insurance Resources for Nonprofit News	89,891
Major Gifts Coaching Program	42,000
NewsMatch Project Manager	68,593
Providing underserved communities COVID-19 information	100,000
Sponsorship Revenue Accelerator Program for nonprofit newsrooms	80,250
Training, DEI & Member Network Growth	1,053,668
Total purpose restriction	1,746,293
Cash Reserve	250,000
Time restricted	300,000
Total INN Purpose and time restriction	2,296,293
Fiscal Sponsorship	1,672,184
Net assets with donor restrictions	\$ 3,968,477

NOTE 9 - SIMPLE RETIREMENT PLANS:

INN has a Simple IRA retirement plan. The plan is available to all employees in the first calendar year after their hire. They must have earned \$5,000 in that year and be expected to earn at least \$5,000 in the year of eligibility. INN contributes 2% of their salary, no voluntary contributions by the employee are required for participation. For the year ended December 31, 2020, the retirement plan expenses were \$25,930.

**INSTITUTE FOR NONPROFIT NEWS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10 - LEASE COMMITMENTS:**

714 W. Olympic Blvd. Suite 930-931, Los Angeles, CA

On October 1, 2016, the Company entered into an original 12-month lease with Petroleum Holdings, LLC. INN signed a 12-month extension on this lease on October 1, 2017, July 12, 2018, and August 19, 2019. The lease expired on September 31, 2020. The monthly lease was \$1,354.71.

714 W. Olympic Blvd. Suite 929, Los Angeles, CA

On February 5, 2016, the Company entered into an original 7-month lease with Petroleum Holdings, LLC. INN signed a 12-month extension on this lease on August 19, 2019 and September 9, 2020. The lease expires on September 31, 2021. The monthly lease is \$486.68.

Rental expense on the leases was \$19,294 for 2020.

**NOTE 11 - FISCAL SPONSORSHIPS:**

In 2020, INN was a fiscal sponsor for the following projects:

- Breckenridge Texan is a nonprofit community news website dedicated to providing accurate, high-quality, current, local journalism to the residents of Breckenridge, Texas and the surrounding area.
- Cityside publishes a group of local news sites in the Bay Area. Originally founded as Berkeleyside, the organization launched an additional offshoot, Oaklandside, in June 2020 and rebranded the organization as Cityside. They plan to launch more local sites in the future.
- Documented is an independent and non-partisan news organization dedicated exclusively to covering immigration as it impacts New Yorkers and their neighbors, providing original reporting and consistent, informed coverage.
- Evanston RoundTable Media NFP provides high-quality news to inform the Evanston community. Published since 1998, the paper has earned a solid reputation for high-quality and fair journalism that is free and accessible to all.
- Georgia News Lab is an award-winning investigative reporting collaborative between the top college journalism programs in Georgia and leading news outlets within the state. The News Lab provides affordable investigative reporting for news organizations, while increasing diversity in professional newsrooms and bringing marginalized voices into the public debate.
- Grey Matter Media is a nonprofit news organization providing creative, innovative, entertaining, and humanizing coverage of issues affecting central Ohioans.
- The Hartford Guardian is an award-winning hyper-local nonprofit and nonpartisan news publication in Connecticut that aims to build communities through civic journalism.
- Independent Investigative Network produces video and film content uncovering and exposing abuses of power, corruption, and betrayal of public trust using investigative journalism to spur change that improve lives and protects our democracy.

**INSTITUTE FOR NONPROFIT NEWS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 11 - FISCAL SPONSORSHIPS: (Continued)**

- The Land is a civic news organization that publishes in-depth news about Cleveland’s urban communities.
- LocalStandard, a news organization devoted to bringing NYC neighborhoods local news, information, and accountability journalism.
- Migratory Notes is a weekly guide to rapidly changing immigration issues for journalists, policymakers, lawyers, academics, advocates, and immigrants themselves.
- Mississippi Center for Investigative Reporting, an investigative journalism outlet covering the criminal justice system, public education funding, prisons, public corruption, political cronyism, generational poverty, health woes, racial disparities, and other issues important to Mississippi citizens.
- The North Carolina Local News Lab, a collaborative project between national and local partners to help strengthen local news in North Carolina. Through a shared fund, the Local News Lab connects news ecosystem players and helps support capacity building. The Lab also serves as a learning environment for funders to get more comfortable funding news.
- The Objective is a collective of reporters covering marginalized communities to make newsrooms more open to people from those communities.
- Open Campus Media, a nonpartisan news organization covering higher education for the public.
- The Record Community News Group is dedicated to producing credible, courageous, community-first journalism on a variety of platforms, including a daily website and weekly newsletters and podcasts. Their goal is to build reliable and sustainable community-news that enables and engages the public.
- The Rochester Beacon is a nonprofit news organization serving as a source and forum for stories and perspectives that are rooted in intellectual openness and drive informed public action.
- The Salish Current protects and strengthens democratic governance in Washington State’s Whatcom, San Juan and Skagit counties, by reporting local news with independence and strict journalistic integrity.
- Solitary Watch is a watchdog project that investigates, documents, and disseminates information on the widespread use of solitary confinement out of the shadows and into the light of the public square. Their mission is to provide the public - as well as practicing attorneys, legal scholars, law enforcement and corrections officers, policymakers, educators, advocates, people in prison and their families - with the first centralized source of unfolding news, original reporting, firsthand accounts, and background research on solitary confinement in the United States.

**INSTITUTE FOR NONPROFIT NEWS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 11 - FISCAL SPONSORSHIPS: (Continued)**

- Tradeoffs is a podcast exploring the confusing, costly, and often counterintuitive health care system. They go beyond the problems, delving into the pros, cons, and consequences of potential solutions.
- True Speech, an independent, nonpartisan organization, provides voters with objective, timely, and comprehensive fact-checks of advertisements and statements from candidates, elected officials and third parties.
- Underscore Media Collaboration specializes in collaborative journalism, partnering with established media organizations to leverage resources across newsrooms and produce tough-to-find, important stories that really matter.
- Virginia Center for Investigative Journalism, an independent, nonprofit newsroom, drawing on the resources of veteran journalists and advanced university students to cover stories vital to the state.
- Voices of Monterey Bay is a bilingual news organization serving Monterey and Santa Cruz counties (California). It was launched in 2017 by veteran local journalists who believe the region needs a new journalist vision, while providing a central location for people to express themselves or to report news from their neighborhoods.
- War Horse is an intuitive, database-driven, nonprofit investigative journalism outlet focused on the Department of Defense, Department of Veterans Affairs, and the U.S. Armed Forces.
- WEHOville, a local news organization covering the West Hollywood neighborhood in Los Angeles, California.

**NOTE 12 - LIQUIDITY AND AVAILABILITY:**

INN strives to maintain liquid financial assets sufficient to cover 90 days of general expenses. Amounts in excess of operations liquidity needs are invested in various highly liquid saving and money market accounts.

Additionally, INN considers net assets with donor restrictions for use in current programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The governing Board's designated operating reserves are also available for general expenditures.

The Financial assets that are available for general expenditures within one year of the financial statements of financial position comprise the following:

Cash and cash equivalents	<u>2020</u> \$ 3,982,591
Accounts receivable	176,640
	<u>\$ 4,159,231</u>

**INSTITUTE FOR NONPROFIT NEWS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS:**

On Subsequent events have been evaluated through August 3, 2021, the date the financial statements were available to be issued.

Subsequent to December 31, 2020, on May 20, 2021 the PPP Loan in the amount of \$215,800 (Note 7) was approved for full forgiveness by the U.S. Small Business Administration.