**INVESTIGATIVE NEWSOURCE**
**dba INEWSOURCE**
**FINANCIAL STATEMENTS**
**JUNE 30, 2023 AND 2022**

**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, 2023 and 2022, 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, 2023 and 2022, 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

CONSIDINE & CONSIDINE
An accountancy corporation

September 11, 2023

**INVESTIGATIVE NEWSOURCE**
**dba INEWSOURCE**
**STATEMENTS OF FINANCIAL POSITION**
**JUNE 30, 2023 AND 2022**



| | 2023 | 2022 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | $ 486,714 | $ 1,573,217 |
| Pledges receivable - current (note 3) | 336,503 | 244,164 |
| Prepaid expenses | 36,349 | 28,249 |
| | 859,566 | 1,845,630 |
| PROPERTY AND EQUIPMENT (note 4) | 31,615 | 34,719 |
| OTHER ASSETS | | |
| Other receivable | 4,000 | - |
| Pledges receivable - long-term (note 3) | - | 22,000 |
| Endowment investments (note 5) | 30,864 | 28,870 |
| | 34,864 | 50,870 |
| TOTAL ASSETS | 926,045 | 1,931,219 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 65,012 | 82,242 |
| Deferred revenue | - | 25,000 |
| TOTAL LIABILITIES | 65,012 | 107,242 |
| NET ASSETS (note 8) | | |
| Without donor restrictions | 398,258 | 1,247,933 |
| With donor restrictions | 462,775 | 576,044 |
| | 861,033 | 1,823,977 |
| TOTAL LIABILITIES AND NET ASSETS | $ 926,045 | $ 1,931,219 |

**INVESTIGATIVE NEWSOURCE**
**dba INEWSOURCE**
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**
**FOR THE YEAR ENDED JUNE 30, 2023**



| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|---|---|---|---|
| REVENUE | | | |
| Contributions | | | |
| Individual | $ 872,550 | $ 15,807 | $ 888,357 |
| Foundation | 60,038 | 682,486 | 742,524 |
| Corporate | 7,896 | 13,500 | 21,396 |
| | 940,484 | 711,793 | 1,652,277 |
| Other income | 13,589 | - | 13,589 |
| Dividend and interest income | 464 | 721 | 1,185 |
| Gain on endowment investments, net (note 5) | - | 1,273 | 1,273 |
| | 954,537 | 713,787 | 1,668,324 |
| Net assets released from restriction (note 8) | 827,056 | (827,056) | - |
| TOTAL REVENUE | 1,781,593 | (113,269) | 1,668,324 |
| OPERATING EXPENSES | | | |
| Program services | 1,591,372 | - | 1,591,372 |
| Management and general | 461,635 | - | 461,635 |
| Development | 578,261 | - | 578,261 |
| | 2,631,268 | - | 2,631,268 |
| CHANGE IN NET ASSETS | (849,675) | (113,269) | (962,944) |
| NET ASSETS, BEGINNING | 1,247,933 | 576,044 | 1,823,977 |
| NET ASSETS, ENDING | $ 398,258 | $ 462,775 | $ 861,033 |

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



| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
|---|---|---|---|
| REVENUE | | | |
| Contributions | | | |
| Foundation | $ 652,703 | $ 694,000 | $ 1,346,703 |
| Individual | 741,970 | - | 741,970 |
| In-kind (note 10) | 32,000 | - | 32,000 |
| Corporate | 9,482 | - | 9,482 |
| | 1,436,155 | 694,000 | 2,130,155 |
| 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) |
| | 1,447,556 | 690,212 | 2,137,768 |
| Net assets released from restriction (note 8) | 559,032 | (559,032) | - |
| 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 |
| | 2,148,384 | - | 2,148,384 |
| CHANGE IN NET ASSETS | (141,796) | 131,180 | (10,616) |
| NET ASSETS, BEGINNING | 1,389,729 | 444,864 | 1,834,593 |
| NET ASSETS, ENDING | $ 1,247,933 | $ 576,044 | $ 1,823,977 |

**INVESTIGATIVE NEWSOURCE**
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**STATEMENT OF FUNCTIONAL EXPENSES**
**FOR THE YEAR ENDED JUNE 30, 2023**



| | PROGRAM SERVICES | MANAGEMENT AND GENERAL | DEVELOPMENT | TOTAL |
|---|---|---|---|---|
| EXPENSES | | | | |
| Bank fees | $ - | $ 397 | $ 5,861 | $ 6,258 |
| Bad debt | - | 6,000 | - | 6,000 |
| Conferences and meetings | 22,188 | 3,019 | 13,965 | 39,172 |
| Depreciation | 8,010 | 949 | 1,581 | 10,539 |
| Information technology | 51,980 | 26,258 | 12,881 | 91,119 |
| Insurance | 10,719 | 39,667 | 4,857 | 55,243 |
| Mileage reimbursement | 10,310 | 390 | 2,421 | 13,121 |
| Office | 15,367 | 13,585 | 8,156 | 37,108 |
| Personnel | 1,351,341 | 263,528 | 486,286 | 2,101,155 |
| Professional services | 92,713 | 104,520 | 23,409 | 220,642 |
| Promotional | 2,400 | 376 | 13,603 | 16,379 |
| Rent | 20,915 | 2,436 | 4,649 | 28,000 |
| Story entry fees | 2,769 | - | - | 2,769 |
| Tax and license | - | 200 | - | 200 |
| Utilities | 2,662 | 310 | 591 | 3,563 |
| TOTAL EXPENSES | $ 1,591,372 | $ 461,635 | $ 578,261 | $ 2,631,268 |

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



| | PROGRAM SERVICES | MANAGEMENT AND GENERAL | DEVELOPMENT | TOTAL |
|---|---|---|---|---|
| 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 | $ 1,511,556 | $ 211,721 | $ 425,106 | $ 2,148,384 |

**INVESTIGATIVE NEWSOURCE**
**dba INEWSOURCE**
**STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**



| | 2023 | 2022 |
|---|---|---|
| CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES | | |
| Change in net assets | $ (962,944) | $ (10,616) |
| ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES | | |
| Bad debt | 6,000 | - |
| Depreciation | 10,539 | 7,848 |
| Net endowment investments activity | (1,994) | 3,788 |
| Change in operating assets and liabilities: | | |
| Pledges receivable | (76,339) | 95,817 |
| Prepaid expense | (8,100) | (28,249) |
| Other receivable | (4,000) | 9,485 |
| Accounts payable and accrued liabilities | (17,230) | 1,186 |
| Deferred revenue | (25,000) | 25,000 |
| | (116,124) | 114,875 |
| CASH FLOWS PROVIDED/(USED) BY OPERATING ACTIVITIES | (1,079,068) | 104,259 |
| CASH FLOWS USED BY INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (7,435) | (19,612) |
| NET INCREASE/(DECREASE) IN CASH | (1,086,503) | 84,647 |
| CASH, BEGINNING OF YEAR | 1,573,217 | 1,488,570 |
| CASH, END OF YEAR | $ 486,714 | $ 1,573,217 |

## NOTE 1 THE ORGANIZATION

Investigative Newsource *dba inewsource* (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 inewsource*'s deep, dogged, fact-based reporting.

Investigative Newsource *dba inewsource* 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 inewsource*.

- 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 inewsource* 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 inewsource*, 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.

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 $487,775 and $576,044 as of June 30, 2023 and 2022, 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, 2023 and 2022 were approximately $300,000 and $1,398,000, 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, 2023 and 2022.

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 provided 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, 2023 and 2022, the Organization recognized $252,500 and $505,000, respectively, as contribution revenue once the donor conditions were met. As of June 30, 2023 the full amount of the grant, $1,515,000, 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, 2023, the donor conditions have been met and the amount is recorded in restricted foundation contributions on the statement of activities and changes in net assets.

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, 2023 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 $336,503 and $266,164 on June 30, 2023 and 2022, respectively.

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

| Amounts due: | 2023 | 2022 |
|---|---|---|
| Within one year | $ 336,503 | $ 244,164 |
| Thereafter | - | 22,000 |
| | $ 336,503 | $ 266,164 |

Bad debt expense related to pledges receivable was $6,000 and $0 for the years ended June 30, 2023 and 2022, respectively.

## NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | 2023 | 2022 |
|---|---|---|
| Cameras and equipment | $ 80,568 | $ 73,133 |
| Accumulated depreciation | (48,953) | (38,414) |
| | $ 31,615 | $ 34,719 |

Depreciation expense was $10,539 and $7,848 for the years ended June 30, 2023 and 2022, respectively.

## 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, 2023 are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Beginning balance | $ - | $ 28,870 | $ 28,870 |
| Earnings on investments | - | 721 | 721 |
| Investment fees | - | (297) | (297) |
| Realized and unrealized gain | - | 1,570 | 1,570 |
| Ending balance | $ - | $ 30,864 | $ 30,864 |

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 loss | - | (4,036) | (4,036) |
| Ending balance | $ - | $ 28,870 | $ 28,870 |

Included in 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, 2023 are classified below in one of the three levels described above:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Endowment investments | $ 30,864 | $ - | $ - | $ 30,864 |

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 | $ 28,870 | $ - | $ - | $ 28,870 |

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 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.

## NOTE 8 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, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| Purpose restrictions accomplished: | | |
| Development/business salaries | $ 671,120 | $ 482,629 |
| Investigative reporter support | 66,575 | 28,457 |
| Meta journalism project | 27,054 | 22,946 |
| News outreach and coverage reporting | 13,500 | - |
| Spotlight club events | 6,500 | - |
| Investigative reporting interns | 5,000 | - |
| Dependents health insurance | 4,307 | - |
| Conservatorships reporting | 4,000 | - |
| Ballot initiative reporting | 4,000 | - |
| Audience engagement | 25,000 | 25,000 |
| | $ 827,056 | $ 559,032 |

Net assets consisted of the following at June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|---|---|
| Without donor restrictions | $ 398,258 | $ 1,247,933 |
| | | |
| With donor restrictions | | |
| Development/business salaries | - | 418,620 |
| Investigative reporter support | 71,911 | 97,500 |
| Meta journalism project | - | 27,054 |
| Conservatorships reporting | - | 4,000 |
| Investigation of illegal rent increases | 10,000 | - |
| Documenters support | 100,000 | - |
| Community engagement lab | 250,000 | - |
| Endowment investments in perpetuity | 21,245 | 21,245 |
| Endowment earnings | 9,619 | 7,625 |
| | 462,775 | 576,044 |
| | $ 861,033 | $ 1,823,977 |

## NOTE 9 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 is 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, 2023 and 2022, 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:

| | 2023 | 2022 |
|---|---|---|
| Financial assets at year-end: | | |
| Cash | $ 486,714 | $ 1,573,217 |
| Pledges receivable - current | 336,503 | 244,164 |
| Endowment investments | 30,864 | 28,870 |
| | 854,081 | 1,846,251 |
| Less those amounts unavailable for general expenditures within one year due to: | | |
| Donor imposed restrictions | (441,530) | (554,799) |
| Endowment investments held in perpetuity | (21,245) | (21,245) |
| | (462,775) | (576,044) |
| Financial assets available to meet cash needs for general expenditures within one year | $ 391,306 | $ 1,270,207 |

## NOTE 10 IN KIND DONATIONS

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

| | 2023 | 2022 |
|---|---|---|
| Salon and events | $ - | $ 32,000 |

## NOTE 11 LEASING ARRANGEMENTS

The Organization entered into a lease agreement for office space in November 2022 with a lease term of three months from December 2022 to February 2023. Beginning March 2023, the lease became a month-to-month commitment. The monthly rent is $4,000. Included in rent expense for the years ended June 30, 2023 and 2022 were $28,000 and $0, respectively.

## NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 11, 2023, the date which the financial statements were available to be issued. Beginning August 2023, the Organization began to receive rent abatement on the office space described in note 11. The Organization will continue to occupy this space with no rental payments for the foreseeable future. There were no other material subsequent events which affected the amounts or disclosures in the financial statements.