

FINANCIAL STATEMENTS



FOR THE YEAR ENDED JUNE 30, 2019

THE NEWS LITERACY PROJECT, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The News Literacy Project, Inc.
Bethesda, Maryland

We have audited the accompanying financial statements of The News Literacy Project, Inc. (The NLP), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The NLP as of June 30, 2019, and the change in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

October 23, 2019

THE NEWS LITERACY PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,566,055
Investments	1,506,965
Grants and other receivables	2,058,418
Prepaid expenses	<u>3,696</u>
Total current assets	<u>5,135,134</u>

CAPITAL ASSETS

Software development	514,736
Website development	<u>116,188</u>
	630,924
Less: Accumulated amortization	<u>(63,811)</u>
Net capital assets	<u>567,113</u>

OTHER ASSETS

Security deposit	5,700
Trademark	7,466
Grants and other receivables, net of discount totaling \$143,976	<u>2,856,024</u>
Total other assets	<u>2,869,190</u>

TOTAL ASSETS \$ 8,571,437

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ <u>275,618</u>
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NET ASSETS

Without donor restrictions	2,759,006
With donor restrictions	<u>5,536,813</u>
Total net assets	<u>8,295,819</u>

TOTAL LIABILITIES AND NET ASSETS \$ 8,571,437

THE NEWS LITERACY PROJECT, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grants and contributions	\$ 3,237,354	\$ 6,204,524	\$ 9,441,878
Program income	108,980	-	108,980
Contributed services	109,730	-	109,730
Investment loss	(69,250)	-	(69,250)
Loss on disposal of asset	(95,903)	-	(95,903)
Net assets released from donor restrictions	<u>1,518,693</u>	<u>(1,518,693)</u>	<u>-</u>
Total support and revenue	<u>4,809,604</u>	<u>4,685,831</u>	<u>9,495,435</u>
EXPENSES			
Program Services:			
Education	867,434	-	867,434
Communications	708,117	-	708,117
Partnerships	602,942	-	602,942
Educator Service	<u>315,374</u>	<u>-</u>	<u>315,374</u>
Total program services	<u>2,493,867</u>	<u>-</u>	<u>2,493,867</u>
Supporting Services:			
Management and General	566,315	-	566,315
Fundraising	<u>500,552</u>	<u>-</u>	<u>500,552</u>
Total supporting services	<u>1,066,867</u>	<u>-</u>	<u>1,066,867</u>
Total expenses	<u>3,560,734</u>	<u>-</u>	<u>3,560,734</u>
Change in net assets	1,248,870	4,685,831	5,934,701
Net assets at beginning of period	<u>1,510,136</u>	<u>850,982</u>	<u>2,361,118</u>
NET ASSETS AT END OF PERIOD	<u>\$ 2,759,006</u>	<u>\$ 5,536,813</u>	<u>\$ 8,295,819</u>

THE NEWS LITERACY PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Total Program Services
	Education	Communications	Partnerships	Educator Service	
Salaries and benefits	\$ 659,347	\$ 392,157	\$ 514,767	\$ 85,796	\$ 1,652,067
Travel	27,736	11,247	31,794	83,421	154,198
Occupancy	3,061	208	475	342	4,086
Office expenses	16,522	13,109	1,398	10,880	41,909
Technology	47,503	56,466	901	775	105,645
Consultants	7,221	127,323	19,531	600	154,675
Professional fees	17,079	-	-	-	17,079
Amortization	35,744	21,473	-	-	57,217
Events and meetings	3,982	-	3,406	1,633	9,021
Campaign fees	-	38,235	-	-	38,235
Marketing	23,730	6,515	25,000	130,899	186,144
Production	23,460	40,776	5,670	-	69,906
Bank fees	30	-	-	1,028	1,058
Legal fees	-	-	-	-	-
Insurance	-	-	-	-	-
Other expenses	2,019	608	-	-	2,627
TOTAL	\$ 867,434	\$ 708,117	\$ 602,942	\$ 315,374	\$ 2,493,867

Supporting Services			
Management and General	Fundraising	Total Supporting Services	Total Expenses
\$ 265,935	\$ 407,302	\$ 673,237	\$ 2,325,304
42,491	27,105	69,596	223,794
63,500	-	63,500	67,586
21,781	13,117	34,898	76,807
8,951	-	8,951	114,596
50,150	12,410	62,560	217,235
59,889	-	59,889	76,968
1,066	-	1,066	58,283
13,609	1,983	15,592	24,613
-	2,999	2,999	41,234
-	-	-	186,144
-	-	-	69,906
4,205	1,528	5,733	6,791
28,526	24,760	53,286	53,286
5,755	-	5,755	5,755
457	9,348	9,805	12,432
\$ 566,315	\$ 500,552	\$ 1,066,867	\$ 3,560,734

THE NEWS LITERACY PROJECT, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 5,934,701
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	58,283
Realized loss	94,956
Loss on disposal of asset	95,903
Donated securities	(1,213,619)
Change in present value discount	143,976
(Increase) in:	
Grants and other receivables	(4,835,743)
Prepaid expenses	(1,219)
Security deposit	(2,500)
Increase in:	
Accounts payable and accrued liabilities	<u>198,154</u>
Net cash provided by operating activities	<u>472,892</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of capital assets	(328,596)
Purchase of investments	(1,544,972)
Proceeds from sale of investments	<u>1,953,289</u>
Net cash provided by investing activities	<u>79,721</u>
Net increase in cash and cash equivalents	552,613
Cash and cash equivalents at beginning of period	<u>1,013,442</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 1,566,055</u>

THE NEWS LITERACY PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The News Literacy Project, Inc. (The NLP) is a non-profit organization, incorporated in the State of Maryland. The NLP is a non-partisan national education non-profit that works with educators and journalists to teach middle school and high school students how to sort fact from fiction in the digital age. The NLP provides these students with the essential skills they need to become smart, active consumers of news and information and engaged, informed citizens.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted during the year ended June 30, 2019 and applied retrospectively.

Cash and cash equivalents -

The NLP considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year ended, The NLP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Realized, unrealized gains and losses and management fees are included in investment income in the Statement of Activities and Change in Net Assets.

Investments acquired by donation are recorded at their fair value at the date of the donation.

Grants and other receivables -

Grants and other receivables are recorded at their net realizable value, which approximates fair value. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Capital assets -

Costs incurred for the development and implementation of the website and software in excess of \$1,000 are capitalized and stated at cost. Capital assets are amortized on a straight-line basis over five years. Costs incurred for the ongoing maintenance of the existing website and software are expensed as incurred. The capitalization and ongoing assessment of recoverability of development costs incurred require considerable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life.

THE NEWS LITERACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Capital assets (continued) -

There was no impairment noted for the year ended June 30, 2019. Amortization expense for the year ended June 30, 2019 totaled \$58,283, which includes \$1,066 of amortization on the trademark.

Intangible asset -

The NLP has adopted *Financial Accounting Standards Board (FASB) ASC 350-35-6, Goodwill and Other Intangible Assets*. In connection with the adoption of this standard, The NLP's trademark is being amortized on a straight-line basis over ten years. Management believes there has been no impairment for the year ended June 30, 2019. The balance of the trademark remaining to be amortized was \$7,466.

Income taxes -

The NLP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The NLP is not a private foundation.

Uncertain tax positions -

For the year ended June 30, 2019, The NLP has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

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 available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

THE NEWS LITERACY PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants and contributions -

Grants and contributions are recorded as revenue in the year notification is received from the donor. Grants and contributions with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Grant funding received in advance of incurring the related expenses is recorded as "net assets with donor restrictions".

Contributed services -

Contributed services consist of donated services in support of its programs and recorded at their fair market value as of the date of the service. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills that would otherwise be purchased by The NLP.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of The NLP are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and uncertainties -

The NLP invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The NLP adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The NLP accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

THE NEWS LITERACY PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of June 30, 2018 as unrestricted net assets in the amount of \$1,510,136 are now classified as "net assets without donor restrictions". Net assets previously classified as temporarily restricted net assets in the amount of \$850,982 are now classified as "net assets with donor restrictions".

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is fiscal years beginning after December 15, 2018. Early adoption is permitted. The NLP has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The NLP has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

The NLP plans to adopt the new ASUs at the respective required implementation dates.

THE NEWS LITERACY PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, The NLP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market The NLP has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended June 30, 2019. Transfers between levels are recorded at the end of the reporting period, if applicable.

Money Market Funds - The money market fund is an open-end funds that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy June 30, 2019.

	Level 1	Level 2	Level 3	Total June 30, 2019
Asset Class:				
Money Market Funds	\$ <u>1,506,965</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,506,965</u>

Included in investment loss are the following:

Interest and dividends	\$ 25,680
Realized loss	(94,956)
Management fees	<u>26</u>
TOTAL INVESTMENT LOSS	\$ <u>(69,250)</u>

3. GRANTS RECEIVABLE

As of June 30, 2019, contributors to The NLP have made written promises to give totaling \$5,058,418. Amounts due beyond one year of the Statement of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 2.50%.

THE NEWS LITERACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

3. GRANTS RECEIVABLE (Continued)

Grants are due as follows at June 30, 2019:

Less than one year	\$ 2,058,418
One to five years	<u>3,000,000</u>
Total	5,058,418
Less: Discount balance to present value	<u>(143,976)</u>
GRANTS RECEIVABLE	<u>\$ 4,914,442</u>

4. LINE OF CREDIT

On July 11, 2018, The NLP entered into a \$250,000 line of credit agreement with a financial institution that bears an interest rate of 5.25%. The line of credit is secured by cash and money market funds held in accounts at the same financial institution. During the year ended June 30, 2019, The NLP has not drawn any amounts on this line of credit.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2019:

Subject to expenditure for specified purpose	\$ 4,536,813
Subject to passage of time	<u>1,000,000</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 5,536,813</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished	\$ 1,222,860
Timing restrictions accomplished	<u>295,833</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 1,518,693</u>

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 1,566,055
Investments	1,506,965
Grants and other receivables	<u>4,914,442</u>
Subtotal financial assets available	7,987,462
Less: Donor restricted funds by purpose	<u>(4,536,813)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 3,450,649</u>

THE NEWS LITERACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

6. LIQUIDITY AND AVAILABILITY

The NLP has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2019, The NLP has financial assets equal to approximately 11 months of operating expenses. In addition, The NLP has a line of credit agreement (as further discussed in Note 4) which allows for additional available borrowings up to \$250,000.

7. CONTRIBUTED SERVICES

During the year ended June 30, 2019, The NLP was the beneficiary of donated services, which allowed The NLP to provide greater resources toward various programs.

The following donations have been included in revenue and expense for the year ended June 30, 2019.

Journalists and editorial services	\$ 20,225
Professional services	78,526
Other	<u>10,979</u>
TOTAL CONTRIBUTED SERVICES	<u>\$ 109,730</u>

8. OCCUPANCY

On July 28, 2017, The NLP entered into a six-month agreement to lease office space in the District of Columbia, effective September 1, 2017. Upon the ending date, or any extension thereof, the lease agreement will be automatically be renewed and extended for an additional period of six months.

In August of 2018, The NLP signed a twenty-four month lease agreement for office space with a rent commencement date of September 1, 2018 and an initial termination date of August 31, 2020. Upon the ending date, the agreement will be automatically renewed and extended for an additional period of one year, but in no event beyond December 31, 2024. The lease has a base rent of \$5,700 per month. After the initial term, the monthly rent will increase by three percent (3%) on an annual basis.

The following is a schedule of the future minimum lease payments:

Year Ending June 30, 2019

2020	\$ 68,400
2021	<u>11,400</u>
	<u>\$ 79,800</u>

Rent expense for the year ended June 30, 2019 totaled \$67,586.

9. RETIREMENT PLAN

The NLP has a retirement plan (the Plan) under IRS Section 401(k) of the Internal Revenue Code. Participation in the Plan is available to all employees who have completed 90 days of service and have attained the age of twenty-one.

THE NEWS LITERACY PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

9. RETIREMENT PLAN (Continued)

The NLP may elect to make a voluntary year-end contribution to the retirement accounts of eligible employees. During the year ended June 30, 2019 total retirement expense was \$100,524.

10. CONCENTRATION OF REVENUE

Approximately 85% of The NLP' revenue for the year ended June 30, 2019 was derived from three donors. The NLP has no reason to believe that the relationship with these donors will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to continue the agreements or withholding of funds) would adversely affect The NLP's ability to finance ongoing operations.

11. SUBSEQUENT EVENTS

In preparing these financial statements, The NLP has evaluated events and transactions for potential recognition or disclosure through October 23, 2019, the date the financial statements were issued.