

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

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, 2021, and the related statements of activities and change in net assets, functional expenses and cash flows 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.

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.

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, 2021, and the change in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited The NLP's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

October 26, 2021

THE NEWS LITERACY PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

ASSETS		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 2,218,219	\$ 1,283,067	
Investments	572,085	1,746,756	
Grants and other receivables	2,112,500	701,550	
Prepaid expenses	<u>8,697</u>	<u>1,400</u>	
Total current assets	<u>4,911,501</u>	<u>3,732,773</u>	
CAPITAL ASSETS			
Checkology Platform	1,111,114	789,238	
Website	<u>168,035</u>	<u>116,188</u>	
	1,279,149	905,426	
Less: Accumulated amortization	<u>(405,707)</u>	<u>(189,996)</u>	
Net capital assets	<u>873,442</u>	<u>715,430</u>	
NONCURRENT ASSETS			
Security deposit	5,700	5,700	
Trademark	5,333	6,400	
Grants and other receivables, net of discount of \$58,439	<u>1,941,561</u>	<u>2,932,903</u>	
Total noncurrent assets	<u>1,952,594</u>	<u>2,945,003</u>	
TOTAL ASSETS	<u>\$ 7,737,537</u>	<u>\$ 7,393,206</u>	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Loan payable	\$ 402,500	\$ 360,200	
Accounts payable and accrued liabilities	<u>241,525</u>	<u>175,685</u>	
Total liabilities	<u>644,025</u>	<u>535,885</u>	
NET ASSETS			
Without donor restrictions	3,393,093	2,266,540	
With donor restrictions	<u>3,700,419</u>	<u>4,590,781</u>	
Total net assets	<u>7,093,512</u>	<u>6,857,321</u>	
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,737,537</u>	<u>\$ 7,393,206</u>	

See accompanying notes to financial statements.

THE NEWS LITERACY PROJECT, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	\$ 2,917,210	\$ 1,653,658	\$ 4,570,868	\$ 2,207,700
Program income	15,052	-	15,052	222,553
In-kind contributions	238,956	-	238,956	749,713
Interest and investment income	82,124	-	82,124	25,542
Net assets released from donor restrictions	<u>2,544,020</u>	<u>(2,544,020)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>5,797,362</u>	<u>(890,362)</u>	<u>4,907,000</u>	<u>3,205,508</u>
EXPENSES				
Program Services	<u>3,250,105</u>	<u>-</u>	<u>3,250,105</u>	<u>3,333,926</u>
Supporting Services:				
Management and General	840,600	-	840,600	616,718
Fundraising	<u>580,104</u>	<u>-</u>	<u>580,104</u>	<u>693,362</u>
Total supporting services	<u>1,420,704</u>	<u>-</u>	<u>1,420,704</u>	<u>1,310,080</u>
Total expenses	<u>4,670,809</u>	<u>-</u>	<u>4,670,809</u>	<u>4,644,006</u>
Change in net assets	1,126,553	(890,362)	236,191	(1,438,498)
Net assets at beginning of year	<u>2,266,540</u>	<u>4,590,781</u>	<u>6,857,321</u>	<u>8,295,819</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,393,093</u>	<u>\$ 3,700,419</u>	<u>\$ 7,093,512</u>	<u>\$ 6,857,321</u>

THE NEWS LITERACY PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021			2020		
	Supporting Services					
	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses
Salaries and benefits	\$ 2,416,793	\$ 443,365	\$ 520,737	\$ 964,102	\$ 3,380,895	\$ 2,961,165
Travel	3,714	1,673	662	2,335	6,049	212,096
Technology	70,558	19,095	5,109	24,204	94,762	123,416
Occupancy	3,550	69,881	-	69,881	73,431	70,913
Consulting fees	113,261	49,320	5,510	54,830	168,091	161,405
Professional fees	-	17,129	-	17,129	17,129	19,387
Amortization	188,073	28,705	-	28,705	216,778	127,251
Advertising and promotion	113,454	75,112	6,391	81,503	194,957	86,342
Events and meetings	381	7,863	-	7,863	8,244	24,304
Bank fees	-	9,400	767	10,167	10,167	7,596
Other	101,365	119,057	40,928	159,985	261,350	100,418
In-kind contributions	238,956	-	-	-	238,956	749,713
TOTAL	\$ 3,250,105	\$ 840,600	\$ 580,104	\$ 1,420,704	\$ 4,670,809	\$ 4,644,006

See accompanying notes to financial statements.

THE NEWS LITERACY PROJECT, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 236,191	\$ (1,438,498)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Amortization	216,778	127,251
Unrealized (gain) loss on investments	(53,147)	18,464
Realized loss on sales of investments	30	-
Receipt of donated stock	(22,361)	-
Proceeds from sales of donated stock	22,361	-
Change in present value discount	(58,658)	(26,879)
Forgiveness of debt	(360,200)	-
(Increase) decrease in:		
Grants and other receivables	(360,950)	1,306,868
Prepaid expenses	(7,297)	2,296
Increase (decrease) in:		
Accounts payable and accrued liabilities	<u>65,840</u>	<u>(99,933)</u>
Net cash used by operating activities	<u>(321,413)</u>	<u>(110,431)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments towards additional capitalized assets	(373,723)	(274,502)
Purchase of investments	(21,183)	(258,255)
Proceeds from sales of investments	<u>1,248,971</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>854,065</u>	<u>(532,757)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>402,500</u>	<u>360,200</u>
Net cash provided by financing activities	<u>402,500</u>	<u>360,200</u>
Net increase (decrease) in cash and cash equivalents	935,152	(282,988)
Cash and cash equivalents at beginning of year	<u>1,283,067</u>	<u>1,566,055</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,218,219</u>	<u>\$ 1,283,067</u>
SCHEDULE OF NONCASH FINANCING ACTIVITIES:		
Forgiveness of Debt	<u>\$ 360,200</u>	<u>\$ -</u>

THE NEWS LITERACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor 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 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 financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with The NLP's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

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.

THE NEWS LITERACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Investments (continued) -

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.

There was no impairment noted for the year ended June 30, 2021. Amortization expense for the year ended June 30, 2021 totaled \$216,778, 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, 2021. The balance of the trademark remaining to be amortized was \$5,333.

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, 2021, 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.

THE NEWS LITERACY PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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

Grants and contributions -

The majority of The NLP's revenue is received through grants and contributions from foundations and other entities. Grants and contributions are recognized in the appropriate category of net assets in the period received.

The NLP performs an analysis of the individual award to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal.

For awards qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Awards qualifying as contributions that are unconditional that have 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.

Awards qualifying as conditional contributions contain a right of return or right of release from obligation provision and a defined barrier (or barriers), and the entity has limited discretion over how funds transferred should be spent. Accordingly, revenue is recognized when the condition or conditions are satisfied (when the related barrier has been overcome); these transactions are nonreciprocal and classified as conditional, and are recognized as contributions when the revenue becomes unconditional. Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. The NLP had no unrecognized conditional awards as of June 30, 2021.

Program income -

Program income consists of subscriptions to The NLP's virtual classroom Checkology, which is a browser-based platform, designed for students to help the next generation to easily identify misinformation. This revenue is classified as an exchange transaction and follows ASU 2014-09, *Revenue from Contracts With Customers*; accordingly, revenue is recognized (as without donor restrictions) when the performance obligations are met, which is when the students are provided the access to the software. The transaction price is determined in the based on cost and/or sales price.

In-kind contributions -

In-kind contributions 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.

THE NEWS LITERACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

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.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact The NLP's operations. The overall potential impact is unknown at this time.

New accounting pronouncement (not yet adopted) -

FASB issued ASU 2019-01, *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. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The NLP plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

THE NEWS LITERACY PROJECT, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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 year ended June 30, 2021. Transfers between levels are recorded at the end of the reporting period, if applicable.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by The NLP are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by The NLP are 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, 2021:

	Level 1	Level 2	Level 3	Total
Asset Class:				
Mutual Funds	\$ 572,085	\$ -	\$ -	\$ 572,085

Included in investment income are the following:

Interest and dividends	\$	29,007
Unrealized gain on investments		53,147
Realized loss on sales of investments		(30)
TOTAL INTEREST AND INVESTMENT INCOME	\$	<u>82,124</u>

THE NEWS LITERACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

3. GRANTS RECEIVABLE

As of June 30, 2021, contributors to The NLP have made written promises to give of which \$4,112,500 remained outstanding as of fiscal year-end. 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 2.00%.

Amounts are expected to be collected as follows as of June 30, 2021:

Less than one year	\$ 2,112,500
One to five years	<u>2,000,000</u>
Total	4,112,500
Less: Discount balance to present value	<u>(58,439)</u>
GRANTS RECEIVABLE	<u>\$ 4,054,061</u>

4. LOAN PAYABLE

On April 9, 2020, The NLP received loan proceeds in the amount of \$360,200 under the Paycheck Protection Program (PPP). The promissory note required monthly principal and interest payments amortized over the term of the promissory note. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note qualified for forgiveness by the Small Business Administration in whole or in part. During the fiscal year ended June 30, 2021, The NLP used the proceeds for purposes consistent with the PPP, and has met the conditions (and applied) for forgiveness of the loan.

On February 17, 2021, the full value of the loan was forgiven, and accordingly, the extinguishment of debt has been recognized as contribution income in the accompanying Statement of Activities and Change in Net Assets.

On February 9, 2021, The NLP received additional loan proceeds in the amount of \$402,500 under the PPP. The promissory note calls for monthly principal and interest (1%) payments amortized over the five year term of the promissory note. As of the date of this report, The NLP firmly believes the full value of the loan will be forgiven within twelve (12) months of the fiscal year ended June 30, 2021, and therefore has classified the loan as a current liability in the accompanying Statement of Financial Position.

5. LINE OF CREDIT

The NLP maintains a \$750,000 line of credit agreement with a local financial institution. The line of credit bears interest of 3.25% and is secured by cash and money market funds held in accounts at the same financial institution. The line of credit matures on March 22, 2024. During the year ended June 30, 2021, there were no borrowings.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021:

Subject to expenditure for specified purpose	\$ 2,700,419
Subject to passage of time	<u>1,000,000</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 3,700,419</u>

THE NEWS LITERACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

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	\$ 1,595,000
Timing restrictions accomplished	<u>949,020</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 2,544,020</u>

7. 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	\$ 2,218,219
Investments	572,085
Grants and other receivables	<u>4,054,061</u>
Subtotal financial assets available	6,844,365
Less: Donor restricted funds by purpose	<u>(2,700,419)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,143,946</u>

The NLP has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2021, 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 5), which allows for additional available borrowings up to \$750,000.

8. IN-KIND CONTRIBUTIONS

During the year ended June 30, 2021, The NLP was the beneficiary of various contributions of professional services and media print advertisements (that were received at no cost), which allowed The NLP to provide greater resources towards its programs. The following contributions have been included in revenue and expense during the year ended June 30, 2021:

Media print advertisements	\$ 224,461
Journalists and editorial services	<u>14,495</u>
TOTAL IN-KIND CONTRIBUTIONS	<u>\$ 238,956</u>

9. OCCUPANCY

The NLP leases office space under an agreement set to expire on August 31, 2023. The monthly lease payments are \$5,700, and do not increase throughout the lease period.

The NLP also rents co-working space under month-to-month agreements, in which the space can be vacated at any time.

THE NEWS LITERACY PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

9. OCCUPANCY (Continued)

The following is a schedule of the future minimum lease payments (under its long-term lease):

<u>Year Ended June 30,</u>	
2022	\$ 68,400
2023	<u>11,400</u>
	<u>\$ 79,800</u>

Occupancy expense for the year ended June 30, 2021 totaled \$73,431.

10. 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 NLP may elect to make a voluntary year-end contribution to the retirement accounts of eligible employees. During the year ended June 30, 2021 total retirement expense was \$85,854.

11. SUBSEQUENT EVENTS

In preparing these financial statements, The NLP has evaluated events and transactions for potential recognition or disclosure through October 26, 2021, the date the financial statements were issued.