

# **Religion News Foundation**

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2020 and 2019



# Religion News Foundation

June 30, 2020 and 2019

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## Independent Auditor's Report

Board of Trustees  
Religion News Foundation  
Columbia, Missouri

We have audited the accompanying consolidated financial statements of Religion News Foundation, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Religion News Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matters***

As described in *Note 1* to the financial statements, in 2020, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

**BKD, LLP**

Kansas City, Missouri  
September 25, 2020

**Religion News Foundation**  
**Consolidated Statements of Financial Position**  
**June 30, 2020 and 2019**

**Assets**

	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,047,846	\$ 3,701,314
Accounts receivable	83,849	28,714
Grants and contributions receivable	1,158,000	1,483,000
Prepaid and other assets	595,691	788,201
Total current assets	2,885,386	6,001,229
<b>Non-current Assets</b>		
Furniture and equipment, net of accumulated depreciation; 2020 - \$21,383, 2019 - \$17,598	19,058	28,574
Intangible assets, net of accumulated amortization; 2020 - \$276,047, 2019 - \$257,780	76,207	53,397
Prepaid and other assets	-	117,050
Total non-current assets	95,265	199,021
Total assets	\$ 2,980,651	\$ 6,200,250

**Liabilities and Net Assets**

<b>Current Liabilities</b>		
Accounts payable	\$ 85,057	\$ 209,453
Accrued expenses	44,477	63,204
Deferred revenue	660	19,012
Refundable advance	193,200	-
Total current liabilities	323,394	291,669
<b>Net Assets</b>		
Without donor restrictions	(56,498)	4,674
With donor restrictions	2,713,755	5,903,907
Total net assets	2,657,257	5,908,581
Total liabilities and net assets	\$ 2,980,651	\$ 6,200,250

**Religion News Foundation**  
**Consolidated Statements of Activities**  
**Years Ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains and Other Support</b>						
Grants	\$ -	\$ 1,138,914	\$ 1,138,914	\$ -	\$ 6,450,095	\$ 6,450,095
Contributions	55,004	110,437	165,441	69,723	256,960	326,683
Revenue from collaboration arrangement	90,405	-	90,405	-	-	-
Advertisement income	11,872	-	11,872	5,294	-	5,294
Program income	144,058	-	144,058	192,833	-	192,833
Contractual income	15,458	-	15,458	5,944	-	5,944
Investment income	29,799	-	29,799	29,904	-	29,904
Miscellaneous income (loss)	18,915	-	18,915	(1,366)	-	(1,366)
Net assets released from restrictions	4,389,503	(4,389,503)	-	2,040,594	(2,040,594)	-
	<u>4,755,014</u>	<u>(3,140,152)</u>	<u>1,614,862</u>	<u>2,342,926</u>	<u>4,666,461</u>	<u>7,009,387</u>
<b>Expenses and Losses</b>						
Program services	4,205,633	50,000	4,255,633	2,207,821	59,320	2,267,141
Management and general	434,223	-	434,223	497,380	-	497,380
Fundraising	176,330	-	176,330	214,353	-	214,353
	<u>610,553</u>	<u>-</u>	<u>610,553</u>	<u>711,733</u>	<u>-</u>	<u>711,733</u>
Total support services	<u>610,553</u>	<u>-</u>	<u>610,553</u>	<u>711,733</u>	<u>-</u>	<u>711,733</u>
Total expenses and losses	<u>4,816,186</u>	<u>50,000</u>	<u>4,866,186</u>	<u>2,919,554</u>	<u>59,320</u>	<u>2,978,874</u>
<b>Change in Net Assets</b>	(61,172)	(3,190,152)	(3,251,324)	(576,628)	4,607,141	4,030,513
<b>Net Assets, Beginning of Year</b>	<u>4,674</u>	<u>5,903,907</u>	<u>5,908,581</u>	<u>581,302</u>	<u>1,296,766</u>	<u>1,878,068</u>
<b>Net Assets, End of Year</b>	<u>\$ (56,498)</u>	<u>\$ 2,713,755</u>	<u>\$ 2,657,257</u>	<u>\$ 4,674</u>	<u>\$ 5,903,907</u>	<u>\$ 5,908,581</u>

**Religion News Foundation**  
**Consolidated Statements of Functional Expenses**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries and fringe benefits	\$ 965,957	\$ 239,166	\$ 66,324	\$ 1,271,447
Contract services	2,918,773	165,259	67,989	3,152,021
Equipment and technology	62,616	15,503	4,299	82,418
Travel, training and meetings	199,557	-	33,754	233,311
Bad debt expense	52,959	733	203	53,895
Overhead	55,771	13,562	3,761	73,094
Total expenses included in the expense section on the statement of activities	\$ 4,255,633	\$ 434,223	\$ 176,330	\$ 4,866,186

	<b>2019</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Salaries and fringe benefits	\$ 712,890	\$ 235,437	\$ 66,273	\$ 1,014,600
Contract services	1,128,966	216,128	93,310	1,438,404
Equipment and technology	72,984	24,103	6,784	103,871
Travel, training and meetings	146,837	-	41,874	188,711
Bad debt expense	59,320	-	-	59,320
Overhead	146,144	21,712	6,112	173,968
Total expenses included in the expense section on the statement of activities	\$ 2,267,141	\$ 497,380	\$ 214,353	\$ 2,978,874

**Religion News Foundation**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
Change in net assets	\$ (3,251,324)	\$ 4,030,513
Items not requiring operating cash flows		
Depreciation and amortization	24,925	18,636
Loss on disposal of equipment	1,085	1,366
Net realized and unrealized losses on investments	-	6,228
Changes in		
Accounts, grants and contributions receivable	269,865	(1,461,906)
Prepaid and other assets	309,560	(869,901)
Accounts payable	(124,396)	151,072
Accrued expenses	(18,727)	21,154
Deferred revenue	(18,352)	3,060
Refundable advance	193,200	-
	<u>(2,614,164)</u>	<u>1,900,222</u>
Net cash provided by (used in) operating activities		
<b>Investing Activities</b>		
Purchase of investments	-	(1,387)
Purchase of property and equipment	-	(29,517)
Purchase of intangible assets	(39,304)	(16,903)
Proceeds from the deposition of investments	-	187,273
	<u>(39,304)</u>	<u>139,466</u>
Net cash provided by (used in) investing activities		
<b>Change in Cash and Cash Equivalents</b>	(2,653,468)	2,039,688
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,701,314</u>	<u>1,661,626</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,047,846</u>	<u>\$ 3,701,314</u>



**Religion News Foundation**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

The Religion News Foundation (the “Organization”) is an Ohio nonprofit corporation exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”). The Organization is a charitable and educational organization that was organized to support and carry out the charitable and educational purposes of the Religion News Association (“RNA”) and it supports RNA by advancing public understanding of religion by means of informative media, resources, programs, including conferences, seminars and discussion groups for reporters, editors, other members of the secular news media and the general public, and facilitating, informing and improving religious literacy and encouraging public discourse about religion in a neutral and informative way without endorsing or promoting any particular religion, sect, denomination, practice or point of view. For federal income tax purposes, the Internal Revenue Service has determined that the Organization is a Type I supporting organization under Section 509(a)(3) of the Code.

The Organization wholly owns Religion News Services, LLC (“RNS”), a publisher of global news on religion, spirituality, culture and ethics, reported by a staff of journalists. As a single member limited liability company, RNS is disregarded for federal income tax purposes, and all of its activities are attributable to, and reported by, the Organization.

***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of Religion News Foundation and its wholly owned subsidiary, RNS. All intercompany transactions and balances have been eliminated in consolidation.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2020 and 2019, cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2020, the Organization’s cash accounts did not exceed federally insured limits.

**Religion News Foundation**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

***Accounts Receivable***

Accounts receivable are stated at the amount of consideration from customers and collaboration partner (see *Note 8*), of which the Organization has an unconditional right to receive. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts receivable under the collaboration arrangement are due 30 days after each quarter end. Accounts past due more than 30 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Based upon a review of outstanding receivables, historical collection information and existing economic conditions, the Organization considers all accounts receivable to be fully collectible and, accordingly, no allowance has been recorded.

***Furniture and Equipment***

Furniture and equipment acquisitions over \$2,500 are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Estimated useful lives for furniture and equipment range from 5-7 years.

***Intangible Assets***

Intangible assets with finite lives are being amortized on the straight-line basis over periods ranging from three to five years. Such assets are periodically evaluated as to the recoverability of their carrying values.

***Long-lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2020 and 2019.

***Deferred Revenue***

Revenue from fees for subscriptions and press releases included in program income is deferred and recognized over the periods to which the fees relate.

***Paycheck Protection Program (PPP) Loan***

The entity received a PPP loan established by the CARES Act and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting full-time equivalent and salary reduction requirements and incurring eligible expenditures. Until the conditions are met, funding received is reported as a refundable advance. PPP loans are subject to audit and

**Religion News Foundation**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

**Net Assets**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Donor and grantor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor.

**Grants and Contributions and Grants and Contributions Receivable**

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restrictions</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restrictions</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method. As of June 30, 2020 and 2019, all grants and contributions receivable were due within one year.

**Religion News Foundation**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions. Conditional contributions which are received in advance of the condition being met are recorded as a refundable advance.

***In-kind Contributions***

In addition to receiving cash contributions, the Organization received in-kind contributions of free use of facilities, utilities, janitorial services and accounting services (specifically as it relates to overseeing payroll processing) from the University of Missouri (a related party through the execution of an affiliation agreement). It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2020 and 2019, \$0 and \$29,851, respectively, was received in in-kind contributions.

***Advertising, Program and Contractual Income***

Advertising, program and contractual income is recognized as the Organization satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price, the amount that reflects the consideration to which the Organization expected to be entitled to in exchange for providing goods or services. The Organization determines the transaction price based on the standard charges for goods and services.

The Organization sells subscriptions to the Religion News publication, and subscribers are invoiced at the beginning of the period for the monthly, quarterly or annual term of the subscription. Revenue is recognized as performance obligations are satisfied, which is ratably over the subscription term. As of part of the collaboration agreement (see *Note 8*), as of December 31, 2019, all subscription agreements ended with the Organization and were transferred to the collaboration partner. See *Note 8* for additional information on the collaboration arrangement.

Revenues from advertising sales or other contractual arrangements, such as press releases, are recognized as performance obligations are satisfied which is generally at the point in time the advertisement or publication is ran.

**Religion News Foundation**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payers (for example, individuals vs corporations) that have different reimbursement and payment methodologies
- Geography of the service location
- Organization's line of business that provided the service

For the year ended June 30, 2020, the Organization recognized revenue of \$89,147 from services that transfer to the customer over time and \$82,241 from goods that transfer to the customer at a point in time.

***Income Taxes***

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the estimate of time spent on each area and other methods.

***Change in Accounting Principle***

On July 1, 2019, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09) using a modified retrospective method of adoption to all contracts with customers not complete at January 1, 2019.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to customers in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods or services.

The amount to which the Organization expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

Adoption of ASU 2014-09 did not result in a change to the timing of revenue recognition; however, it resulted in changes in presentation of financial statements and related disclosures in the notes to the consolidated financial statements.

**Religion News Foundation**  
**Notes to Consolidated Financial Statements**  
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On July 1, 2019, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, using a modified prospective method of adoption to agreements that were not complete as of or entered into after the effective date.

The core guidance in ASU 2018-08 is to provide guidance around the determination of distinguishing contributions versus exchange transactions. In addition, the standard clarified the requirements for determining whether a contribution is conditional. Adoption of ASU 2018-08 did not have a material impact on the consolidated financial statements.

**Note 2: Furniture and Equipment**

Furniture and equipment at June 30 consists of:

	<b>2020</b>	<b>2019</b>
Furniture and equipment	\$ 40,441	\$ 46,532
Less: accumulated depreciation	(21,383)	(17,958)
	<b>\$ 19,058</b>	<b>\$ 28,574</b>

Depreciation expense for the years ended June 30, 2020 and 2019, was \$6,659 and \$5,686, respectively.

**Note 3: Intangible Assets**

The Organization has contracted with outside vendors to provide design and development services for the website. In addition, the Organization has acquired rights to various internet domain names. Intangible assets at June 30 consist of:

	<b>2020</b>	<b>2019</b>
Website development	\$ 352,254	\$ 311,177
Less: accumulated amortization	(276,047)	(257,780)
	<b>\$ 76,207</b>	<b>\$ 53,397</b>

Amortization expense for the years ended June 30, 2020 and 2019, was \$18,266 and \$12,950, respectively.

**Religion News Foundation**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

**Note 4: Net Assets With Donor Restrictions**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose		
Scholarships	\$ 18,866	\$ 42,977
Article themes and topics	10,968	23,027
Human resources and technological advances	1,585,921	4,354,903
Promises to give, the proceeds from which have been restricted by donors and grantors for		
Article themes and topics	-	385,000
Human resources and technological advances	<u>1,098,000</u>	<u>1,098,000</u>
Total net assets with donor restrictions	<u>\$ 2,713,755</u>	<u>\$ 5,903,907</u>

***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
Scholarships	\$ 28,785	\$ 7,757
Article themes and topics	467,935	396,816
Human resources and technological advances	<u>3,892,783</u>	<u>1,636,021</u>
Total net assets released from restrictions	<u>\$ 4,389,503</u>	<u>\$ 2,040,594</u>

**Note 5: Liquidity and Availability**

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. The Organization also receives support without donor restrictions; such support is composed of donations without restrictions as well as fee-for-service arrangements whereby it charges for subscriptions to the Religion News publication as well as charging for advertising. Fee-for-service style support has historically represented approximately 5 - 12 percent of annual program funding needs, with unrestricted donations representing another 1-3 percent of annual program funding needs.

**Religion News Foundation**  
**Notes to Consolidated Financial Statements**  
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The Organization considers investment income, grant and contributions without donor restrictions and grants and contributions with donor restrictions for use in current programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the years ended June 30, 2020 and 2019, restricted grants and contributions of \$2,148,060 and \$5,021,372, respectively, were included in the financial assets available to meet cash needs for general expenditures within one year as shown below. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year.

The Organization maintained all funds with donor restrictions in cash accounts at FDIC insured banks or in money market accounts with SIPC insured brokerage firms, though the cash balance was not fully covered by FDIC or SIPC limits during the year.

The table below presents financial assets available for general expenditures within one year at June 30, 2020 and 2019:

	<b>2020</b>		<b>2019</b>	
	<b>Financial Assets</b>	<b>Available Liquidity</b>	<b>Financial Assets</b>	<b>Available Liquidity</b>
Cash and cash equivalents	\$ 1,047,846	\$ 1,047,846	\$ 3,701,314	\$ 3,701,314
Accounts receivable	83,849	83,849	28,714	28,714
Grants and contributions receivable	1,158,000	1,158,000	1,483,000	1,483,000
	<u>\$ 2,289,695</u>	<u>\$ 2,289,695</u>	<u>\$ 5,213,028</u>	<u>\$ 5,213,028</u>

**Note 6: Related-Party Transactions**

***University of Missouri***

The Organization entered into an affiliation agreement with the University of Missouri (the University). Prior to February 2019, under this agreement, all employees working for the Organization were employees of the University and subject to all rules and regulations of the University and all personnel policies and benefits pertaining to University employees. The University billed the Organization for the salaries and associated employee benefits of all individuals who performed work for the Organization as well as for any office supplies or other items purchased via University contracts. During 2019, the agreement with the University was amended, and all personnel became employees of the Organization rather than the University. Prior to this conversion, the Organization recorded expenses to the University of \$612,892 for salaries and benefits for the year ended June 30, 2019. As of June 30, 2019, the Organization owed the University \$4,860 which was primarily composed of miscellaneous office supplies and other items. The amounts due are recorded in accounts payable in the consolidated statements of financial position.



**Religion News Foundation**  
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Prior to February 2019, individuals working for the Organization were covered under the retirement plans offered by the University of Missouri. Please refer to the University of Missouri human resources webpage for more information on the nature of the retirement plans offered by the University. The University does not provide a breakdown of specific benefit charges to affiliated organizations. Therefore, the Organization is not able to disclose the dollar amount it contributed toward employee retirement. Total amounts recorded as expenses to the University during the fiscal year 2019 for all employee benefits was \$143,667.

The University provides the Organization with buildings, utilities and janitorial services at no charge. The cost of these donated services, material and free use of facilities is estimated to be \$0 and \$29,851 for the years ended June 30, 2020 and 2019, respectively, and is recorded as contribution revenue in the consolidated statements of activities.

***Religion News Association***

The Religion News Association (RNA) is a membership organization for journalists involved in religion reporting in the news media. The Organization is considered a Type 1 supporting organization for the RNA under code Section 509(a)(3) of the Internal Revenue Code. Fifty-one percent of the directors on the Organization's board are appointed by RNA.

During the years ended June 30, 2020 and 2019, the Organization recorded expenses to RNA for \$0 and \$975, respectively, out of scholarship funds and \$31,427 and \$8,775, respectively, out of grant funds for conference expenses, travel and training. The Organization also recorded expenses of \$34,352 and \$24,382, respectively, for a sponsorship, conference registrations and travel. The Organization collected \$6,255 and \$3,666, respectively, from RNA for scholarship donations during the years ended June 30, 2020 and 2019.

**Note 7: Defined Contribution Plan**

During 2019, upon separating employment from the University, the Organization joined a multiple employer 401(k) plan covering substantially all employees. The Organization will match 100 percent of the employee's contribution up to a maximum contribution of 3 percent of the employee's annual compensation. Additionally, the Organization may make an additional discretionary profit-sharing contribution to the plan. During the years ended June 30, 2020 and 2019, the Organization contributed \$33,204 and \$5,028, respectively, to the Plan.

**Note 8: Collaborative Arrangement**

During the year ended June 30, 2019, the Organization initiated a Global Religion Journalism Initiative. As a part of this initiative, the Organization entered into a collaboration agreement with another entity to assist in the generation of content to be published and the distribution and marketing of such content produced. The Organization and other entity each have legal right and title to content produced and has granted the other a paid up, royalty-free license to use the other's

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content. Revenues generated under this program are to be shared between the Organization and other entity based upon agreed upon allocation percentages which is generally either 50/50, 60/40 or 40/60 depending on the revenue generated and is presented as revenue from a collaboration arrangement in the consolidated statements of activities. Under the arrangement, the Organization committed to provide \$2,610,763 (as amended) to be paid over quarterly installments through August 1, 2020. As of June 30, 2020, the remaining commitment under the arrangement is \$395,106.

The Organization has paid installments totaling \$2,215,657 through the year end June 30, 2020, of which, \$448,645 and \$414,000 were determined to be a prepaid asset for services yet to be provided under the arrangement as presented in the consolidated statements of financial position as of June 30, 2020 and 2019, respectively. The \$1,663,707 and \$103,638 expense under this agreement during the years ended June 30, 2020 and 2019, respectively, is reflected as contract services within the consolidated statements of functional expenses.

**Note 9: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Grants***

Approximately 99 percent and 93 percent of all grants were received from one grantor in 2020 and 2019, respectively.

***Contributions***

Approximately 72 percent and 61 percent of all contributions were received from three and two donors in 2020 and 2019, respectively.

***Accounts Receivable***

Approximately 86 percent of all accounts receivable were due from the entity under the collaborative arrangement in 2020. There were no concentrations from customers in accounts receivable in 2019.

***Accounts, Grants and Contributions Receivable Allowance***

The Organization estimates the allowance for uncollectible receivables based upon a review of outstanding receivables, historical collection information and existing economic conditions. The Organization considers all accounts receivable to be fully collectible and, accordingly, no allowance has been recorded. It is at least reasonably possible that actual collection could differ materially from the receivables currently reported in the accompanying consolidated statements of financial position.

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***Functional Allocation of Expenses***

As discussed in *Note 1*, certain costs have been allocated among the program, management and general and fundraising categories based on management's estimate of time and other methods.

***General Economic Conditions***

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

**Note 10: Subsequent Events**

Subsequent events have been evaluated through September 25, 2020, which is the date the consolidated financial statements were available to be issued.