

Religion News Foundation

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2022 and 2021

Religion News Foundation

June 30, 2022 and 2021

Contents

Independent Auditor’s Report..... 1

Consolidated Financial Statements

 Statements of Financial Position 3

 Statements of Activities..... 4

 Statements of Functional Expenses 5

 Statements of Cash Flows 6

 Notes to Financial Statements 7

Independent Auditor's Report

Board of Trustees
Religion News Foundation
Columbia, Missouri

Opinion

We have audited the consolidated financial statements of Religion News Foundation, which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Religion News Foundation as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of Religion News Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in *Note 11* to the consolidated financial statements, in 2022, Religion News Foundation adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Religion News Foundation's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Religion News Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Religion News Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

FORVIS, LLP

Kansas City, Missouri
October 19, 2022

Religion News Foundation
Consolidated Statements of Financial Position
June 30, 2022 and 2021

Assets

	2022	2021
Current Assets		
Cash and cash equivalents	\$ 633,945	\$ 1,744,986
Accounts receivable	17,442	92,299
Grants and contributions receivable	1,812,000	1,317,000
Prepaid and other assets	48,563	29,811
Total current assets	2,511,950	3,184,096
Non-current Assets		
Grants and contributions receivable	200,000	-
Furniture and equipment, net of accumulated depreciation; 2022 - \$28,663, 2021 - \$27,441	16,626	14,907
Intangible assets, net of accumulated amortization; 2022 - \$325,190, 2021 - \$298,006	55,563	82,747
Total non-current assets	272,189	97,654
Total assets	\$ 2,784,139	\$ 3,281,750

Liabilities and Net Assets

Current Liabilities		
Accounts payable	\$ 88,472	\$ 111,743
Accrued expenses	38,370	47,578
Deferred revenue	22,715	6,523
Refundable advance	-	233,352
Total current liabilities	149,557	399,196
Net Assets		
Without donor restrictions	482,114	249,916
With donor restrictions	2,152,468	2,632,638
Total net assets	2,634,582	2,882,554
Total liabilities and net assets	\$ 2,784,139	\$ 3,281,750

Religion News Foundation
Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Grants	\$ 468,345	\$ 1,790,231	\$ 2,258,576	\$ 253,200	\$ 3,052,319	\$ 3,305,519
Contributions of cash and other financial assets	78,443	-	78,443	67,313	4,519	71,832
Contributions of nonfinancial assets	105,527	-	105,527	95,995	-	95,995
Revenue from collaboration arrangement	74,612	-	74,612	170,041	-	170,041
Advertisement income	66,379	-	66,379	59,918	-	59,918
Program income	120,141	-	120,141	86,100	-	86,100
Contractual income	41,900	-	41,900	49,850	-	49,850
Investment income	860	-	860	526	-	526
Miscellaneous income (loss)	(302)	-	(302)	99	-	99
Net assets released from restrictions	2,270,401	(2,270,401)	-	3,137,955	(3,137,955)	-
Total revenues, gains and other support	<u>3,226,306</u>	<u>(480,170)</u>	<u>2,746,136</u>	<u>3,920,997</u>	<u>(81,117)</u>	<u>3,839,880</u>
Expenses and Losses						
Program services	<u>2,303,067</u>	<u>-</u>	<u>2,303,067</u>	<u>3,096,622</u>	<u>-</u>	<u>3,096,622</u>
Management and general	427,567	-	427,567	412,290	-	412,290
Fundraising	<u>263,474</u>	<u>-</u>	<u>263,474</u>	<u>105,671</u>	<u>-</u>	<u>105,671</u>
Total support services	<u>691,041</u>	<u>-</u>	<u>691,041</u>	<u>517,961</u>	<u>-</u>	<u>517,961</u>
Total expenses and losses	<u>2,994,108</u>	<u>-</u>	<u>2,994,108</u>	<u>3,614,583</u>	<u>-</u>	<u>3,614,583</u>
Change in Net Assets	232,198	(480,170)	(247,972)	306,414	(81,117)	225,297
Net Assets, Beginning of Year	<u>249,916</u>	<u>2,632,638</u>	<u>2,882,554</u>	<u>(56,498)</u>	<u>2,713,755</u>	<u>2,657,257</u>
Net Assets, End of Year	<u>\$ 482,114</u>	<u>\$ 2,152,468</u>	<u>\$ 2,634,582</u>	<u>\$ 249,916</u>	<u>\$ 2,632,638</u>	<u>\$ 2,882,554</u>

See Notes to Consolidated Financial Statements

Religion News Foundation
Consolidated Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	2022			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and fringe benefits	\$ 1,117,205	\$ 242,614	\$ 196,394	\$ 1,556,213
Contract services	965,385	158,157	34,111	1,157,653
Equipment and technology	80,638	17,512	14,175	112,325
Travel, training and meetings	97,097	-	11,278	108,375
Bad debt expense	2,821	612	496	3,929
Overhead	39,921	8,672	7,020	55,613
Total expenses included in the expense section on the statement of activities	<u>\$ 2,303,067</u>	<u>\$ 427,567</u>	<u>\$ 263,474</u>	<u>\$ 2,994,108</u>

	2021			Total Expenses
	Program Services	Management and General	Fundraising	
Salaries and fringe benefits	\$ 1,083,835	\$ 252,641	\$ 94,687	\$ 1,431,163
Contract services	1,884,945	136,033	1,587	2,022,565
Equipment and technology	65,941	15,371	5,761	87,073
Travel, training and meetings	26,531	-	546	27,077
Overhead	35,370	8,245	3,090	46,705
Total expenses included in the expense section on the statement of activities	<u>\$ 3,096,622</u>	<u>\$ 412,290</u>	<u>\$ 105,671</u>	<u>\$ 3,614,583</u>

Religion News Foundation
Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (247,972)	\$ 225,297
Items not requiring (providing) operating cash flows		
Depreciation and amortization	33,269	28,017
(Gain) loss on disposal of equipment	302	(99)
Forgiveness of Paycheck Protection Program loan	(213,671)	(193,200)
Changes in		
Accounts, grants and contributions receivable	(620,143)	(167,450)
Prepaid and other assets	(18,752)	565,880
Accounts payable	(23,271)	26,686
Accrued expenses	(9,208)	3,101
Deferred revenue	16,192	5,863
Refundable advance	(19,681)	233,352
	<u>(1,102,935)</u>	<u>727,447</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of property and equipment	(9,621)	(1,807)
Purchase of intangible assets	-	(28,500)
Proceeds from the disposal of property and equipment	1,515	-
	<u>(8,106)</u>	<u>(30,307)</u>
Net cash used in investing activities		
Change in Cash and Cash Equivalents	(1,111,041)	697,140
Cash and Cash Equivalents, Beginning of Year	<u>1,744,986</u>	<u>1,047,846</u>
Cash and Cash Equivalents, End of Year	<u>\$ 633,945</u>	<u>\$ 1,744,986</u>

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

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 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, 2022 and 2021, cash equivalents consisted primarily of money market accounts with brokers.

At June 30, 2022, the Organization’s cash accounts did not exceed federally insured limits.

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers and collaboration partner (see *Note 10*), 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, 2022 and 2021.

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.

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Paycheck Protection Program (PPP) Loans

The Organization received PPP loans established by the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act), and subsequent legislation, and has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Not-for-Profit Entities Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting full-time equivalent and salary reduction requirements, incurring eligible expenditures and application for U.S. Department of Treasury, Small Business Administration (SBA) approval of forgiveness. Until the conditions are met, funding received is reported as a refundable advance. PPP loans are subject to audit and acceptance by the SBA, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. During the year ended June 30, 2020, the Organization received a first-draw PPP loan of \$193,200 which was forgiven by the SBA on March 5, 2021 and recognized as grant revenue during the year ended June 30, 2021. During the year ended June 30, 2021, the Organization received a second-draw PPP loan of \$213,671 which was forgiven by the SBA on January 28, 2022 and is recognized as grant revenue during the year ended June 30, 2022.

Payroll Tax Credits

The CARES Act, and subsequent legislation, provides a refundable employee retention tax credit (ERC) to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The Organization accounts for these employee retention credits in accordance with insert ASC Topic 958-605, *Not-for-Profit Revenue Recognition*. The Organization determined it qualifies for the tax credit and has claimed ERCs of \$182,000 and \$60,000 included in grant revenue in the consolidated statements of activities during the years ended June 30, 2022 and 2021, respectively. No amounts have yet been collected on the ERCs and the amounts are recorded as grants and contributions receivable of \$242,000 and \$60,000 in the consolidated statements of financial position as of June 30, 2022 and 2021, respectively.

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the employee retention credit, and it is not possible to determine the impact this would have on the Organization.

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.

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

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:

Nature of the Gift	Value Recognized
<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.

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 consolidated 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.

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

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 expects 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. Advertising revenue includes variable consideration for the number of impressions an ad may receive.

The Organization sells subscriptions to the Religion News Service 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 a part of the collaboration agreement (see *Note 10*), as of December 31, 2019, all subscription agreements ended with the Organization and were transferred to the collaboration partner until December 31, 2021, at which time subscriptions reverted back to the Organization. See *Note 10* for additional information on the collaboration arrangement.

Revenues from advertising sales is recognized over the period an add is placed on the Organization's website and may be variable based on the number of impressions an ad may receive.

Other contractual arrangements, such as press releases, reprint sales and e-commerce sales, are recognized as performance obligations are satisfied which is generally at the point in time the publication is ran or produced.

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 years ended June 30, 2022 and 2021, the Organization recognized revenue of \$116,032 and \$60,766 from services that transfer to the customer over time and \$112,388 and \$135,102 from goods that transfer to the customer at a point in time, respectively.

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

The following table provides information about the Organization’s accounts receivables and deferred revenue from contracts with customers:

	2022	2021
Accounts receivable, beginning of year	\$ 29,457	\$ 11,348
Accounts receivable, end of year	17,442	29,457
Deferred revenue, beginning of year	6,523	660
Deferred revenue, end of year	22,715	6,523

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.

Note 2: Grants and Contributions Receivable

Grants and contributions receivable at June 30 consists of the following:

	2022	2021
Due within one year	\$ 1,812,000	\$ 1,317,000
Due within one to five years	200,000	-
	\$ 2,012,000	\$ 1,317,000

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 3: Conditional Gifts

The Organization has received the following conditional promises to give at June 30, 2022 and 2021 that are not recognized in the consolidated statements of activities:

	2022	2021
Conditional promise to give upon the hiring of individuals	\$ 39,011	\$ 55,000
Conditional promise to give upon publishing of articles	12,000	31,681
	\$ 51,011	\$ 86,681

Note 4: Furniture and Equipment

Furniture and equipment at June 30 consists of:

	2022	2021
Furniture and equipment	\$ 45,289	\$ 42,348
Less: accumulated depreciation	(28,663)	(27,441)
	\$ 16,626	\$ 14,907

Depreciation expense for the years ended June 30, 2022 and 2021, was \$6,085 and \$6,058, respectively.

Note 5: 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:

	2022	2021
Website development	\$ 380,753	\$ 380,753
Less: accumulated amortization	(325,190)	(298,006)
	\$ 55,563	\$ 82,747

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Amortization expense for the years ended June 30, 2022 and 2021, was \$27,184 and \$21,959, respectively.

Note 6: 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>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose		
Scholarships	\$ 6,060	\$ 18,724
Article themes and topics	6,328	10,968
Human resources and technological advances	370,080	1,345,946
Promises to give, the proceeds from which have been restricted by donors and grantors for		
Article themes and topics	300,000	12,000
Human resources and technological advances	<u>1,470,000</u>	<u>1,245,000</u>
Total net assets with donor restrictions	<u><u>\$ 2,152,468</u></u>	<u><u>\$ 2,632,638</u></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>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions		
Scholarships	\$ 16,241	\$ 1,931
Article themes and topics	18,294	25,048
Human resources and technological advances	<u>2,235,866</u>	<u>3,110,976</u>
Total net assets released from restrictions	<u><u>\$ 2,270,401</u></u>	<u><u>\$ 3,137,955</u></u>

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 7: 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 Service publication as well as charging for advertising. Fee-for-service style support has historically represented approximately 4 - 12 percent of annual program funding needs, with donations without donor restrictions representing another 1 - 3 percent of annual program funding needs.

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, 2022 and 2021, restricted grants and contributions of \$1,952,468 and \$2,669,495, 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 table below presents financial assets available for general expenditures within one year at June 30, 2022 and 2021:

	2022		2021	
	Financial Assets	Available Liquidity	Financial Assets	Available Liquidity
Cash and cash equivalents	\$ 633,945	\$ 633,945	\$ 1,744,986	\$ 1,744,986
Accounts receivable	17,442	17,442	92,299	92,299
Grants and contributions receivable	2,012,000	1,812,000	1,317,000	1,317,000
	<u>\$ 2,663,387</u>	<u>\$ 2,463,387</u>	<u>\$ 3,154,285</u>	<u>\$ 3,154,285</u>

Note 8: Related-Party Transactions

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. 51 percent of the directors on the Organization's board are appointed by RNA.

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

During the years ended June 30, 2022 and 2021, the Organization recorded expenses to RNA for \$6,550 and \$1,931, respectively, out of scholarship funds and \$1,812 and \$0, respectively, out of grant funds for conference expenses, travel and training. The Organization also recorded expenses of \$12,200 and \$12,505, respectively, for a sponsorship and conference registrations. RNA remitted to the Organization \$1,186 and \$3,050, respectively, of funds solicited and received on their behalf for scholarship donations during the years ended June 30, 2022 and 2021.

Note 9: Defined Contribution Plan

The Organization participates in 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 employer contribution to the plan. During the years ended June 30, 2022 and 2021, the Organization contributed \$58,994 and \$51,828, respectively, to the Plan.

Note 10: 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 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 in quarterly installments through August 1, 2020.

The Organization paid installments totaling \$2,610,763 through the year ended June 30, 2021, of which \$843,751 was recognized as a contract services expense under this agreement during the year ended June 30, 2021. The agreement governing the revenue share and commitments ended December 31, 2021.

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 11: Contributed Nonfinancial Assets

Change in Accounting Principle

In 2022, the Organization, adopted ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the consolidated statements of activities and disclosures within the notes to the consolidated financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	2022	2021
Services	\$ 3,000	\$ -
Advertising	102,527	95,995
	\$ 105,527	\$ 95,995

The nonfinancial assets listed above were recognized within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. All nonfinancial assets were utilized by the Organization to support its mission of advancing public understanding of religion by means of publications and other media sources.

The Organization receives advertisements free of charge. The Organization uses third-party sources representing wholesale values that would be received for selling similar advertising spots in the United States.

Note 12: 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 78 percent and 88 percent of all grants were received from two and one grantor(s) in 2022 and 2021, respectively.

Religion News Foundation
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Contributions

Approximately 42 percent of all contributions were received from two donors in 2021.

Grants and Contributions Receivable

Approximately 99 percent and 95 percent of all contributions receivable were due from three and one donor(s) in 2022 and 2021, respectively.

Accounts Receivable

Approximately 68 percent of all accounts receivable were due from the entity under the collaborative arrangement in 2021.

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.

Functional Allocation of Expenses

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

Contributed Nonfinancial Assets

As discussed in *Note II*, the Organization estimates the fair value of contributed nonfinancial assets based on third-party sources.

Note 13: Subsequent Events

Subsequent events have been evaluated through October 19, 2022, which is the date the consolidated financial statements were available to be issued.