

CITY BUREAU NFP

Report on Audited Financial Statements

December 31, 2021

**MANNING SILVERMAN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
(847) 459-8850**

**CITY BUREAU NFP
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
City Bureau NFP
Chicago, Illinois

We have audited the accompanying financial statements of City Bureau NFP (an Illinois not-for-profit corporation), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities and changes 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. These 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 Organization'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 Organization'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 City Bureau NFP as of December 31, 2021 and the results of its activities and changes in net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Manning Silverman & Company".

Manning Silverman & Company
Certified Public Accountants
Lincolnshire, Illinois

May 17, 2023

**CITY BUREAU NFP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS

Current Assets	
Cash	\$ 2,417,788
Receivables	
Accounts Receivable	71,850
Grants Receivable	188,048
Prepaid Expenses and Other	<u>35,708</u>
Total Current Assets	<u>2,713,394</u>
Property and Equipment	
Equipment	13,396
Accumulated Depreciation	<u>(6,295)</u>
Total Property and Equipment	<u>7,101</u>
Total Assets	<u>\$ 2,720,495</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable	\$ 12,046
Accrued Expenses	<u>19,337</u>
Total Current Liabilities	<u>31,383</u>
Total Liabilities	<u>31,383</u>
Net Assets	
Without Donor Restrictions	1,893,917
With Donor Restrictions	<u>795,195</u>
Total Net Assets	<u>2,689,112</u>
Total Liabilities and Net Assets	<u>\$ 2,720,495</u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

CITY BUREAU NFP
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support			
Contributions	\$ 88,891	\$ -	\$ 88,891
Grants	<u>476,565</u>	<u>1,623,757</u>	<u>2,100,322</u>
Total Support	<u>565,456</u>	<u>1,623,757</u>	<u>2,189,213</u>
Other Revenue			
Program Revenue	201,911	-	201,911
Net Assets Released from Restrictions	<u>1,404,253</u>	<u>(1,404,253)</u>	<u>-</u>
Total Other Revenue	<u>1,606,164</u>	<u>(1,404,253)</u>	<u>201,911</u>
Total Support and Other Revenue	<u>2,171,620</u>	<u>219,504</u>	<u>2,391,124</u>
Expenses			
Program Services	1,469,034	-	1,469,034
Supporting Services			
Management and General	275,423	-	275,423
Fundraising	<u>167,358</u>	<u>-</u>	<u>167,358</u>
Total Supporting Services	<u>442,781</u>	<u>-</u>	<u>442,781</u>
Total Expenses	<u>1,911,815</u>	<u>-</u>	<u>1,911,815</u>
Increase in Net Assets	259,805	219,504	479,309
Net Assets, Beginning of Year	<u>1,634,112</u>	<u>575,691</u>	<u>2,209,803</u>
Net Assets, End of Year	<u>\$ 1,893,917</u>	<u>\$ 795,195</u>	<u>\$ 2,689,112</u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**CITY BUREAU NFP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 641,295	\$ 122,989	\$ 114,202	\$ 237,191	\$ 878,486
Payroll Taxes	49,269	9,449	8,774	18,223	67,492
Employee Benefits	32,850	25,611	5,850	31,461	64,311
Total Salaries and Related Expenses	723,414	158,049	128,826	286,875	1,010,289
Contract Services	352,792	68,738	2,171	70,909	423,701
Fiscal Sponsorship	155,819	-	-	-	155,819
Information Technology	35,306	7,255	5,804	13,059	48,365
Facility and Equipment	121,322	26,368	21,605	47,973	169,295
Travel and Meetings	38,902	3,773	2,831	6,604	45,506
Supplies	8,465	1,685	1,204	2,889	11,354
Advertising and Promotions	2,983	613	490	1,103	4,086
Insurance	11,990	2,464	1,971	4,435	16,425
Postage and Delivery	1,110	205	146	351	1,461
Dues and Subscriptions	2,085	384	274	658	2,743
Bank Fees	2,384	490	392	882	3,266
Depreciation	-	3,101	-	3,101	3,101
Telecommunications	12,335	2,272	1,623	3,895	16,230
Interest Expense	127	26	21	47	174
Total Expenses	\$ 1,469,034	\$ 275,423	\$ 167,358	\$ 442,781	\$ 1,911,815

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**CITY BUREAU NFP
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 479,309
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	3,101
Decrease (Increase) in Assets	
Accounts Receivable	(29,900)
Grants Receivable	163,500
Prepaid Expenses and Other	6,942
Increase (Decrease) in Liabilities	
Accounts Payable	4,206
Accrued Expenses	<u>(7,544)</u>
Net Cash Provided by Operating Activities	<u>619,614</u>
Net Increase in Cash and Cash Equivalents	619,614
Cash and Cash Equivalents, Beginning of Year	<u>1,798,174</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,417,788</u></u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

**CITY BUREAU NFP
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 1 – Organization and Nature of Activities

City Bureau NFP (the “Organization”) is an Illinois not-for-profit corporation organized on January 7, 2016 which is focused on producing and distributing quality information about issues affecting the South and West Sides of Chicago, facilitating educational opportunities for journalists of diverse backgrounds, and developing and testing new models of civic journalism.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accounts of the Organization are maintained on the accrual basis. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Property and Equipment

Property and equipment is recorded at historical cost. The Organization capitalizes fixed asset additions over \$2,500. Depreciation is computed using the straight-line method for all property and equipment. The estimated useful lives in computing depreciation are as follows:

Description	Years
Office Equipment and Furniture	5 - 7

Maintenance and repairs, which neither materially add to the value of property nor appreciably prolong the lives, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in the statement of activities and changes in net assets.

Depreciation expense was \$3,101 for the year ended December 31, 2021.

CITY BUREAU NFP
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2021

Revenue Recognition: Contributions, Grants and Contracts

Contracts and grants are recognized as revenue in the periods in which the contracts or grants are received, at the face amounts stated therein; however, they may be subject to adjustment in subsequent periods. All revenues from contracts or grants are considered to be available for unrestricted use unless specifically restricted as to time or purpose by the respective grantors or contracting agencies. Amounts received that are designated for future periods or are restricted for specific purposes are reported as net assets with donor restrictions that increase those net asset classes. Contract and grant revenues for which time or purpose restrictions expire in the period received are considered to be net assets without donor restrictions.

A restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities and changes in net assets as net assets released from restrictions.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable consists of grants, pledges and other. The Organization expects all grants, pledges and other receivables to be paid in full by the organizations, governmental and private, from which they are due. Management has evaluated the receivables for the year ended December 31, 2021 and believes that no allowance is necessary. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method has not been materially different from the results that would have been obtained under the allowance method.

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 changes in net assets. Expenses that are easily and directly associated with a particular program or supporting service are allocated directly to that functional category. Certain costs have been allocated among the programs and supporting services benefited based on time devoted to the functional areas and other appropriate methods.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the relevant period. Actual results could differ from those estimates.

CITY BUREAU NFP
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2021

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation. It is also required to recognize or derecognize in its financial statements positions taken or expected to be taken in a tax return on a “more likely than not” threshold. The Organization does not believe its financial statements include any uncertain tax positions. The Organization’s income tax filings for the years 2018 and thereafter remain subject to examination by the Internal Revenue Service.

Concentration of Credit Risk

The Organization has cash in financial institutions that is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution for the interest-bearing accounts. At December 31, 2021, the Organization’s cash accounts exceeded federally insured limits by \$2,095,735. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Recently Issued Accounting Pronouncement

In February 2016 the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. In October 2019, the FASB approved a one year deferral of this standard for non-public entities, with a revised effective date for fiscal years beginning after December 15, 2022. Early adoption is permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients during the period of adoption. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. Management is currently evaluating the impact this change in accounting standards will have on the financial statements presented on the modified cash basis of accounting and related disclosures.

Note 3 – Liquidity and Availability of Resources

The Organization has \$1,918,199 of financial assets available within one year of the statement of financial position date. Net assets of \$795,195 have a purpose or time restriction as of December 31, 2021 and are expected to be collected and expended within one year. The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Organization’s financial assets at December 31, 2021, which are available for general expenditure within one year of the statement of financial position and are without donor or other restrictions limiting their use:

Cash	\$ 2,417,788
Accounts & Grants Receivable	259,898
Prepaid Expenses	35,708
Less: Time Restriction	<u>(795,195)</u>
Total Available for General Expenditures	<u>\$ 1,918,199</u>

**CITY BUREAU NFP
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2021**

Note 4 – Conditional Promises to Give

The American Journalism Project made a conditional promise to give of \$983,330 during the year ended December 31, 2019. The promise to give was not recorded in the financial statements at December 31, 2021 because it is conditional subject to the successful completion of milestones set in the success plan of the agreement. During the year ended December 31, 2021, the American Journalism Project contributed \$393,332 to the Organization towards its conditional grant.

The Knight Foundation made a conditional promise to give of \$1,500,000 during the year ended December 31, 2021. The promise to give was not recorded in the financial statements at December 31, 2021 because it is conditional subject to the successful completion of milestones set in the success plan of the agreement. During the year ended December 31, 2021, the Knight Foundation contributed \$500,000 to the Organization towards its conditional grant.

Note 5 – Rent

In April 2020 the Organization entered into a lease agreement for office space located at 3619 South State Street, Chicago, Illinois. The lease commencement date is August 1, 2020 with a term of 3 years and 2 options to renew for 3 years afterwards. The lease provides for a monthly base rent of \$6,609 plus an additional \$1,851 of common area maintenance payments for a total monthly payment of \$8,460, with a 10% increase for each option to renew if the Organization extends its lease.

The minimum annual rents for leases in effect at December 31, 2021 are as follows:

<u>Year Ended December 31,</u>	
2022	\$ 101,520
2023	<u>59,220</u>
Total	<u>\$ 160,740</u>

Rent expense, including charges for internet, were \$101,520 during 2021.

Note 6 – Net Assets with Restrictions

Net assets with restrictions at December 31, 2021 consist of grants for periods subsequent to the dates of the respective year's financial statements and grants with purpose and/or time restrictions. Some grantors shown below have placed time restrictions on funds while others have placed restrictions on purpose, including for COVID-19 related projects, year-round internal programming continuing from previous years, the wages of staff members that manage these programs, and for specific projects fiscally sponsored by the organization. Net assets with restrictions at December 31, 2021 are as follows:

CITY BUREAU NFP
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2021

Grantor	Beginning Balance	Received	Expended	Ending Balance
Walton Family Foundation	\$ -	\$ 50,000	\$ 16,664	\$ 33,336
Democracy Fund	-	60,000	5,000	55,000
Knight Foundation	393,097	500,000	476,431	416,666
American Journalism Project	165,827	408,332	570,893	3,266
Joyce Foundation	-	100,000	24,999	75,001
Driehaus Foundation	-	20,425	6,668	13,757
Henry Luce Foundation	-	50,000	4,166	45,834
United Neighborhoods Equity Fund	-	25,000	4,166	20,834
Field Foundation	1,156	75,000	34,490	41,666
Chicago Community Trust	-	238,000	200,000	38,000
Borealis Fund	-	75,000	37,500	37,500
Institute for Nonprofit News	-	7,000	6,000	1,000
Health Community Foundations	-	10,000	833	9,167
Illinois Humanities	-	5,000	832	4,168
Facebook Journalism Project	291	-	291	-
McCormick Foundation	9,500	-	9,500	-
Crossroads	1,070	-	1,070	-
Ixchel	4,750	-	4,750	-
	<u>\$ 575,691</u>	<u>\$ 1,623,757</u>	<u>\$ 1,404,253</u>	<u>\$ 795,195</u>

Note 7 – Payroll Protection Program

The Organization received a loan of \$125,002 under the Small Business Administration’s Paycheck Protection Program for support of American businesses during the pandemic. Under the terms of the legislation establishing the program and resulting loan agreement, a portion of the loan may be forgiven if used for payroll and other approved expenses. In February 2021, \$125,002 of the loan was forgiven and was reflected as a gain as of December 31, 2020 per the guidance provided in IAS 20, Accounting for Government Grants and Disclosure of Government Assistance.

Note 8 – COVID-19

As of March 2020, a pandemic coronavirus outbreak has hit both the United States and the world at large. A federal emergency has been declared. The effects of the coronavirus pandemic on future revenue flows and operations cannot be determined and is not reflected as part of these financial statements.

Note 9 – Subsequent Events

During December 2022, the Organization received a multi-year grant of \$10,000,000 to be paid in increments of \$2,000,000 per year over 5 years.

Subsequent events have been evaluated through May 17, 2023, which is the date the financial statements were available to be issued. There are no other subsequent events requiring recognition and/or disclosure in the financial statements.