ONLINE JOURNALISM PROJECT, INCORPORATED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018
Online Journalism Project, Incorporated

Table of Contents

Year Ended December 31, 2018

FINANCIAL STATEMENTS

Independent Auditor’s Report ................................................................. 1-2
Statement of Financial Position .............................................................. 3-4
Statement of Activities ............................................................................. 5
Statement of Functional Expenses ......................................................... 6
Statement of Cash Flows .......................................................................... 7
Notes to the Financial Statements ............................................................ 8-12
-INDEPENDENT AUDITOR’S REPORT-

The Board of Directors  
Online Journalism Project, Incorporated  
New Haven, Connecticut

I have audited the accompanying financial statements of Online Journalism Project, Incorporated, (a nonprofit organization) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, 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 misstatements, whether due to fraud or error.

Auditor’s Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 considered internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, I 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.
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Online Journalism Project, Incorporated as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Milford, Connecticut
April 29, 2019
Online Journalism Project, Incorporated  
Statement of Financial Position  
December 31, 2018

ASSETS

Current Assets

Cash and Cash Equivalents $445,239  
Grants Receivable 150,000  
Prepaid Expenses 31,525  

Total Current Assets $626,764

Property and Equipment

Office Equipment $15,396  
Radio Equipment 34,069  
Website 14,217  
63,682  
Less: Accumulated Depreciation and Amortization 53,521  

Net Property and Equipment 10,161

Total Assets $636,925

-See Independent Auditor’s Report and Notes to the Financial Statements-

-3-
Online Journalism Project, Incorporated
Statement of Financial Position
December 31, 2018

LIABILITIES AND NET ASSETS

Current Liabilities

Current Portion of Note Payable $15,000
Accounts Payable 5,200
Deferred Grant Revenue 150,000

Total Current Liabilities $170,200

Long Term Liabilities

Note Payable, Less Current Portion of $15,000 30,000

Total Long Term Liabilities 30,000

Total Liabilities $200,200

NET ASSETS

Without Donor Restrictions 436,725

Total Net Assets 436,725

Total Liabilities and Net Assets $636,925

-See Independent Auditor’s Report and Notes to the Financial Statements-
-4-
### Online Journalism Project, Incorporated

**Statement of Activities**  
*Year Ended December 31, 2018*

**Without Donor Restrictions**

#### Changes in Net Assets Without Donor Restrictions

**Revenues and Gains:**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$212,698</td>
</tr>
<tr>
<td>Contributions</td>
<td>167,087</td>
</tr>
<tr>
<td>Advertising</td>
<td>24,250</td>
</tr>
<tr>
<td>Content</td>
<td>6,216</td>
</tr>
<tr>
<td>Interest Income</td>
<td>260</td>
</tr>
<tr>
<td>Legal Notices</td>
<td>5,010</td>
</tr>
</tbody>
</table>

**Total Revenues and Gains Without Donor Restrictions** $415,521

#### Expenses and Losses:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>490,730</td>
</tr>
<tr>
<td>Management and General</td>
<td>84,669</td>
</tr>
<tr>
<td>Fundraising</td>
<td>56,421</td>
</tr>
</tbody>
</table>

**Total Expenses and Losses** 631,820

**Decrease in Net Assets Without Donor Restrictions** (216,299)

**Net Assets, January 1, 2018** 653,024

**Net Assets, December 31, 2018** $436,725

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*See Independent Auditor’s Report and Notes to the Financial Statements*

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-5-
## Online Journalism Project, Incorporated
### Statement of Functional Expenses
#### Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$311,500</td>
<td>$62,300</td>
<td>$41,533</td>
<td>$415,333</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>25,850</td>
<td>5,169</td>
<td>3,447</td>
<td>34,466</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>53,415</td>
<td>10,683</td>
<td>7,122</td>
<td>71,220</td>
</tr>
<tr>
<td>Program Expenses</td>
<td>22,474</td>
<td>-</td>
<td>-</td>
<td>22,474</td>
</tr>
<tr>
<td>Freelance Contributors</td>
<td>23,770</td>
<td>-</td>
<td>-</td>
<td>23,770</td>
</tr>
<tr>
<td>Advertising</td>
<td>984</td>
<td>-</td>
<td>-</td>
<td>984</td>
</tr>
<tr>
<td>Bank Service Charge</td>
<td>-</td>
<td>15</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>4,421</td>
<td>884</td>
<td>590</td>
<td>5,895</td>
</tr>
<tr>
<td>Dues and Subscriptions</td>
<td>188</td>
<td>37</td>
<td>25</td>
<td>250</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,489</td>
<td>698</td>
<td>465</td>
<td>4,652</td>
</tr>
<tr>
<td>Office Supplies</td>
<td>1,925</td>
<td>385</td>
<td>257</td>
<td>2,567</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>6,994</td>
<td>1,399</td>
<td>932</td>
<td>9,325</td>
</tr>
<tr>
<td>Meetings</td>
<td>704</td>
<td>140</td>
<td>94</td>
<td>938</td>
</tr>
<tr>
<td>Contributions</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Rent</td>
<td>8,325</td>
<td>1,675</td>
<td>1,100</td>
<td>11,100</td>
</tr>
<tr>
<td>Telephone</td>
<td>1,087</td>
<td>217</td>
<td>145</td>
<td>1,449</td>
</tr>
<tr>
<td>Travel and Meetings</td>
<td>2,098</td>
<td>-</td>
<td>-</td>
<td>2,098</td>
</tr>
<tr>
<td>Utilities and Internet</td>
<td>5,251</td>
<td>1,051</td>
<td>700</td>
<td>7,002</td>
</tr>
<tr>
<td>Website</td>
<td>18,074</td>
<td>-</td>
<td>-</td>
<td>18,074</td>
</tr>
<tr>
<td>Permits and Other Taxes</td>
<td>81</td>
<td>16</td>
<td>11</td>
<td>108</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$490,730</td>
<td>$84,669</td>
<td>$56,421</td>
<td>$631,820</td>
</tr>
</tbody>
</table>

-See Independent Auditor’s Report and Notes to the Financial Statements-
-6-
Online Journalism Project, Incorporated  
Statement of Cash Flows  
Year Ended December 31, 2018

Cash Flows From (Used In) Operating Activities:

Decrease In Net Assets  ($216,229)

Adjustments to Reconcile Decrease in Net Assets to

Net Cash Provided By (Used In) Operating Activities:

  Depreciation and Amortization  5,895
  (Increase) Decrease in Grants Receivable  75,000
  (Increase) Decrease in Prepaid Expenses  (2,791)
  Increase (Decrease) in Accounts Payable  (568)
  Increase (Decrease) in Deferred Revenue  (75,000)

Net Cash Provided By Operating Activities  ($213,693)

Cash Flows From (Used In) Financing Activities:

  Purchase of Office Equipment  (2,954)

Net Cash Provided By Operating Activities  (2,954)

Net Decrease In Cash and Cash Equivalents  (216,647)

Cash and Cash Equivalents, January 1, 2018  661,886

Cash and Cash Equivalents, December 31, 2018  $445,239

-See Independent Auditor’s Report and Notes to the Financial Statements-
-7-
Online Journalism Project, Incorporated  
Notes to the Financial Statements  
Year Ended December 31, 2018  

Note 1 – Organization and Nature of Activities  

Online Journalism Project, Incorporated (the Organization) was organized to promote and encourage the development of professional quality, hyperlocal online journalism. The Organization is supported primarily through grants and private contributions.  

Note 2 – Summary of Significant Accounting Policies  

Basis of Accounting  

The financial statements of the Organization have been prepared on the accrual basis of accounting.  

Property and Equipment  

Fixed assets are stated at cost. Depreciation and amortization of these assets is provided over their estimated useful lives on a straight-line basis.  

Income Tax Status  

The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.  

On January 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates.  

The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in material adverse effects on the Organization’s financial condition, results of operations or cash flows.  

Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2018.
Online Journalism Project, Incorporated  
Notes to the Financial Statements  
Year Ended December 31, 2018

Income Tax Status (continued)
The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2011.

The Organization’s policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

Contributions
Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Promises to Give
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectable promises receivable. The allowance is based on prior years’ experience and management’s analysis of specific promises made.

Cost Allocation
The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include wages and employee benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation, rent and certain other expenses.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

-See Independent Auditor’s Report-  
-9-
Online Journalism Project, Incorporated
Notes to the Financial Statements
Year Ended December 31, 2018

Advertising

Advertising costs are expensed as incurred.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents include all monies in the bank and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

As of December 31, 2018, cash and cash equivalents totaled $445,239.

Note 4 – Property and Equipment

Property and equipment consists of office equipment, furniture and vehicles and all assets are recorded at cost. Depreciation is provided on fixed assets over five and seven year useful lives. The Organization maintains a capitalization threshold of $500. A summary of changes in the property and equipment for the year ended December 31, 2018 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance, January 1, 2018</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance, December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment</td>
<td>$12,442</td>
<td>$2,954</td>
<td>-</td>
<td>$15,396</td>
</tr>
<tr>
<td>Radio Equipment</td>
<td>34,069</td>
<td>-</td>
<td>-</td>
<td>34,069</td>
</tr>
<tr>
<td>Website</td>
<td>14,217</td>
<td>-</td>
<td>-</td>
<td>14,217</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$60,728</strong></td>
<td><strong>$2,954</strong></td>
<td><strong>-</strong></td>
<td><strong>$63,682</strong></td>
</tr>
</tbody>
</table>

Less: Accumulated Depreciation for

<table>
<thead>
<tr>
<th></th>
<th>Balance, January 1, 2018</th>
<th>Additions</th>
<th>Disposals</th>
<th>Balance, December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment</td>
<td>$10,180</td>
<td>$1,516</td>
<td>-</td>
<td>$11,696</td>
</tr>
<tr>
<td>Radio Equipment</td>
<td>28,288</td>
<td>2,356</td>
<td>-</td>
<td>30,644</td>
</tr>
<tr>
<td>Website</td>
<td>9,158</td>
<td>2,023</td>
<td>-</td>
<td>11,181</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$47,626</strong></td>
<td><strong>$5,895</strong></td>
<td><strong>-</strong></td>
<td><strong>$53,521</strong></td>
</tr>
</tbody>
</table>

Total Property and Equipment, Net of Accumulated Depreciation

|                     | $13,102 | $10,161 |

Note 5 – Related Parties

The Organization’s treasurer, secretary and key employee was paid wages of $76,000 in 2018.
Online Journalism Project, Incorporated  
Notes to the Financial Statements  
Year Ended December 31, 2018

Note 6 – Commitments

Office Space - The Organization rents office space on a month to month basis, with a monthly payment of $625. The total paid for the year ended December 31, 2018 is $7,500.

Office Space - The Organization rents office space on a month to month basis, with a monthly payment of $300. The total paid for the year ended December 31, 2018 is $3,600.

Rent expense for the year ended December 31, 2018 totaled $11,100.

Website Maintenance - The Organization maintains its website on a month to month basis with monthly payments of $1,442. The total paid for the year ended December 31, 2018 is $17,304.

Note 7 – Debt

The Organization entered into a note payable for the principal amount of $60,000 for the purchase of radio equipment. The note is unsecured and non-interest bearing and payable in annual principal payments of $15,000 beginning in 2019.

The aggregate annual maturities are as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$15,000</td>
</tr>
<tr>
<td>2020</td>
<td>15,000</td>
</tr>
<tr>
<td>2021</td>
<td>15,000</td>
</tr>
<tr>
<td>Total</td>
<td>$45,000</td>
</tr>
</tbody>
</table>

Note 8 – Advertising

Advertising expenses totaled $984 for the year ended December 31, 2018.

Note 9 – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through April 29, 2019, which is the date the financial statements were available to be issued.

-See Independent Auditor’s Report-  
-11-
Note 10 – Grants and Contracts/Deferred Revenue

In 2016 the Organization was awarded a grant for $375,000 whose amount is recognized from 2017 through 2020. An amount of $75,000 was recognized as revenue in 2018 and $150,000 was recorded as deferred revenue as of December 31, 2018 from this grant award.

Note 11 – Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet.

<table>
<thead>
<tr>
<th>Financial Assets as of December 31, 2018</th>
<th>$626,764</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less those unavailable for general expenditures within one year due to restrictions</td>
<td>106,525</td>
</tr>
<tr>
<td>Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year</td>
<td>$520,239</td>
</tr>
</tbody>
</table>