

CITY BUREAU NFP

Report on Audited Financial Statements

December 31, 2018

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

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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, 2018 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, 2018 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 blue ink, appearing to read "Manning Silverman & Company", is written across the page.

Manning Silverman & Company
Certified Public Accountants
Lincolnshire, Illinois

November 13, 2019

**CITY BUREAU NFP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

Current Assets:	
Cash	\$ 570,842
Receivables:	
Accounts Receivable	4,409
Grants Receivable	607,500
Prepaid Expenses and Other	<u>1,034</u>
Total Current Assets	<u>1,183,785</u>
Total Assets	<u><u>\$ 1,183,785</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 6,461
Accrued Expenses	<u>5,832</u>
Total Current Liabilities	<u>12,293</u>
Net Assets:	
Without Donor Restrictions	285,737
With Donor Restrictions	<u>885,755</u>
Total Net Assets	<u>1,171,492</u>
Total Liabilities and Net Assets	<u><u>\$ 1,183,785</u></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, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support			
Contributions	\$ 41,726	\$ -	\$ 41,726
Grants	<u>725,903</u>	<u>885,755</u>	<u>1,611,658</u>
Total Support	<u>767,629</u>	<u>885,755</u>	<u>1,653,384</u>
Other Revenue			
Special Events, Net of Direct Expenses of \$13,023	7,470	-	7,470
Program Revenue	63,173	-	63,173
Other Revenue	5,153	-	5,153
Net Assets Released from Restrictions	<u>32,675</u>	<u>(32,675)</u>	<u>-</u>
Total Other Revenue	<u>108,471</u>	<u>(32,675)</u>	<u>75,796</u>
Total Support and Other Revenue	<u>876,100</u>	<u>853,080</u>	<u>1,729,180</u>
Expenses			
Program Services	482,688	-	482,688
Supporting Services:			
Management and General	94,293	-	94,293
Fundraising	<u>51,517</u>	<u>-</u>	<u>51,517</u>
Total Supporting Services	<u>145,810</u>	<u>-</u>	<u>145,810</u>
Total Expenses	<u>628,498</u>	<u>-</u>	<u>628,498</u>
Increase in Net Assets	247,602	853,080	1,100,682
Net Assets, Beginning of Year	<u>38,135</u>	<u>32,675</u>	<u>70,810</u>
Net Assets, End of Year	<u>\$ 285,737</u>	<u>\$ 885,755</u>	<u>\$ 1,171,492</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, 2018**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 265,091	\$ 37,603	\$ 34,595	\$ 72,198	\$ 337,289
Payroll Taxes	22,917	3,331	3,065	6,396	29,313
Employee Benefits	1,085	1,085	998	2,083	3,168
Total Salaries and Related Expenses	289,093	42,019	38,658	80,677	369,770
Contract Services	31,966	4,646	4,275	8,921	40,887
Advertising and Promotion	6,213	903	831	1,734	7,947
Office Expenses	10,033	1,511	1,340	2,851	12,884
Information Technology	18,516	2,691	2,476	5,167	23,683
Dues and Subscriptions	1,370	199	183	382	1,752
Occupancy	5,863	852	784	1,636	7,499
Transportation	9,136	1,328	1,222	2,550	11,686
Travel	11,568	1,681	1,547	3,228	14,796
Conferences and Meetings	536	78	72	150	686
Insurance	968	141	129	270	1,238
Journalist Payments	97,426	-	-	-	97,426
Professional Fees	-	38,244	-	38,244	38,244
Total Expenses	\$ 482,688	\$ 94,293	\$ 51,517	\$ 145,810	\$ 628,498

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, 2018**

Cash Flows from Operating Activities	
Increase in Net Assets	\$ 1,100,682
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:	
Decrease (Increase) in Assets	
Accounts Receivable	15,606
Grants Receivable	(607,500)
Prepaid Expenses and Other	35,426
Increase in Liabilities	
Accounts Payable	3,448
Accrued Expenses	<u>5,832</u>
Net Cash Provided by Operating Activities	<u>553,494</u>
Net Increase in Cash and Cash Equivalents	553,494
Cash and Cash Equivalents, Beginning of Year	<u>17,348</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 570,842</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, 2018**

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.

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.

CITY BUREAU NFP
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2018

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, 2018 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.

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 2015 and thereafter remain subject to examination by the Internal Revenue Service.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The implementation had no impact on previously reported net assets.

CITY BUREAU NFP
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2018

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, Leases. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. During 2019 FASB extended the implementation deadline and the new standard is effective beginning 2020.

Note 3 – Liquidity and Availability of Resources

The Organization has \$296,996 of financial assets available within one year of the statement of financial position date. Net assets of \$885,755 have a purpose and time restriction as of December 31, 2018 and are expected to be collected and expended as follows: \$530,199 within one year and the remaining \$355,556 within two years. 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, 2018, 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	\$ 570,842
Accounts Receivable	4,409
Grants Receivable	607,500
Less: Purpose Restriction	(96,866)
Less: Time Restriction	<u>(788,889)</u>
 Total Available for General Expenditures	 <u>\$ 296,996</u>

Note 4 – Rent

The Organization rents its office facility located at 6100 S. Blackstone Ave, Chicago, Illinois. The lease expires on June 14, 2020. The lease provides for a monthly base rent of \$500 plus an additional \$37.50 for the cost of internet.

The minimum annual rents for leases in effect at December 31, 2018 are as follows:

	<u>Year Ended June 30,</u>	
	2019	\$ 6,450
	2020	<u>3,225</u>
	Total	<u>\$ 9,675</u>

Rent expense, including charges for internet, were \$3,750 during December 31, 2018.

CITY BUREAU NFP
NOTES TO FINANCIAL STATEMENTS (Continued)
DECEMBER 31, 2018

Note 5 – Net Assets with Restrictions

Net assets with restrictions at December 31, 2018 consist of grants for periods subsequent to the dates of the respective year’s financial statements and grants with time and purpose restrictions. Net assets with restrictions at December 31, 2018 are as follows:

Grantor	Beginning Balance	Amount	Expended	Ending Balance
MacArthur Foundation	\$ -	\$ 600,000	\$ -	\$ 600,000
Democracy Fund	-	188,889	-	188,889
Joyce Foundation	-	75,000	(21,866)	96,866
	<u>\$ -</u>	<u>\$ 863,889</u>	<u>\$ (21,866)</u>	<u>\$ 885,755</u>

Note 6 – Subsequent Events

Subsequent events have been evaluated through November 13, 2019 which is the date the financial statements were available to be issued. There are no subsequent events requiring recognition and/or disclosure in the financial statements.