The 19th News

Financial Statements as of and for the Year Ended December 31, 2022 and Independent Auditors' Report

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Independent Auditors' Report

To the Board of Directors of
The 19th News:

Opinion

We have audited the accompanying financial statements of The 19th News (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 the Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Maxwell Locke & Ritter LLP

Austin, Texas
October 2, 2023

The 19th News

Statement of Financial Position
December 31, 2022

Assets	
Current assets:	
Cash and cash equivalents	$ 13,184,614
Investments	91,324
Accounts receivable	151,261
Current portion of contributions receivable, net	6,922,009
Prepaid expenses and other current assets	66,472
Total current assets	20,415,680
Contributions receivable, net	3,951,850
Property and equipment, net	161,260
Operating lease right-of-use asset	289,771
Other assets	19,933
Total	$ 24,838,494
Liabilities and Net Assets	
Current liabilities:	
Accounts payable and accrued expenses	$ 48,991
Current portion of operating lease obligation	150,834
Total current liabilities	199,825
Operating lease obligations, net of current portion	143,179
Total liabilities	343,004
Net assets:	
Without donor restrictions	10,431,231
With donor restrictions	14,064,259
Total net assets	24,495,490
Total	$ 24,838,494

See notes to financial statements.

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Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions and grants	$ 3,774,055	6,179,134	9,953,189
Sponsorships and events	923,552	-	923,552
Membership contributions	443,193	-	443,193
Interest income	52,135	-	52,135
Investment loss, net	(6,932)	-	(6,932)
Net assets released from restrictions	5,218,197	(5,218,197)	-
Total revenues and net assets released from restrictions	10,404,200	960,937	11,365,137
Expenses:			
Program services	6,028,084	-	6,028,084
Supporting services:			
Management and general	1,216,532	-	1,216,532
Fundraising	1,025,501	-	1,025,501
Total expenses	8,270,117	-	8,270,117
Change in net assets	2,134,083	960,937	3,095,020
Net assets, beginning of year	8,297,148	13,103,322	21,400,470
Net assets, end of year	$ 10,431,231	14,064,259	24,495,490

See notes to financial statements.

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Statement of Functional Expenses
Year Ended December 31, 2022

	Program services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Personnel	$ 4,938,158	881,826	927,639	6,747,623
Information technology	229,432	33,548	11,503	274,483
Contract services	227,382	14,333	12,000	253,715
Occupancy	123,070	125,499	49	248,618
Travel and meals	179,159	28,631	34,645	242,435
Events	189,810	13,080	2,967	205,857
Depreciation	82,733	9,922	-	92,655
Office	21,978	23,770	186	45,934
Marketing and advertising	36,135	5,151	1,288	42,574
Bank service and platform charges	-	4,860	30,784	35,644
Legal services	-	28,107	-	28,107
Insurance	227	26,805	-	27,032
Accounting services	-	21,000	-	21,000
Bad debt	-	-	4,440	4,440
	$ 6,028,084	1,216,532	1,025,501	8,270,117

See notes to financial statements.

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Statement of Cash Flows
Year Ended December 31, 2022

Cash Flows from Operating Activites:	
Change in net assets	$ 3,095,020
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	92,655
Bad debt expense	4,440
Donated stock	(49,245)
Realized/unrealized loss on investments	7,906
Non-cash lease expense	152,294
Changes in assets and liabilities that provided (used) cash:	
Accounts receivable	(22,593)
Contributions receivable, net	(164,472)
Prepaid expenses and other current assets	33,922
Accounts payable and accrued expenses	(99)
Deferred revenue	(135,000)
Operating lease obligation	(148,052)
Net cash provided by operating activities	2,866,776
Cash Flows from Investing Activities:	
Purchases of property and equipment	(104,899)
Proceeds from sale of investments	30,217
Net cash used in investing activities	(74,682)
Net change in cash and cash equivalents	2,792,094
Cash and cash equivalents, beginning of year	10,392,520
Cash and cash equivalents, end of year	$ 13,184,614
Supplemental Noncash Disclosure-	
Operating lease obligations resulting from the addition of right-of-use assets	$ 439,251

See notes to financial statements.

1. Organization

The 19th News (the "Organization") was incorporated on August 1, 2019 as an independent, nonprofit news organization reporting on gender, politics, and policy. The Organization's mission is to empower those we serve, particularly women, women of color and the LGBTQ+ community, with the information, resources, and community they need to be equal participants in our democracy. The Organization publishes stories via its own website (www.19thnews.org), social media platforms (including Instagram, Facebook, Twitter, and LinkedIn), email newsletters and partner platforms.

The Organization is focused on building an audience and supporting its members by providing:

- Deep-dive, evidence-based reporting that exposes gender inequity and injustice and reveals surprising and original stories on the issues that most deeply affect our readers' lives.
- Free-to-consume and free-to-republish journalism that reimagines politics and policy coverage through a gender lens. The Organization's stories have appeared in dozens of print, online and broadcast media outlets across the country.
- A digital platform for civil conversations and community, and live events that bring our readers into direct contact with experts, community leaders and elected officials.
- A newsroom that reflects the diversity of American voters and is devoted to covering everyone with empathy.

2. Summary of Significant Accounting Policies

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Classification of Net Assets - Net assets, revenues, gains, losses, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions **-** These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Net assets without donor restrictions are those currently available for use by the Organization or at the discretion of the Board of Directors (the "Board") for the Organization's use.

With Donor Restrictions **-** These net assets are subject to donor-imposed stipulations, which limit their use by the Organization to a specific purpose and/or the passage of time, or which require them to be maintained permanently.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 **-** Inputs based on quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 **-** Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 **-** Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - The Organization considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents.

Investments - Investments are reported at fair value in the statement of financial position. Investment transactions are recorded on the trade date and investment income is recorded in the statement of activities when earned. Investment income includes interest, dividends, and realized and unrealized gains and losses. Realized gains and losses are recorded as the difference between historical cost and the proceeds earned from the sale of an investment. Unrealized gains and losses are recorded for the change in fair value of investments between reporting periods. This activity is reported as investment income in the statement of activities and is recorded net of related investment expenses.

Accounts Receivable - Accounts receivable consist of sponsorship and event receivables, and other receivables that arise in the normal course of operations. The Organization regularly adjusts any allowance for subsequent collections and final determination that an account receivable is no longer collectible. As of December 31, 2022, there was no allowance for doubtful accounts as management deemed all outstanding balances to be collectible.

Contributions receivable - Unconditional promises to give are recorded at the amount the Organization expects to receive from donors. Promises to give are recorded at fair value if expected to be collected within one year and at net present value if expected to be collected in more than one year. Although the Organization has not historically experienced significant uncollectible amounts, an allowance for uncollectible contributions receivable has been established. The Organization records a discount to reflect the present value of contributions receivable using approximate market rates applicable to the years in which the pledge is included in contribution revenue (Note 5).

Concentrations of Credit Risk - Financial instruments which potentially subject the Organization to credit risk consist of cash and cash equivalents, investments, and receivables. The Organization places its cash and cash equivalents with a limited number of high-quality financial institutions and at times may exceed the amount of insurance provided on such deposits. Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statement of financial position. Two donors accounted for 46% of contributions receivable as of December 31, 2022. The Organization generally does not maintain collateral for its promises to give. One donor accounted for 30% of contributions and grants revenue during the year ended December 31, 2022.

Property and Equipment - Purchases of property and equipment are capitalized at cost if purchased and at fair market value on the date of receipt if donated. The Organization capitalized all acquisitions of property and equipment in excess of $5,000. Repairs and maintenance costs are charged to expense as incurred. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets, which range from two to seven years.

Change in Accounting Principle for Recently Adopted Accounting Pronouncements - In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for leases under Topic 840, *Leases*. The standard requires the recognition of right-of-use ("ROU") assets and lease liabilities for all leases, including operating leases. The Organization adopted ASU No. 2016-02, as amended ("Topic 842"), on January 1, 2022, using a modified retrospective approach. The Organization elected the package of practical expedients at the time of adoption which allowed entities to: (1) not reassess whether any expired or existing contracts were or contained leases; (2) retain the existing classification of lease contracts as of the date of adoption; and (3) not reassess initial direct costs for any existing leases. The Organization also elected to use hindsight with respect to lease renewals and purchase options when determining the lease term and in assessing potential impairment of ROU assets and to apply a single discount rate to portfolios of leases. Adoption of the standard required the Organization to restate amounts as of January 1, 2022, resulting in an increase in operating ROU assets and operating lease obligations of $439,251. The accounting for finance leases remained substantially unchanged. The adoption did not have a significant impact on the Organization's statement of activities**.**

In September 2020, the FASB issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* to improve transparency of contributed nonfinancial assets for nonprofit entities through enhancements to presentation and disclosure. The update requires that contributed nonfinancial assets are presented separately in the consolidated statements of activities. New disclosures are also required to disaggregate contributed nonfinancial assets by category type and other qualitative information about utilization, policies, and valuation techniques. The update is applied retrospectively and is effective for years beginning after June 15, 2021. The Organization adopted ASU 2020-07 effective January 1, 2022. There was no material impact to the financial statements as a result of the adoption.

Leases - The Organization leases office space under a noncancelable long-term lease agreement. Management assesses contracts at inception to determine whether an arrangement is or includes a lease, which conveys the Organization's right to control the use of an identified asset for a period of time in exchange for consideration. A determination is made at inception as to whether the lease is an operating lease or a finance lease, and lease determinations are reassessed in the event of a change in lease terms. ROU assets and the associated liabilities are recognized at the commencement date and initially measured based on the present value of future minimum lease payments over the expected lease term, with ROU assets increased for initial direct costs and prepaid lease payments and reduced by any lease incentives received from the lessor.

The majority of the Organization's lease agreements do not explicitly state the discount rate implicit in the lease; therefore, the Organization elects to use a risk-free rate to determine the value of its lease obligations when the implicit rate is not readily determinable. Leases with an initial term of twelve months or less are classified as short-term leases and are not recognized in the statement of financial position unless the lease contains a purchase option that is reasonably certain to be exercised. Lease payments for short-term leases are recognized on a straight-line basis over the lease term.

Lease agreements may include periodic adjustments to payment amounts for inflation or other variables, or may require payments for taxes, insurance, maintenance or other expenses, which are generally referred to as non-lease components. The Organization elects the practical expedient to account for non-lease components together with the related lease components for all classes of leased assets. Certain lease agreements include renewal options to extend the lease term. Management assesses these options using a threshold of reasonably certain, which is a high threshold; therefore, the Organization's lease agreements do not generally include renewal periods for the measurement of the ROU asset and the associated lease liability. Lease term, discount rate, variable lease costs and future minimum lease payment determinations require the use of judgment and are based on the facts and circumstances of each lease. Economic incentives, intent, past history and business need are among the factors considered to determine if renewal and/or purchase options are reasonably certain to be exercised. The Organization's lease agreements do not contain residual value guarantees, restrictions, or covenants.

Operating lease expense is recorded as occupancy expense over the term of the lease on a straight-line basis. Fixed costs for operating leases are composed of initial base rent amounts plus any fixed annual increases. Variable costs for operating leases consist primarily of common area maintenance and taxes under the office leases.

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicated that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset exceeds fair value, if the carrying amount of the asset is not recoverable. Management believes there has been no impairment of such assets as of December 31, 2022.

Contributions and Grants Revenue Recognition - The Organization considers membership revenue to be contributions. The Organization recognizes contributions when cash, securities, other assets, or unconditional promises to give are received. All contributions are recorded at their fair value and are considered to be available for operations of the Organization unless specifically restricted by the donor. Unconditional promises to give cash and other assets are reported as net assets with donor restrictions, if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related restricted net assets are reclassified to net assets without donor restrictions. This is reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire within the fiscal year in which the contributions are received. Conditional promises to give, defined as those with a measurable performance or other barrier and a right to return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Revenue Recognition - Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services by following a five-step process: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Organization satisfies a performance obligation. Revenue from sponsorships and events are recognized when services are provided. Funds received in advance (for an exchange transaction prior to the performance obligation being satisfied) are recorded as deferred revenue in the statements of financial position.

Donated Services and Goods - Contributions of services are recognized at their estimated fair value if the services received (a) create or enhance non-financial assets and (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value on the date of receipt. The Organization did not receive any donated services or goods for the year ended December 31, 2022.

Advertising Costs - Advertising costs are expensed as incurred. Advertising expense was $38,968 for the year ended December 31, 2022.

Federal Income Taxes - The Organization is a nonprofit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except as it relates to certain unrelated business income. The Organization did not incur any significant tax liabilities due to unrelated business income during the year ended December 31, 2022. The Organization files Form 990 tax returns in the U.S. federal jurisdiction and is subject to routine examinations of its returns; however, there are no examinations currently in progress.

Functional Allocation of Expenses - The Organization allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure. Costs that are common to several functions are allocated among the program and supporting services on the basis of time and effort and estimates made by the Organization's management.

3. Liquidity and Availability of Financial Assets

The Organization's financial assets available for general expenditures within one year at December 31, 2022, consisted of the following:

Cash and cash equivalents	$ 13,184,614
Investments	91,324
Accounts receivable	151,261
Promises to give, due in one year	6,922,009
Total financial assets available within one year	20,349,208
Less: amounts unavailable for general expenditure within one year- Contributions receivable with donor restriction due to Journalism Fellowship and Editorial	(2,137,000)
Total amount available for general expenditure within one year	$ 18,212,208

4. Investments

Investments consisted of the following as of December 31, 2022:

Investments:		
Certificates of deposit	$	50,088
Mutual funds		28,268
Common stock		12,968
Total investments	$	91,324

All investments were valued using the market approach using Level 1 inputs under the fair value hierarchy.

5. Contributions receivable

The Organization considers net assets with donor designations for general budget, editorial, and educational expenditures as available for use within the next twelve months. Grants and pledges receivable at December 31, 2022 consisted of the following:

Amounts due in:		
Less than one year	$	6,922,009
One to five years		4,179,300
		11,101,309
Less allowance for doubtful accounts		(23,880)
Less discount to net present value		(203,570)
Total contributions receivable, net	$	10,873,859

The present value of estimated future cash flows was calculated using a discount rate of 4.22% as of December 31, 2022.

6. Property and Equipment

Property and equipment consisted of the following as of December 31, 2022:

Website	$	248,200
Furniture and equipment		117,943
Equipment		4,978
		371,121
Less accumulated depreciation and amortization		(209,861)
Total property and equipment, net	$	161,260

7. Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2022:

Temporarily donor-restricted net assets:	
Timing restrictions	$ 8,129,001
Journalism Fellowship	3,326,688
Editorial	2,608,570
Total	$ 14,064,259

8. Leases

The following is a summary of the Organization's lease expense for the year ended December 31, 2022:

Operating lease expense	$ 152,294
Variable lease expense including common area maintenance	79,505
Total	$ 231,799

Future minimum lease payments due under long-term lease agreements in which the Organization is the lessee, excluding payments for real estate taxes and common area maintenance, as of December 31, 2022 were as follows:

2023	$ 152,492
2024	143,646
Total minimum lease payments	296,138
Less amounts representing interest	(2,125)
Present value of minimum lease payments	294,013
Less current portion of lease obligations	(150,834)
Lease obligations, net of current portion	$ 143,179

As of December 31, 2022, operating leases had a weighted average remaining lease term of 1.92 years and a weighted average discount rate of 0.78%.

9. Retirement Plan

Effective February 1, 2020, the Organization established a defined contribution 401(k) retirement plan (the "Plan") for eligible employees. The Plan is an IRS Safe Harbor plan and is administered by a third-party administrator. The Organization makes discretionary employer matching contributions up to 3.5% of the eligible employee's wages. During the year ended December 31, 2022, the Organization contributed $161,742 to the Plan.

10. Related Party Transactions

Certain members of the Board of Directors contributed $53,043 to the Organization during the year ended December 31, 2022, with $4,455,000 included in outstanding pledges receivable as of December 31, 2022.

11. Subsequent Events

The Organization has evaluated subsequent events through October 2, 2023 (the date the financial statements were available to be issued), and no events have occurred from the statement of financial position date through that date that would impact the financial statements.