

THE GROUNDTRUTH PROJECT, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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**THE GROUNDTRUTH PROJECT, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The GroundTruth Project, Inc.
Boston, Massachusetts

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The GroundTruth Project, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 GroundTruth Project, Inc. as of December 31, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The GroundTruth Project, Inc. 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.

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 GroundTruth Project, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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 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 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 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 GroundTruth Project, Inc.'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 GroundTruth Project, Inc.'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.



CliftonLarsonAllen LLP

Boston, Massachusetts
June 22, 2023

**THE GROUNDTRUTH PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,059,285	\$ 3,570,119
Contributions Receivable, Due in One Year	5,113,178	5,318,261
Other Receivables	344,477	-
Host Newsroom Contracts	882,327	799,007
Investments	-	20,214
Other Current Assets	60,066	91,458
Total Current Assets	<u>8,459,333</u>	<u>9,799,059</u>
OTHER ASSETS		
Property and Equipment, Net	-	14,276
Contributions Receivable , Net of Amounts Due in One Year	873,333	3,164,500
Total Assets	<u>\$ 9,332,666</u>	<u>\$ 12,977,835</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 153,870	\$ 91,842
Funds Designated for Specific Use	551,333	1,019,600
Other Current Liabilities	917,857	596,026
Total Liabilities	<u>1,623,060</u>	<u>1,707,468</u>
NET ASSETS		
Without Donor Restrictions	500,995	1,441,407
With Donor Restrictions	7,208,611	9,828,960
Total Net Assets	<u>7,709,606</u>	<u>11,270,367</u>
Total Liabilities and Net Assets	<u>\$ 9,332,666</u>	<u>\$ 12,977,835</u>

See accompanying Notes to Financial Statements.

THE GROUNDTRUTH PROJECT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 1,410,737	\$ 7,346,536	\$ 8,757,273
Other Revenue	347,307	-	347,307
Contributed Nonfinancial Assets	126,438	-	126,438
Net Assets Released from Restrictions	9,966,885	(9,966,885)	-
Total Revenue, Support, and Gains	11,851,367	(2,620,349)	9,231,018
EXPENSES			
Program Services Expense	10,400,896	-	10,400,896
Management and General	1,827,934	-	1,827,934
Fundraising and Development	562,949	-	562,949
Total Expenses	12,791,779	-	12,791,779
CHANGE IN NET ASSETS	(940,412)	(2,620,349)	(3,560,761)
Net Assets - Beginning of Year	1,441,407	9,828,960	11,270,367
NET ASSETS - END OF YEAR	\$ 500,995	\$ 7,208,611	\$ 7,709,606

See accompanying Notes to Financial Statements.

THE GROUNDTRUTH PROJECT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Contributions	\$ 1,205,248	\$ 11,514,593	\$ 12,719,841
Other Revenue	7,089	-	7,089
Contributed Nonfinancial Assets	69,067	-	69,067
Net Assets Released from Restrictions	10,301,963	(10,301,963)	-
Total Revenue, Support, and Gains	11,583,367	1,212,630	12,795,997
EXPENSES			
Program Services Expense	9,324,088	-	9,324,088
Management and General	1,187,673	-	1,187,673
Fundraising and Development	821,236	-	821,236
Total Expenses	11,332,997	-	11,332,997
CHANGE IN NET ASSETS	250,370	1,212,630	1,463,000
Net Assets - Beginning of Year	1,191,037	8,616,330	9,807,367
NET ASSETS - END OF YEAR	\$ 1,441,407	\$ 9,828,960	\$ 11,270,367

See accompanying Notes to Financial Statements.

THE GROUNDTRUTH PROJECT, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			
	Program Services	Management and General	Fundraising and Development	Total
Salaries and Benefits	\$ 3,513,582	\$ 1,373,971	\$ 423,630	\$ 5,311,183
Fellows and Corps Members	5,296,306	-	-	5,296,306
Contractors and Consultants	755,849	50,477	18,262	824,588
General Operating Expenses	380,983	72,390	41,813	495,186
Travel, Meals, and Entertainment	171,497	37,361	34,442	243,300
Professional Services	183,025	258,697	33,634	475,356
Rent Expense	56,535	20,753	6,615	83,903
Depreciation and Amortization	9,620	3,531	1,125	14,276
Insurance Expense	33,499	10,754	3,428	47,681
Total Expenses	\$ 10,400,896	\$ 1,827,934	\$ 562,949	\$ 12,791,779
	2021			
	Program Services	Management and General	Fundraising and Development	Total
Salaries and Benefits	\$ 3,446,730	\$ 904,838	\$ 772,470	\$ 5,124,038
Fellows and Corps Members	4,908,693	-	-	4,908,693
Contractors and Consultants	269,411	1,262	4,536	275,209
General Operating Expenses	281,138	58,645	14,422	354,205
Travel, Meals, and Entertainment	30,660	4,290	2,140	37,090
Professional Services	269,639	167,484	25,075	462,198
Rent Expense	84,224	36,569	1,854	122,647
Depreciation and Amortization	12,781	5,549	281	18,611
Insurance Expense	20,812	9,036	458	30,306
Total Expenses	\$ 9,324,088	\$ 1,187,673	\$ 821,236	\$ 11,332,997

See accompanying Notes to Financial Statements.

THE GROUNDTRUTH PROJECT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (3,560,761)	\$ 1,463,000
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	14,276	18,611
Contributed stock	-	(19,320)
Realized and Unrealized (Losses) Gains on Investments	3,833	(894)
Changes in Operating Assets and Liabilities:		
Contributions Receivable	2,496,250	(3,054,202)
Other Receivables	(344,477)	-
Host News Room Contracts	(83,320)	(86,707)
Other Current Assets	31,392	6,115
Accounts Payable	62,028	(129,011)
Funds Designated for Specific Use	(468,267)	469,945
Other Current Liabilities	321,831	40,871
Net Cash Used by Operating Activities	(1,527,215)	(1,291,592)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	16,381	-
Net Cash Provided by Investing Activities	16,381	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,510,834)	(1,291,592)
Cash and Cash Equivalents - Beginning of Year	3,570,119	4,861,711
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,059,285	\$ 3,570,119

See accompanying Notes to Financial Statements.

THE GROUNDTRUTH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 ORGANIZATION AND PURPOSE

The GroundTruth Project, Inc. (the Organization), a nonprofit corporation, was founded to restore journalism from the ground up by supporting the next generation of journalists through field reporting that serves under-covered corners of the United States and the world. The Organization focuses on training and developing the craft of journalism and the power of accountability reporting. While meeting the challenges of communicating fair, trusted news in an age where it sometimes feels truth itself is under attack, the Organization seeks to support on-the-ground journalism that enlightens and informs with a spirit of public service.

The Organization's programs build an engaged community around impactful journalism and powerful storytelling by a new generation, while supporting their careers as fellows, corps members and alumni. Since incorporation on August 8, 2012, the Organization has supported more than 475 emerging journalists through its global reporting fellowships across more than 30 countries. In 2018, GroundTruth launched its flagship service program Report for America which now supports 310 journalists in 200 newsrooms across the US. In 2021, GroundTruth launched a small pilot program called Report for the World, currently with 30 journalists based eight countries. The Organization trains and produces content in its fellowships and corps members through various mediums including written essays, photo essays, podcasts, and films as well as corps member service projects through its service flag-ship program, Report for America.

The GroundTruth Project, Inc. expended over 81% of its funding on programmatic expenses in 2022. Within those programmatic expenses, over 51% of those costs directly supported Fellows and Corps Members. In addition, The GroundTruth Project, Inc. incurred 40% of its programmatic expenses from staff and contractors who support those program participants by interviewing and matching those Fellows and Corps Members to the right Host News Organizations, training, and mentoring them, creating and maintaining program infrastructure, and fundraising in the communities where Fellows and Corps Members work in order to ensure they have a successful educational and journalistic experience.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

THE GROUNDTRUTH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Display of Net Assets by Class

Net assets, revenues, and support are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are available for use in general operations and not subject to donor-imposed stipulations.

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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purposes for which the resources was restricted has been fulfilled, or both. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintain in perpetuity. For the years-ended December 31, 2022 and 2021, there were no net assets with donor restrictions maintained in perpetuity.

Subsequent Events

Subsequent events have been evaluated through June 22, 2023, which is the date that the financial statements are available to be issued. The following subsequent event was identified by the Organization:

- One of the Organization's programs, Rebuild Local News, was established as an independent entity during January 2023, which will impact the Organization's programs and will result in transition of certain grant funding.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are not restricted by donors for long-term purposes, to be cash and cash equivalents.

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. The Organization establishes an allowance for uncollectible contributions receivable based upon its assessment of the status of individual receivables. As of December 31, 2022 and 2021, the Organization considers all contributions receivable to be fully collectible. Accordingly, no allowance has been established. All of the Organization's contributions receivable are unconditional.

Investments

Investments are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**THE GROUNDTRUTH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Designated for Specific Use

Host newsrooms participating in the Report for America corps program may raise their own funding for their News Corps members. The Organization receives locally raised funds, which is reflected as a liability until it is disbursed to the newsrooms.

Property and Equipment

Property and equipment are recorded at cost. Assets having a useful life of at least one year are capitalized if the total cost is over \$2,000. Donated property is recorded at its estimated fair value at the date of receipt. Gifts of long-lived assets are recorded at their fair market value at the date of donation and reported as unrestricted support unless explicit donor stipulations specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Equipment	3 Years
Website	3 Years

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

	2022	2021
Equipment	\$ 33,295	\$ 33,295
Website	144,199	144,199
Subtotal	177,494	177,494
Less: Accumulated Depreciation and Amortization	(177,494)	(163,218)
Total Property and Equipment	\$ -	\$ 14,276

Revenue and Revenue Recognition

The Organization receives grants and contributions from various donors and grantors, including other nonprofit organizations, which are recorded as increases in assets without donor restrictions or assets with donor restrictions, depending on the existence of any donor restrictions. Grants and contributions are considered to be available for use unless specifically restricted by the donor or grantor.

All donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires (that is, when a 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 statement of activities as net assets released from restrictions.

THE GROUNDTRUTH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Expenses directly attributable to the Organization's programs are recorded as program expenses. Salaries and benefits are allocated to program, management, and general, and fundraising expense based on actual hours spent as reported on employees' timesheets. Indirect costs, such as rent, professional and consulting services, depreciation expense, and certain office expenses are allocated based on pro-rata share of salaries for each function.

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Income Taxes

The GroundTruth Project, Inc. is exempt from federal and state income taxes under Section 501(c)(3) of the United States Internal Revenue Code (IRS) and, as a corporation organized under Chapter 180 of the General Law of the Commonwealth of Massachusetts, it is also exempt from income tax in Massachusetts. Accordingly, no provisions for federal and state income taxes have been made.

**THE GROUNDTRUTH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities* (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Asset*, as amended, that requires nonprofit entities to present contributed nonfinancial assets as a separate line item on the statement of activities, apart from contributions of cash and other financial assets and to provide additional disclosures to disaggregate the amount of contributed nonfinancial assets recognized to include type, qualitative information about whether contributed nonfinancial assets were either monetized or utilized during the reporting period, description of the programs utilizing the assets, description of any donor-imposed restrictions and description of valuation techniques. The Agency adopted ASU No. 2020-07 in fiscal year 2022.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization did not have any leases within the scope of *Accounting Standards Codification 842*, and therefore the standard was not implemented in 2022.

NOTE 3 AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs. The Organization also has access to a line of credit to supplement cash flows as needed, as described in Note 7.

The Organization's sources of liquidity include cash and cash equivalents and contributions receivable. For the purpose of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities to be general expenditures.

Total financial assets held by the Organization as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 2,059,285	\$ 3,570,119
Contributions Receivable Within One Year	5,113,178	5,318,261
Subtotal	<u>7,172,463</u>	<u>8,888,380</u>
Less Funds Designated for Specific Use Included in Cash and Cash Equivalents	<u>(551,333)</u>	<u>(1,019,600)</u>
Total	<u>\$ 6,621,130</u>	<u>\$ 7,868,780</u>

THE GROUNDTRUTH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 4 CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable are due as follows at December 31:

	<u>2022</u>	<u>2021</u>
Within One Year	\$ 5,113,178	\$ 5,318,261
In One to Five Years	873,333	3,164,500
Total	<u>\$ 5,986,511</u>	<u>\$ 8,482,761</u>

NOTE 5 INVESTMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. There were no such assets or liabilities at December 31, 2022. The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments at Fair Value:				
Exchange Traded Funds	\$ 9,820	\$ 9,820	\$ -	\$ -
Equities	10,394	10,394	-	-
Total Investments at Fair Value	<u>\$ 20,214</u>	<u>\$ 20,214</u>	<u>\$ -</u>	<u>\$ -</u>

During 2022, realized losses on investments totaled \$3,833 and are included in Other Income. During 2021, the Organization recognized \$84 of dividends and \$894 of realized gains and are included in Other Income.

NOTE 6 HOST NEWSROOMS CONTRACTS AND COMMITMENTS

In connection with the Organization's mission, the Organization provides grants to host newsrooms to support Report for America and Report for the World corps members at those newsrooms. As of December 31, 2022 and 2021, the Organization had prepayments on those contracts totaling \$882,327 and \$799,007, respectively.

The Organization is committed to funding current corps members under those contracts through May 31, 2023, with expected payments to approximate \$1,447,993.

NOTE 7 LINE OF CREDIT

On September 27, 2019, the Organization entered into a line of credit agreement with a bank, expiring in December 2023. The line of credit includes an available balance of \$1,000,000, bears interest at the BSBY Daily Floating Rate plus 3.00% (7.34% and 3.14% at December 31, 2022 and 2021, respectively) and is collateralized by the Organization's assets.

**THE GROUNDTRUTH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 8 CONCENTRATION OF CREDIT RISK

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts.

Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from board members foundations, and other grantors supportive of the Organization's mission. For the year ended December 31, 2022, four donors accounted for 58% of total contributions receivable. Three donors accounted for approximately 33% of total contribution revenue for the year ended December 31, 2022. For the year ended December 31, 2021, two donors accounted for 34% of total contributions receivable. One donor accounted for approximately 16% of total contribution revenue for the year ended December 31, 2021.

NOTE 9 LEASES

The Organization leases office space under various short-term arrangements. The Organization leases office space in Woods Hole, MA at a rate of \$1,000 per month. The lease may be terminated by either party no earlier than the end of the calendar month following the date of written notice. The Organization leased office space in New York, NY through August 31, 2022, at a rate of \$5,088 per month.

Security deposits related to the above leases are included in other current assets and amounted to \$12,720 at December 2021. There were no security deposits as of December 31, 2022. Rent expense for the above leases totaled \$40,192 and \$78,937 for the years ended December 31, 2022 and 2021, respectively. In addition, the Organization recorded rent expense related to donated office space in Boston, Massachusetts totaling \$43,710, as described in Note 11, for both years ended December 31, 2022 and 2021.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions not invested in perpetuity are available for the following purposes at December 31:

	2022	2021
Subject to Expenditure for Specified Program Purposes:	<u>\$ 5,741,944</u>	<u>\$ 8,528,960</u>
Total	5,741,944	8,528,960
Subject to the Passage of Time:		
Promises to Give that are not Restricted by Donors, But Which are Unavailable for Expenditure Until Due	<u>1,466,667</u>	<u>1,300,000</u>
Total	<u>1,466,667</u>	<u>1,300,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 7,208,611</u>	<u>\$ 9,828,960</u>

**THE GROUNDTRUTH PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2022	2021
Expiration of Time Restrictions	\$ 500,000	\$ 500,000
Satisfaction of Purpose Restrictions:		
Capacity Building/Overhead	248,624	1,461,662
Journalistic Content	40,470	331,961
Rebuild Local News Initiative	477,498	279,350
Report for the World	439,478	91,028
Report for America	8,260,815	7,637,962
Total Net Assets Released from Donor Restrictions	<u>\$ 9,966,885</u>	<u>\$ 10,301,963</u>

NOTE 11 DONATED PROFESSIONAL SERVICES AND GOODS

The Organization received the following donated professional services and goods during the years ended December 31 without donor restrictions, which were utilized in the following functions:

	Program Services	Management and General	Fundraising and Development	Total
<u>December 31, 2022</u>				
Rent	\$ 29,453	\$ 10,811	\$ 3,446	\$ 43,710
Legal Services	28,781	24,800	3,368	56,949
Corps Members	25,779	-	-	25,779
Total	<u>\$ 84,013</u>	<u>\$ 35,611</u>	<u>\$ 6,814</u>	<u>\$ 126,438</u>
<u>December 31, 2021</u>				
Rent	\$ 30,016	\$ 13,033	\$ 661	\$ 43,710
Legal Services	17,413	7,561	383	25,357
Total	<u>\$ 47,429</u>	<u>\$ 20,594</u>	<u>\$ 1,044</u>	<u>\$ 69,067</u>

The Organization utilized the following valuation techniques in determining the fair value of the donated goods and services noted above:

Rent: Based on the estimated fair value on the basis of comparable rental prices in the Boston area to determine the market value of space donated for use.

Legal Services: Based on the hourly rate of the professionals providing such services.

Corps Members: Based on the amount paid by a third-party to the corps members for their time spent on the Organization's program.

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NOTE 12 EMPLOYEE BENEFIT PLAN

The Organization sponsors a retirement plan (the Plan) qualified under Internal Revenue Code Section 403(b) that allows eligible employees to make elective contributions to the Plan, up to the maximum contribution allowed by law. Employer contributions are discretionary and are determined and authorized by the board of directors each plan year. During the year ended December 31, 2022, a contribution of \$45,922 was approved and accrued. During 2021, no discretionary contributions were made to the Plan.

NOTE 13 RELATED PARTY TRANSACTIONS

In 2018, the Organization received a \$1,000,000 unconditional contribution from a foundation for which a director serves as the chief executive officer. For the year ended December 31, 2021, \$400,000 was included in contributions receivable related to this contribution. During 2022, the Organization received a \$1,000,000 unconditional contribution from this director, of which \$866,667 was included in contributions receivable.

In 2018, the Organization received a \$250,000 unconditional contribution from a board member, of which \$0 and \$50,000 was included in contributions receivable at December 31, 2022 and 2021, respectively.

The Organization received in-kind legal services from a director totaling \$55,918 and \$16,221 for the years ended December 31, 2022 and 2021, respectively.

The chief executive officer of The GroundTruth Project, Inc. and the president of Report for America, who receive compensation and benefits for their services, also served on the board of directors during 2022 and 2021.

In 2022 and 2021, there were \$15,000 and \$85,000 in contributions received from board members of which there was no balance remaining at December 31, 2022 or 2021.

NOTE 14 EMPLOYEE RETENTION CREDITS

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The Employee Retention Credit (ERC) was introduced as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), which was signed into law on March 27, 2020. The ERC is a refundable tax credit against certain wages paid by an eligible employer. The Organization complied with the conditions of ERC funding and received income of \$342,339 during 2022, which is included other revenue and other receivable for the year ended December 31, 2022.