

Chalkbeat, Inc.

Financial Statements

June 30, 2020 and 2019

Independent Auditors' Report

Board of Directors Chalkbeat, Inc.

We have audited the accompanying financial statements of Chalkbeat, Inc. ("Chalkbeat"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and change in net assets, functional expenses and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those 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 auditors' 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 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, 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 Chalkbeat, Inc. as of June 30, 2020 and 2019, 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.

Disclaimer of Opinion on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of financial position by bureau and statement of activities and change in net assets by bureau, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

PKF O'Connor Davies, LLP

November 13, 2020

Chalkbeat, Inc.

Statements of Financial Position

	June 30	
	2020	2019
ASSETS		
Cash	\$ 3,328,003	\$ 3,325,961
Certificates of deposit	407,524	400,000
Grants receivable, net	2,138,095	2,257,738
Accounts receivable	63,312	62,825
Prepaid expenses	184,065	104,971
Other assets	45,475	37,125
	<u>\$ 6,166,474</u>	<u>\$ 6,188,620</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Liabilities		
Accounts payable and accrued expenses	\$ 71,528	\$ 90,624
Refundable advance	404,305	-
Deferred revenue	30,450	18,600
Total Liabilities	<u>506,283</u>	<u>109,224</u>
Net Assets (Deficit)		
Without donor restrictions	689,782	1,163,906
With donor restrictions	4,970,409	4,915,490
Total Net Assets	<u>5,660,191</u>	<u>6,079,396</u>
	<u>\$ 6,166,474</u>	<u>\$ 6,188,620</u>

See notes to financial statements

Chalkbeat, Inc.

Statements of Activities and Change in Net Assets

	Year Ended June 30					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Sponsorships and reader services	\$ 405,807	\$ -	\$ 405,807	\$ 345,261	\$ -	\$ 345,261
Foundations grants	1,044,603	4,709,100	5,753,703	753,275	5,239,604	5,992,879
Government grant	703,923	-	703,923	-	-	-
Individuals donations, including donated services and materials of \$305,808 and \$310,887 in 2020 and 2019	868,721	-	868,721	844,815	-	844,815
Other revenue	18,818	-	18,818	6,750	-	6,750
Net assets released from restrictions	4,654,181	(4,654,181)	-	4,800,473	(4,800,473)	-
Total Support and Revenue	<u>7,696,053</u>	<u>54,919</u>	<u>7,750,972</u>	<u>6,750,574</u>	<u>439,131</u>	<u>7,189,705</u>
EXPENSES						
Program services	5,806,550	-	5,806,550	4,896,799	-	4,896,799
Management and general	1,544,458	-	1,544,458	818,350	-	818,350
Fundraising	819,169	-	819,169	640,573	-	640,573
Total Expenses	<u>8,170,177</u>	<u>-</u>	<u>8,170,177</u>	<u>6,355,722</u>	<u>-</u>	<u>6,355,722</u>
Change in Net Assets	(474,124)	54,919	(419,205)	394,852	439,131	833,983
NET ASSETS						
Beginning of year	<u>1,163,906</u>	<u>4,915,490</u>	<u>6,079,396</u>	<u>769,054</u>	<u>4,476,359</u>	<u>5,245,413</u>
End of year	<u>\$ 689,782</u>	<u>\$ 4,970,409</u>	<u>\$ 5,660,191</u>	<u>\$ 1,163,906</u>	<u>\$ 4,915,490</u>	<u>\$ 6,079,396</u>

See notes to financial statements

Chalkbeat, Inc.

Statements of Functional Expenses

	Year Ended June 30							
	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
EXPENSES								
Salaries and wages	\$ 4,111,166	\$ 679,673	\$ 568,476	\$ 5,359,315	\$ 3,274,135	\$ 469,577	\$ 351,847	\$ 4,095,559
Benefits	604,777	106,362	64,824	775,963	428,918	75,771	36,833	541,522
Payroll taxes	407,501	66,664	54,303	528,468	333,493	45,264	38,181	416,938
Rent and utilities	127,982	101,645	9,507	239,134	123,184	48,833	43,950	215,967
Professional fees	217,875	442,066	32,429	692,370	441,209	109,143	52,097	602,449
Advertising, marketing, and publicity	6,241	5,362	22,330	33,933	7,620	-	33,827	41,447
Meetings and conferences	7,291	4,133	5,314	16,738	15,428	3,376	4,627	23,431
Dues and subscriptions	7,133	1,188	1,349	9,670	5,363	2,519	257	8,139
Office equipment	12,336	6,497	4,238	23,071	24,231	9,827	6,275	40,333
Finance charges and bank fees	-	2,716	-	2,716	-	1,542	-	1,542
Insurance	-	16,621	-	16,621	-	15,282	-	15,282
Office supplies	1,097	741	391	2,229	3,312	2,307	192	5,811
Professional development	19,391	8,294	1,062	28,747	26,404	2,177	6,456	35,037
Software as a service	159,183	28,137	6,628	193,948	68,214	12,874	4,950	86,038
Community events	8,677	-	2,358	11,035	41,158	-	3,989	45,147
Printing and publications	1,654	453	296	2,403	1,070	129	408	1,607
Postage and delivery	463	480	268	1,211	138	245	100	483
Telephone	34,463	5,474	3,851	43,788	25,542	6,798	2,600	34,940
Travel	43,060	5,673	36,783	85,516	47,609	5,929	49,396	102,934
Annual retreat	21,275	20,892	2,623	44,790	20,266	4,405	3,078	27,749
Other expenses	14,985	41,387	2,139	58,511	9,505	2,352	1,510	13,367
Total Expenses	<u>\$ 5,806,550</u>	<u>\$ 1,544,458</u>	<u>\$ 819,169</u>	<u>\$ 8,170,177</u>	<u>\$ 4,896,799</u>	<u>\$ 818,350</u>	<u>\$ 640,573</u>	<u>\$ 6,355,722</u>

See notes to financial statements

Chalkbeat, Inc.

Statements of Cash Flows

	Year Ended June 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (419,205)	\$ 833,983
Adjustments to reconcile change in net assets to net cash from operating activities		
Donated securities	-	(100,977)
Realized loss on securities	-	860
Changes in operating assets and liabilities		
Grants receivable	119,643	(939,607)
Accounts receivable	(487)	(17,646)
Prepaid expenses	(79,094)	(40,646)
Other assets	(8,350)	1,250
Accounts payable and accrued expenses	(19,096)	43,509
Accrued interest on certificates of deposit	(7,524)	-
Recoverable advance	404,305	-
Deferred revenue	11,850	6,047
Net Cash from Operating Activities	2,042	(213,227)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of securities	-	100,117
Purchase of certificates of deposit	-	(400,000)
Net Cash from Investing Activities	-	(299,883)
 Net Change in Cash	2,042	(513,110)
 CASH		
Beginning of year	3,325,961	3,839,071
End of year	\$ 3,328,003	\$ 3,325,961

See notes to financial statements

Chalkbeat, Inc.

Notes to Financial Statements June 30, 2020 and 2019

1. Organization

Chalkbeat, Inc. (“Chalkbeat”), formerly Education News Network, Inc., is a nonprofit news organization covering educational change efforts in communities where improvement matters most. Chalkbeat has bureaus in New York, Colorado, Indiana, Tennessee, Detroit, Chicago and Newark. In addition to the local bureau coverage, Chalkbeat reports at a national level. Chalkbeat’s mission is to inform the decisions and actions that lead to better outcomes for children and families by providing deep, local coverage of education policy and practice.

Chalkbeat is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and has been classified as a public charity under Section 170(b).

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

Effective July 1, 2019, Chalkbeat adopted the following Accounting Standard Updates (“ASU”) issued by the Financial Accounting Standards Board (“FASB”):

ASU 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made”. This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way Chalkbeat recognizes contributions, and therefore no changes to the previously issued financial statements were required on a retrospective basis.

ASU 2014-09 “Revenue from Contracts with Customers (ASC 606)”. The core principal of this ASU is that revenue should be recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which Chalkbeat expects to be entitled in exchange for those goods or services. Under this guidance, an entity identifies its performance obligations and recognizes revenue as performance obligations are satisfied.

Chalkbeat, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Recently Adopted Accounting Pronouncements (continued)

ASU 2016-18 “Statement of Cash Flows (ASC 230): Restricted Cash,” requires inclusion of restricted cash and restricted cash equivalents with cash and cash equivalents on the statement of cash flows. Previously, changes in restricted cash were reported on the statement of cash flows as operating, investing or financing activities based on the nature of the underlying activity.

Adoption of these accounting pronouncements had no material effect on the accompanying financial statements.

Donor-Imposed Restrictions, Grants, Donations and Contributions

Chalkbeat is required to determine whether contributions are conditional or unconditional. Unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. Conditional contributions are accounted for as a liability or are not recognized as revenue initially. Once the barriers to entitlement are overcome, the transaction is recognized as unconditional and classified as either net assets with donor restrictions or net assets without donor restrictions. For a donor-imposed condition to exist, a right of return or release must be stated, and the agreement must include a performance-related condition or other measurement barrier.

Contributions of assets other than cash are recorded at the estimated fair value.

Sponsorships and Reader Services

Sponsorships and reader services are recognized as earned when the services are provided. Cash received in advance of the service provided is recorded as deferred revenue in the accompanying statements of financial position.

Net Asset Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Without donor restrictions – consist of resources available for the general support of Chalkbeat’s operations. These net assets may be used at the discretion of Chalkbeat’s management and Board of Directors (the “Board”).

With donor restrictions – represents amounts restricted by donors to be used for specific activities or at some future date, or which require Chalkbeat to maintain in perpetuity, the income of which can be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Chalkbeat, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Donated Services and Materials

Chalkbeat recognizes donations of services if the services received: (a) create or enhance nonfinancial assets; or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Donated services that do not meet the above criteria are not recognized.

Chalkbeat recognizes donations of materials at their estimated fair value.

Investments

Investments are classified as available-for-sale and carried at fair value. Unrealized gains and losses on available-for-sale securities are recognized as direct increases or decreases in net assets. It is Chalkbeat's policy to convert donated securities to cash as soon as reasonably possible.

Certificates of Deposit

Certificates of deposit at June 30, 2020 are recorded at cost plus accrued interest, which approximates fair value. The certificates of deposit mature on October 2, 2020 and February 2, 2021, and bear interest at 1.24% and 1.09% per annum.

Allowance for Doubtful Accounts

When necessary, an allowance for doubtful accounts for accounts and grants receivable will be established through a provision for bad debts charged to expenses. The allowance is an amount that management believes will be adequate to absorb estimated losses on existing unconditional promises to give and is based on prior bad debt experience. Management has determined that no allowances were required at June 30, 2020 and 2019.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributed to one or more program or supporting services. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries and employee benefits are allocated on the basis of staff estimates of time and effort. Costs identifiable to a particular function are directly charged to the program or supporting service. Other costs are allocated based on the percentage of overall salary allocation.

Accounting for Uncertainty in Income Taxes

Chalkbeat recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that Chalkbeat had no uncertain tax positions that would require financial statement recognition or disclosure.

Chalkbeat, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes (continued)

Tax years since 2017 remain open to examination. There are currently no examinations in progress.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 13, 2020.

3. Concentration of Credit Risk

Chalkbeat maintains its cash and certificates of deposit in bank deposit accounts with major financial institutions, which, at times, may exceed federally insured limits. Chalkbeat has not experienced any losses in such accounts and believes its cash and certificates of deposit balances are not exposed to any significant risk.

4. Grants Receivable

Grants receivable which are due after one year are discounted to present value using a discount rate of 0.16% and 1.75% at June 30, 2020 and 2019. Amortization of the discount is included in foundations grants support and revenue. Grants receivable, net of discount, at June 30, are summarized as follows:

	2020	2019
Due within one year	\$ 1,714,452	\$ 2,137,001
Due one year to five years	425,000	125,000
Grants Receivable	2,139,452	2,262,001
Less: discount	1,357	4,263
Grants Receivable, Net	<u>\$ 2,138,095</u>	<u>\$ 2,257,738</u>

5. Refundable Advance

On April 28, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. Chalkbeat applied for and received a \$1,106,503 Paycheck Protection Program loan ("PPP Loan") from the U.S Small Business Administration. The PPP Loan has an interest rate of 1.0% per annum, and matures on April 28, 2022. Payments of principal and interest begin in the seventh month of the loan, and interest will accrue during this deferral period. At June 30, 2020, Chalkbeat recognized accrued interest totaling \$1,725. Principal and interest may be eligible for forgiveness if Chalkbeat meets certain requirements of the CARES Act.

Chalkbeat, Inc.

Notes to Financial Statements June 30, 2020 and 2019

5. Refundable Advance *(continued)*

Chalkbeat accounts for the PPP Loan using the conditional contribution model whereby Chalkbeat recognizes proceeds from the loan as contribution income as the PPP loan forgiveness requirements are substantially met and as qualifying expenses are incurred. At June 30, 2020, Chalkbeat recognized \$703,923 of principal and accrued interest as government grant revenue, and \$404,305 as a refundable advance.

6. Net Assets With Donor Restrictions

At June 30, net assets with donor restrictions that were temporary in nature were available for the following purposes:

	2020	2019
General operating - time restriction	\$ 408,000	\$ -
Editorial, reporting and local audience development	1,174,441	1,311,300
Education journalism restricted by location	3,147,827	3,274,403
Engagement	132,141	294,014
Detroit expansion	-	35,773
COVID-19 response	48,000	-
Growth	60,000	-
	\$ 4,970,409	\$ 4,915,490

During the years ended June 30, net assets with donor restrictions that were temporary in nature were released from restrictions by incurring expenses for the following donor restricted purposes:

	2020	2019
General operating - time restriction	\$ -	\$ 649,607
Editorial, reporting and local audience development	1,224,347	784,980
Education journalism restricted by location	3,214,037	2,892,637
Engagement	180,024	15,986
Detroit expansion	35,773	171,536
Growth	-	282,852
Product, technology and network level audience development	-	2,875
	\$ 4,654,181	\$ 4,800,473

Chalkbeat, Inc.

Notes to Financial Statements June 30, 2020 and 2019

7. Commitments and Contingencies

Operating Leases

In April 2018, Chalkbeat entered into a three-year lease agreement for office space effective August 1, 2018 with rent ranging from \$10,506 to \$10,821 per month. In addition, Chalkbeat shall pay additional rent for its share of operating costs and real estate tax increases, as defined.

Chalkbeat entered into a lease agreement for office space effective March 1, 2019 through October 31, 2020 with rent totaling \$2,000 per month. The lease agreement was subsequently extended through November 2021 with rent totaling \$2,500 per month.

Future minimum rents to be paid under the terms of the leases are as follows:

Fiscal Year Ending	
2021	\$ 157,537
2022	<u>10,821</u>
Total	<u>\$ 168,358</u>

In addition, Chalkbeat enters into several lease and sublease agreements to rent office space at each of its bureaus, with terms of one year or less, and with monthly rents ranging from approximately \$75 to \$2,599 at June 30, 2020.

8. Related Party Transactions

During the years ended June 30, 2020 and 2019, Chalkbeat received contributions from Board members and their related foundations totaling approximately \$438,000 and \$228,000, which are included in support and revenue in the accompanying statements of activities and change in net assets.

9. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of statement of financial position date, comprise of the following at June 30:

Chalkbeat, Inc.

Notes to Financial Statements June 30, 2020 and 2019

9. Liquidity and Availability *(continued)*

	<u>2020</u>	<u>2019</u>
Cash	\$ 3,328,003	\$ 3,325,961
Certificates of deposit	407,524	400,000
Grants receivable, net	2,138,095	2,257,738
Accounts receivable	63,312	62,825
Total Financial Assets	<u>5,936,934</u>	<u>6,046,524</u>
Less: amounts restricted by donor with time or purpose restriction	(4,970,409)	(4,915,490)
Less: time and purpose restriction expected to release the next year	<u>3,617,953</u>	<u>4,211,116</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 4,584,478</u>	<u>\$ 5,342,150</u>

Chalkbeat's working capital and cash flows are driven by revenue streams of sponsorships and reader services, foundation grants, and individual donations, Chalkbeat will continue to rely on support from these revenue streams in order to meet its general expenditure requirements.

10. Risks and Contingencies

Chalkbeat has experienced some financial and operational impacts due to the coronavirus (COVID-19) outbreak. In March 2020, Chalkbeat experienced a decrease in some foundation funding, mostly as a result of funders shifting spending to emergency support and direct services. Chalkbeat applied for and received a PPP loan (see note 5), which provided the organization with enough cash on hand to weather this initial decrease in funding. While a significant drop in sponsorship revenue was expected, Chalkbeat rebounded and ended the year up over the previous year. Membership revenue is also at an all-time high, fueled in part by coverage of the health crisis and its effect on schools. Chalkbeat is confident in its path to bringing in enough revenue in fiscal 2021 to cover operating expenses.

In March 2020, Chalkbeat pivoted to a work from home model. As part of this model, some expenses increased (home office allowances for wifi, equipment, and virtual meeting tools). However, some of Chalkbeat's office locations put a temporary freeze on rent payments, and travel expenses decreased significantly due to the pandemic. In addition, Chalkbeat implemented a temporary hiring freeze in March 2020 and reduced the summer intern program from 9 to 4 positions.

Additionally, demand for Chalkbeat's education-related reporting has increased during the pandemic. Chalkbeat is the only news organization in most of its communities dedicated to covering how the crisis is affecting schools and education, particularly in low-income communities. Across the network, Chalkbeat's readership increased and has remained strong, indicating a need for Chalkbeat's coverage.

Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

* * * * *

Chalkbeat, Inc.

Supplementary Information

For the Year Ended
June 30, 2020

Chalkbeat, Inc.

Statement of Financial Position By Bureau (Unaudited)
June 30, 2020

	Network	National	Chicago	Colorado	Detroit	Indiana	New York	Newark	Tennessee	Total
ASSETS										
Cash	\$ 973,147	\$ 210,000	\$ 766,933	\$ 86,605	\$ 358,859	\$ 180,216	\$ 435,215	\$ 340,101	\$ (23,073)	\$ 3,328,003
Certificates of deposit	407,524	-	-	-	-	-	-	-	-	407,524
Grants receivable, net	1,200,643	-	320,000	27,500	122,496	270,000	-	115,500	81,956	2,138,095
Accounts receivable	1,766	6,197	3,213	4,771	2,270	1,301	37,618	2,270	3,906	63,312
Prepaid expenses	181,985	-	2,000	-	80	-	-	-	-	184,065
Other assets	40,306	-	4,000	-	800	-	369	-	-	45,475
	<u>\$ 2,805,371</u>	<u>\$ 216,197</u>	<u>\$ 1,096,146</u>	<u>\$ 118,876</u>	<u>\$ 484,505</u>	<u>\$ 451,517</u>	<u>\$ 473,202</u>	<u>\$ 457,871</u>	<u>\$ 62,789</u>	<u>\$ 6,166,474</u>
LIABILITIES AND NET ASSETS										
Liabilities										
Accounts payable and accrued expenses	\$ 55,885	\$ 3,764	\$ 7,154	\$ 579	\$ 614	\$ 477	\$ 1,041	\$ 1,433	\$ 581	\$ 71,528
Refundable advance	195,444	36,013	-	44,213	-	32,088	61,496	95	34,956	404,305
Deferred revenue	10,000	3,000	770	770	770	3,270	8,720	770	2,380	30,450
Total Liabilities	<u>261,329</u>	<u>42,777</u>	<u>7,924</u>	<u>45,562</u>	<u>1,384</u>	<u>35,835</u>	<u>71,257</u>	<u>2,298</u>	<u>37,917</u>	<u>506,283</u>
NET ASSETS (DEFICIT)										
Without donor restrictions	505,136	173,706	48,028	(184,400)	(58,138)	14,444	227,790	67,402	(104,186)	689,782
With donor restrictions	2,038,906	(286)	1,040,194	257,714	541,259	401,238	174,155	388,171	129,058	4,970,409
	<u>2,544,042</u>	<u>173,420</u>	<u>1,088,222</u>	<u>73,314</u>	<u>483,121</u>	<u>415,682</u>	<u>401,945</u>	<u>455,573</u>	<u>24,872</u>	<u>5,660,191</u>
	<u>\$ 2,805,371</u>	<u>\$ 216,197</u>	<u>\$ 1,096,146</u>	<u>\$ 118,876</u>	<u>\$ 484,505</u>	<u>\$ 451,517</u>	<u>\$ 473,202</u>	<u>\$ 457,871</u>	<u>\$ 62,789</u>	<u>\$ 6,166,474</u>

See independent auditors' report

Chalkbeat, Inc.

Statement of Activities and Change in Net Assets By Bureau (Unaudited) For the Year Ended June 30, 2020

	Network	National	Chicago	Colorado	Detroit	Indiana	New York	Newark	Tennessee	Total
SUPPORT AND REVENUE										
Sponsorships and reader services	\$ 10,706	\$ 94,725	\$ 16,962	\$ 96,187	\$ 9,338	\$ 27,087	\$ 130,613	\$ 9,290	\$ 10,899	\$ 405,807
Foundations grants	2,797,971	567,841	869,371	444,650	143,500	425,429	115,484	322,047	67,410	5,753,703
Government grant	338,720	62,970	-	77,310	-	56,106	107,529	166	61,122	703,923
Individuals donations	502,434	467	8,758	35,355	4,949	5,162	291,875	12,242	7,479	868,721
Inter-bureau revenue	(158,578)	19,558	17,889	26,344	21,611	17,889	23,456	11,151	20,680	-
Other revenue	18,803	15	-	-	-	-	-	-	-	18,818
Total Support and Revenue	<u>3,510,056</u>	<u>745,576</u>	<u>912,980</u>	<u>679,846</u>	<u>179,398</u>	<u>531,673</u>	<u>668,957</u>	<u>354,896</u>	<u>167,590</u>	<u>7,750,972</u>
EXPENSES										
Salaries and wages	1,915,540	467,205	399,852	545,525	378,767	347,831	555,716	279,191	469,688	5,359,315
Benefits	463,100	35,143	54,690	31,154	21,287	31,581	62,124	22,879	54,005	775,963
Payroll taxes	328,943	27,978	23,399	29,847	18,020	18,505	34,839	19,328	27,609	528,468
Rent and utilities	149,834	10,000	19,000	6,400	7,121	8,485	20,000	13,045	5,249	239,134
Professional fees	619,944	4,732	14,298	30,457	8,363	3,137	5,141	2,835	3,463	692,370
Advertising, marketing, and publicity	27,737	698	740	981	775	800	1,138	370	694	33,933
Meetings and conferences	9,643	703	986	829	629	1,294	1,108	248	1,298	16,738
Dues and subscriptions	3,594	817	1,025	1,931	277	301	661	99	965	9,670
Office equipment	11,161	516	3,097	1,923	1,256	1,757	1,057	492	1,812	23,071
Finance charges and bank fees	2,712	-	-	-	-	-	4	-	-	2,716
Insurance	16,621	-	-	-	-	-	-	-	-	16,621
Office supplies	1,173	129	113	122	135	178	122	83	174	2,229
Professional development	13,337	1,995	1,374	3,988	1,813	2,406	1,535	729	1,570	28,747
Annual retreat	26,133	2,401	2,236	3,523	926	1,501	2,946	1,893	3,231	44,790
Software as a service	37,267	18,465	17,906	26,306	21,073	17,836	22,930	11,803	20,362	193,948
Community events	996	58	2,470	1,983	128	482	1,153	2,160	1,605	11,035
Printing and publications	1,002	107	111	199	299	118	218	101	248	2,403
Postage and delivery	977	6	6	17	7	6	172	4	16	1,211
Telephone	14,705	3,813	4,141	4,247	2,642	2,754	6,057	2,235	3,194	43,788
Travel	49,641	6,162	4,717	5,094	3,220	3,267	5,904	3,258	4,253	85,516
Other expenses	(650,040)	90,688	96,732	109,674	72,979	69,289	112,329	62,580	94,280	58,511
Total Expenses	<u>3,044,020</u>	<u>671,616</u>	<u>646,893</u>	<u>804,200</u>	<u>539,717</u>	<u>511,528</u>	<u>835,154</u>	<u>423,333</u>	<u>693,716</u>	<u>8,170,177</u>
Change in Net Assets	<u>466,036</u>	<u>73,960</u>	<u>266,087</u>	<u>(124,354)</u>	<u>(360,319)</u>	<u>20,145</u>	<u>(166,197)</u>	<u>(68,437)</u>	<u>(526,126)</u>	<u>(419,205)</u>
NET ASSETS (DEFICIT)										
Without donor restrictions, beginning of year	546,148	90,552	21,087	54,705	(24,379)	58,892	151,827	34,109	230,965	1,163,906
Change in net assets	(41,012)	83,154	26,941	(239,105)	(33,759)	(44,448)	75,963	33,293	(335,151)	(474,124)
Without donor restrictions, end of year	<u>505,136</u>	<u>173,706</u>	<u>48,028</u>	<u>(184,400)</u>	<u>(58,138)</u>	<u>14,444</u>	<u>227,790</u>	<u>67,402</u>	<u>(104,186)</u>	<u>689,782</u>
With donor restrictions, beginning of year	1,531,859	8,907	801,048	142,963	867,819	336,645	416,315	489,901	320,033	4,915,490
Change in net assets	507,047	(9,193)	239,146	114,751	(326,560)	64,593	(242,160)	(101,730)	(190,975)	54,919
With donor restrictions, end of year	<u>2,038,906</u>	<u>(286)</u>	<u>1,040,194</u>	<u>257,714</u>	<u>541,259</u>	<u>401,238</u>	<u>174,155</u>	<u>388,171</u>	<u>129,058</u>	<u>4,970,409</u>
Total Net Assets, End of Year	<u>\$ 2,544,042</u>	<u>\$ 173,420</u>	<u>\$ 1,088,222</u>	<u>\$ 73,314</u>	<u>\$ 483,121</u>	<u>\$ 415,682</u>	<u>\$ 401,945</u>	<u>\$ 455,573</u>	<u>\$ 24,872</u>	<u>\$ 5,660,191</u>

See independent auditors' report