

TYPE MEDIA CENTER, INC.

**Financial Statements
for year ended
December 31, 2020
(With summarized comparative
information for 2019)**

Independent Auditor's Report

To the Board of Directors of
Type Media Center, Inc.

We have audited the accompanying financial statements of the Type Media Center, Inc. which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 in the first paragraph on the previous page present fairly, in all material respects, the financial position of Type Media Center, Inc. as of December 31, 2020 and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Type Media Center, Inc. 2019 financial statements and in our report dated October 28, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented, here in as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Candon O'Meara, McAuliffe & Donnelly LLP

TYPE MEDIA CENTER, INC.

Statement of Financial Position

Assets

	December 31	
	2020	2019
Assets		
Cash and cash equivalents	\$1,307,498	\$1,610,898
Investments, at fair value	3,978,672	4,658,101
Contributions receivable	1,303,357	498,146
Prepaid expenses and other receivables	62,012	84,223
Security deposit	33,750	33,750
Total assets	\$6,685,289	\$6,885,118

Liabilities and Net Assets

Liabilities		
Accounts payable and accrued expenses	\$ 98,371	\$ 74,004
Net assets		
Without donor restrictions	2,256,398	1,515,914
With temporary donor restrictions	4,330,520	5,295,200
Total net assets	6,586,918	6,811,114
Total liabilities and net assets	\$6,685,289	\$6,885,118

See notes to financial statements.

TYPE MEDIA CENTER, INC.

**Statement of Activities
For Year Ended December 31, 2020
(with summarized comparative information for year ended December 31, 2019)**

	2020			2019
	Without Donor Restrictions	With Temporary Donor Restrictions	Total	Total
Revenue, gains and other support				
Contributions – Individuals	\$ 59,040	\$ 46,120	\$ 105,160	\$ 448,906
Contributions - Foundations, public charities, trusts, and corporations	412,799	1,979,715	2,392,514	3,027,268
Program service fees	72,000	-	72,000	72,000
Special events revenues, net of related expenses of \$29,806 in 2020 and \$171,525 in 2019	41,040	-	41,040	27,300
Rental	130,857	-	130,857	141,281
Royalties and book sales	748,494	-	748,494	164,355
Net investment return	182,064	308,077	490,141	670,950
Government grant – paycheck protection program	264,200	-	264,200	-
Other	1,865	-	1,865	7,460
Net assets released from restrictions	<u>3,298,592</u>	<u>(3,298,592)</u>	<u>-</u>	<u>-</u>
Total revenue, gains and other support	<u>5,210,951</u>	<u>(964,680)</u>	<u>4,246,271</u>	<u>4,559,520</u>
Expenses				
Program services				
Internships	35,115	-	35,115	20,302
Type investigations	2,062,900	-	2,062,900	2,022,519
Fellowships	965,862	-	965,862	530,068
Other programs	<u>601,479</u>	<u>-</u>	<u>601,479</u>	<u>946,929</u>
Total program services	<u>3,665,356</u>	<u>-</u>	<u>3,665,356</u>	<u>3,519,818</u>
Supporting activities				
Management and general	488,088	-	488,088	445,189
Fundraising	<u>317,023</u>	<u>-</u>	<u>317,023</u>	<u>341,792</u>
Total program services	<u>805,111</u>	<u>-</u>	<u>805,111</u>	<u>786,981</u>
Total expenses	<u>4,470,467</u>	<u>-</u>	<u>4,470,467</u>	<u>4,306,799</u>
Change in net assets	740,484	(964,680)	(224,196)	252,721
Net assets, beginning of year	<u>1,515,914</u>	<u>5,295,200</u>	<u>6,811,114</u>	<u>6,558,393</u>
Net assets, end of year	<u>\$ 2,256,398</u>	<u>\$ 4,330,520</u>	<u>\$ 6,586,918</u>	<u>\$ 6,811,114</u>

See notes to financial statements.

TYPE MEDIA CENTER, INC.

Statement of Functional Expenses
For the Year Ended December 31, 2020
(with summarized comparative information for year ended December 31, 2019)

	2020						2019		
	Program Services			Supporting Activities			Direct Cost of Special Event	Total	
	Internships	Type Investigations	Fellowships	Other Programs	Total Program Services	Management and General			Fundraising
Salaries	\$ 35,115	\$ 846,166	\$ 27,650	\$ 175,634	\$1,084,565	\$ 149,945	\$ 161,253	\$ -	\$1,395,763
Payroll taxes and benefits	-	307,240	5,504	74,302	387,046	49,809	47,505	-	484,360
Professional fees	35,115	1,153,406	33,154	249,936	1,471,611	199,754	208,758	-	1,880,123
Consulting	-	43,871	456	8,430	52,757	16,587	6,406	-	75,750
Telephone and internet charges	-	105,186	-	86,009	191,195	44,474	64,240	-	299,909
Equipment rental	-	10,394	136	2,316	12,846	1,587	1,794	-	16,227
Occupancy	-	1,992	26	488	2,506	1,891	372	-	4,769
Insurance	-	108,597	1,415	24,121	134,133	148,984	19,850	-	302,967
Travel and entertainment	-	40,768	541	9,990	51,299	9,847	7,591	-	68,737
Postage, printing and production	-	9,232	65	4,556	13,853	9,998	328	-	24,179
Advertising and publicity	-	76	-	3,831	3,907	2,112	-	-	6,019
Bank charges and other fees	-	24,959	-	139	25,098	3,126	-	-	28,224
Fellowships and grants	-	-	43	75	118	3,866	592	-	4,576
Stories, fact check, multimedia and records	-	325,861	862,333	188,934	1,377,128	-	-	-	1,377,128
Catering and facility rental	-	196,015	2,000	-	198,015	-	-	-	198,015
Websites costs	-	-	-	11,710	11,710	420	-	29,806	41,936
Conferences, dues and subscriptions	-	4,008	44,977	48,985	48,985	2,696	-	-	51,681
Office expenses	-	19,680	2,047	5,167	26,894	23,496	574	-	50,964
Tape, CD production and book purchases	-	13,355	201	5,777	19,333	3,250	5,558	-	28,141
Investment fees	-	5,500	-	-	5,500	-	960	-	6,460
Bad debt	-	-	-	-	-	31,990	-	-	31,990
Miscellaneous	-	-	-	-	18,468	16,000	-	-	16,000
Total expenses	35,115	2,062,900	965,862	601,479	3,665,356	520,078	317,023	29,806	4,532,263
Less expenses deducted directly on the statement of activities	-	-	-	-	-	(31,990)	-	(29,806)	(29,806)
Direct cost of special events	-	-	-	-	-	-	-	-	-
Investment fees	-	-	-	-	-	-	-	-	(31,990)
Total expenses reported by function on the statement of activities	\$ 35,115	\$ 2,062,900	\$ 965,862	\$ 601,479	\$3,665,356	\$ 488,088	\$ 317,023	\$ -	\$4,470,467
									\$4,306,799

See notes to financial statements.

TYPE MEDIA CENTER, INC.

Statement of Cash Flows

	Year Ended	
	December 31	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ (224,196)	\$ 252,721
Adjustments to reconcile change in net assets to net cash (used in) operating activities		
Realized and unrealized (gain) on investments	(444,770)	(617,406)
Donated securities	-	(398,954)
Proceeds from sale of donated securities	-	399,640
(Increase) decrease in assets		
Contributions receivable	(805,211)	(32,035)
Accounts receivable	-	67,142
Prepaid expenses and other assets	22,211	(43,696)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	<u>24,367</u>	<u>(1,450)</u>
Net cash (used in) operating activities	<u>(1,427,599)</u>	<u>(374,038)</u>
Cash flows from investing activities		
Purchase of investments	(743,007)	(1,615,300)
Proceeds from sales of investments	<u>1,867,206</u>	<u>931,369</u>
Net cash provided by (used in) investing activities	<u>1,124,199</u>	<u>(683,931)</u>
Net change in cash and cash equivalents	(303,400)	(1,057,969)
Cash and cash equivalents, beginning of year	<u>1,610,898</u>	<u>2,668,867</u>
Cash and cash equivalents, end of year	<u>\$ 1,307,498</u>	<u>\$ 1,610,898</u>

See notes to financial statements.

TYPE MEDIA CENTER, INC.**Notes to the Financial Statements
December 31, 2020****Note 1 – Nature of organization**

A nonprofit media center, The Type Media Center, Inc. (the “Center”), (formerly known as The Nation Institute), is dedicated to strengthening the independent press and advancing social justice and civil rights. The Center's dynamic range of programs includes a bestselling book publishing imprint, Bold Type Books; the award-winning Type Investigations, which supports groundbreaking investigative journalism; the widely read and syndicated website TomDispatch; the Internship Program; and Journalism Fellowships that fund over 20 high-profile reporters every year.

Note 2 – Summary of significant accounting policies

The financial statements of the Center have been prepared on the accrual basis. The significant accounting policies followed are described below.

Net assets

The Center reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions:

- Net assets with donor restrictions contain donor-imposed restrictions that permit the Center to use or expend the assets including any revenue earned as specified. The restrictions are satisfied either by the passage of time or by action of the Center (temporary donor restrictions).
- Net assets without donor restrictions are not restricted by donors, or the donor-imposed restrictions have expired and are available for general operations of the Center.

Public support and revenue

Contributions are generally available for general operations unless specifically restricted by the donor. Unconditional promises to give are recorded when received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using reasonable interest rates applicable to the years in which the promises are received to discount the amounts.

Grants and other contributions of cash and other assets are reported as support with temporary donor restrictions if they are received with donor stipulations that limit the use of the donated assets or relate to future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Center records bequests as revenue when it is notified of a legally binding obligation and an amount can reasonably be established.

TYPE MEDIA CENTER, INC.**Notes to Financial Statements (continued)
December 31, 2020****Note 2 – Summary of significant accounting policies (continued)**Cash equivalents

The Center considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. The change in the unrealized value of investments is included in the change in net assets.

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than level 1 prices such as quoted prices of similar assets or quoted prices in markets with insufficient volume or infrequent transactions (less than active markets).

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Allowance for doubtful accounts

The Center has an allowance of \$10,000 at December 31, 2020 for pledges and contributions receivable that may not be collectible. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

TYPE MEDIA CENTER, INC.**Notes to Financial Statements (continued)
December 31, 2020****Note 2 – Summary of significant accounting policies (continued)****Property and equipment**

The Center capitalizes, as property and equipment, expenditures for assets in excess of \$2,500 with an estimated useful life of greater than one year. Property and equipment are stated at cost and depreciation is computed using the straight-line method over the estimated useful lives of the assets, which ranged from 5 to 11 years. As of December 31, 2020, the Center's property and equipment is fully depreciated.

The cost of maintenance and repairs is charged to expense when incurred.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses attributable to more than one functional expense category are allocated using an estimate of time and effort spent.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the period. Actual results could differ from those estimates.

Comparative information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United State of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Concentrations of credit risk

The Center's financial instruments that are potentially exposed to concentrations of credit risk consist of cash, investments and receivables. The Center places its cash with what it believes to be quality financial institutions. The Center's investments are exposed to various risks such as market volatility, liquidity, interest rate and credit. Due to the uncertainty related to the aforementioned risks, it is reasonably possible that changes in these risks could materially affect the fair value of the Center's investments reported in the accompanying statement of financial position at December 31, 2020. Management of the Center deems its receivables to be collectible. The Center believes no significant concentrations of credit risk exist with respect to its cash, investments and pledges and contributions receivable.

TYPE MEDIA CENTER, INC.

Notes to Financial Statements (continued)
December 31, 2020

Note 2 – Summary of significant accounting policies (continued)

Risks and uncertainties

On March 13, 2020, national emergency was declared due to extraordinary circumstances resulting from the coronavirus. As a result of the national emergency, the Center suspended its programming activities and facilities were closed during March 2020, with limited openings, subject to restrictions set forth by State and Local Governments. The total economic impact of the coronavirus on the Center's future financial operations is not readily determinable.

Subsequent events

The Center has evaluated events and transactions for potential recognition or disclosure through November 1, 2021, which is the date the financial statements were available to be issued.

Note 3– Liquidity and availability of financial assets

The following is a summary of the Center's financial assets available for general use as of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash	\$ 1,307,498	\$ 1,610,898
Investments, at fair value	3,978,672	4,658,101
Current portion of contributions receivable	<u>1,303,357</u>	<u>363,146</u>
Sub-total	6,589,527	6,632,145
Less: Net assets with temporary donor restrictions	<u>(3,998,214)</u>	<u>(2,335,623)</u>
Total financial assets	<u>\$ 2,591,313</u>	<u>\$ 4,296,522</u>

The Center's working capital and cash flows vary due to timing of payments received under grants and a concentration of contributions received near calendar year-end. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Center invests cash in excess of daily requirements in short-term investments. Net assets with temporary donor restrictions do not include an estimate of such net assets that are expected to be spent on programs during 2021.

Note 4 – Investments

For assets measured at fair value on a recurring basis as of December 31, 2020 accounting standards require quantitative disclosures about the fair value measurements separately for each major class of assets as follows:

TYPE MEDIA CENTER, INC.

Notes to Financial Statements (continued)
December 31, 2020

Note 4 – Investments (continued)

<u>Description</u>	<u>December 31, 2020</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market funds	\$ 284,193	\$ 284,193	\$ -	\$ -
Common stock	1,060,913	1,060,913	-	-
Exchange traded funds	298,894	298,894	-	-
Fixed income				
Certificates of deposit	102,653	102,653	-	-
Government and				
GSE Bonds	792,802	-	792,802	-
Mutual funds				
Emerging markets	214,805	214,805	-	-
Fixed income	248,276	248,276	-	-
Equity	976,136	976,136	-	-
Total	<u>\$ 3,978,672</u>	<u>\$ 3,185,870</u>	<u>\$ 792,802</u>	<u>\$ -</u>

Net investment return for the year ended December 31, 2020 consists of the following:

Interest and dividends	\$ 77,361
Realized and unrealized gain	444,770
Investment management fees	<u>(31,990)</u>
Net investment return	<u>\$ 490,141</u>

Note 5 – Pledges and contributions receivable, net

Contributions and grants receivable are unconditional promises to give to the Center which are all expected to be collected during 2021.

Note 6 – Property and equipment

The Center's property and equipment consists of the following at December 31, 2020:

Furniture and fixtures	\$ 63,182
Leasehold improvements	28,330
Computer equipment	21,963
Website	68,340
Telephone hardware	<u>14,455</u>
Total property and equipment	196,270
Less: accumulated depreciation and amortization	<u>196,270</u>
Property and equipment, net	<u>\$ -</u>

TYPE MEDIA CENTER, INC.

Notes to Financial Statements (continued)
December 31, 2020

Note 7 – Net assets with temporary donor restrictions

Net assets with temporary donor restrictions consisted of the following as of December 31, 2020:

Fellowship		
Puffin	\$	1,349,521
Other		1,133,815
Investigative fund		1,723,021
Other programs		
Tom Dispatch		90,470
Johnson Hiss Oral History		33,693
		<u>4,330,520</u>
Total net assets with temporary donor restrictions	\$	<u>4,330,520</u>

During the year ended December 31, 2020, net assets were released from donor restrictions for the following purposes:

Fellowship		
Puffin	\$	177,157
Other		743,011
Investigative fund		2,105,573
Interns		34,135
Other programs		
Tom Dispatch		238,716
		<u>3,298,592</u>
Total	\$	<u>3,298,592</u>

Note 8 – Government grant – Paycheck protection program

2020 Paycheck protection program

During May 2020, the Center, was approved for and received a \$264,200 term note under the Paycheck Protection Program (the “PPP Loan”). The PPP Loan was created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (the “SBA”). As disclosed in the PPP Loan documents, principal and interest payments were deferred for the first six months. During the deferral period, interest on the outstanding principal will accrue at a fixed rate of 1.0%. During 2020, the Center believes they met the requirements for loan forgiveness and as a result, the Center recorded grant revenue of \$264,200. During April 2021, the PPP Loan forgiveness application was submitted and is under review by the SBA.

2021 Paycheck protection program

During January 2021, the Center received a second draw under the PPP, totaling \$278,500 at terms substantially similar to the first draw received in 2020. The Center expects to meet the PPP requirements for loan forgiveness in 2021 and will record the PPP Loan as grant revenue when such forgiveness is confirmed by the SBA.

TYPE MEDIA CENTER, INC.**Notes to Financial Statements (continued)
December 31, 2020****Note 9 – Commitment**

The Center occupies office space under the terms of an operating lease which has been extended through December 31, 2021. The lease requires monthly payments of \$18,230 in 2021. In connection with the lease, the Center provided the landlord with a security deposit of \$33,750. The minimum rental payments due in 2021 total \$223,560.

In February 2016, the Center entered into an agreement to sublease a portion of its space to another non-profit organization. The sub-lease requires monthly payments of \$9,617 in 2021 and expires December 30, 2021. Rental revenue from this sublease totaled \$128,586 for the year ended December 31, 2020.

Note 10 – Retirement plans

The Center maintains a 403(b) retirement plan covering substantially all eligible employees.

The Center also maintains a Simplified Employee Pension (SEP) covering all eligible employees. During 2020 and 2019, the Center contributed 5% of an employee's compensation to the plan; such contributions totaled \$49,890 and \$49,183, respectively.

Note 11 – Tax status

The Center is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. As a nonprofit organization, the Center is also exempt from California State, New York State, and New York City income tax.