# VOICE OF SAN DIEGO

# AUDITED
# FINANCIAL STATEMENTS

## JUNE 30, 2021

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Lindsay & Brownell

Lindsay & Brownell, LLP
Certified Public Accountants

4225 Executive Square, Suite 1150
La Jolla, California 92037
Phone: 858.558.9200 | Fax: 858.558.8225

Mark W. Lindsay
Stephen J. Brownell
Lisa M. Betyar
Jeffrey S. Ackley
Mary H. McGroarty
Kristina M. Yanover
Michelle A. Myhra
Gregory M. Malone
Brandon D. Smith
Cynthia I. Fuller
Hong V. Yu

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Voice of San Diego

**Opinion**

We have audited the financial statements of Voice of San Diego (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Voice of San Diego as of June 30, 2021, 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 ("U.S. GAAP").

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Voice of San Diego 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 U.S. GAAP, 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 Voice of San Diego's ability to continue as a going concern for one year after the date that the financial statements are issued.

**Auditor's 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 auditor's 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 U.S. 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 U.S. 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 Voice of San Diego'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 Voice of San Diego'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.

Lindsay & Brownell, LLP

Lindsay & Brownell, LLP

La Jolla, California
March 31, 2022

**VOICE OF SAN DIEGO**

**STATEMENT OF FINANCIAL POSITION**
**June 30, 2021**

| | | |
|---|---|---|
| **ASSETS** | | |
| Current Assets | | |
| Cash | $ | 1,099,261 |
| Restricted cash | | 11,935 |
| Prepaid expenses | | 22,654 |
| **Total Current Assets** | | 1,133,850 |
| Fixed Assets, Net | | 20,505 |
| Intangible Assets, Net | | 7,719 |
| Other Assets | | 5,523 |
| **Total Assets** | $ | 1,167,597 |
| **LIABILITIES AND NET ASSETS** | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | $ | 14,848 |
| Payroll liabilities | | 127,789 |
| Deferred revenue | | 37,476 |
| **Total Current Liabilities** | | 180,113 |
| Deferred Rent | | 3,945 |
| **Total Liabilities** | | 184,058 |
| Net Assets | | |
| Without donor restrictions | | 971,604 |
| With donor restrictions | | 11,935 |
| **Total Net Assets** | | 983,539 |
| **Total Liabilities and Net Assets** | $ | 1,167,597 |

The accompanying notes are an integral part of these financial statements.

**VOICE OF SAN DIEGO**

**STATEMENT OF ACTIVITIES**
**Year Ended June 30, 2021**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUE AND SUPPORT** | | | |
| Contributions | $ 1,323,175 | $ 25,000 | $ 1,348,175 |
| Membership programs | 846,644 | - | 846,644 |
| Advertising and sponsorships | 84,249 | - | 84,249 |
| Gifts in-kind | 26,803 | - | 26,803 |
| Other | 7,106 | - | 7,106 |
| Net assets released from restrictions | 13,065 | (13,065) | - |
| **Total Revenue and Support** | 2,301,042 | 11,935 | 2,312,977 |
| **EXPENSES** | | | |
| Program | 1,653,331 | - | 1,653,331 |
| Fundraising | 332,878 | - | 332,878 |
| Management and general | 115,998 | - | 115,998 |
| **Total Expenses** | 2,102,207 | - | 2,102,207 |
| **Changes in Net Assets** | 198,835 | 11,935 | 210,770 |
| Net Assets, Beginning | 772,769 | - | 772,769 |
| Net Assets, Ending | $ 971,604 | $ 11,935 | $ 983,539 |

The accompanying notes are an integral part of these financial statements.

**VOICE OF SAN DIEGO**

**STATEMENT OF FUNCTIONAL EXPENSES**
**Year Ended June 30, 2021**

| **EXPENSES** | **Program** | **Fundraising** | **Management and General** | **Total** |
|---|---|---|---|---|
| Payroll | $ 1,272,228 | $ 277,133 | $ 95,602 | $ 1,644,963 |
| Other operating costs | 182,359 | 27,899 | 10,218 | 220,476 |
| Office | 55,682 | 8,147 | 3,383 | 67,212 |
| Marketing | 43,512 | 9,479 | 3,269 | 56,260 |
| Professional services | 52,631 | - | - | 52,631 |
| Editorial | 39,513 | 8,607 | 2,969 | 51,089 |
| Depreciation and amortization | 7,406 | 1,613 | 557 | 9,576 |
| **Total Expenses** | $ 1,653,331 | $ 332,878 | $ 115,998 | $ 2,102,207 |

The accompanying notes are an integral part of these financial statements.

**VOICE OF SAN DIEGO**

**STATEMENT OF CASH FLOWS**
**Year Ended June 30, 2021**

| | | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ | 210,770 |
| Adjustments to reconcile change in net assets to net cash flows provided by operating activities: | | |
| Depreciation and amortization | | 9,576 |
| Decrease (increase) in: | | |
| Accounts receivable | | 25,000 |
| Prepaid expenses | | (3,375) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | | 4,852 |
| Payroll liabilities | | 8,311 |
| Deferred revenue | | 22,426 |
| Deferred rent | | (1,578) |
| **Net Cash Flows Provided by Operating Activities** | | 275,982 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisition of fixed assets | | (13,337) |
| **Net Cash Flows Used in Investing Activities** | | (13,337) |
| **Net Change in Cash and Restricted Cash** | | 262,645 |
| Cash and Restricted Cash | | |
| Beginning | | 848,551 |
| Ending | $ | 1,111,196 |

**Supplemental Disclosure of Non-Cash Operating Activities**

| | | |
|---|---|---|
| In-kind donations received related to non-cash contributions that were expensed during the year. | $ | 26,803 |

The accompanying notes are an integral part of these financial statements.

## Note 1. Description of Organization and Nature of Operations

Organization: Voice of San Diego (the "Organization") is a public charity and California nonprofit corporation established in 2004 for charitable purposes and is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (the "Tax Code"). The Organization was formed to educate and inform the residents of San Diego County about civic and regional issues and to provide an interactive forum for the discussion of issues affecting the people and communities of San Diego. The primary sources of financial revenue and support are contributions and income from the Organization's membership program.

## Note 2. Summary of Accounting Policies and Other Information

Accounting Principles: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Adopted Accounting Pronouncements: The Organization has implemented all applicable accounting pronouncements within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") that are in effect as of June 30, 2021. The Organization does not believe there are any new Accounting Standards Updates issued by the FASB that might have a material impact on its financial position or results of activities.

Risks and Uncertainties: In March 2020, the World Health Organization declared COVID-19 a pandemic. Given the ongoing and dynamic nature of the virus and the worldwide response related thereto, it is difficult to predict the full impact of COVID-19 on the Organization's operations. Management is continuing to evaluate the potential disruptions of COVID-19 to areas of the business including employees, vendors, and the Organization's overall financial position.

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.

Fair Value of Financial Instruments: The Organization's financial instruments consist principally of cash, prepaid expenses, other assets, payroll liabilities, and accounts payable and accrued expenses. The fair value of a financial instrument is the amount that would be received in an asset sale or paid to transfer a liability in an orderly transaction between unaffiliated market participants. Assets and liabilities measured at fair value are categorized based on whether the inputs are observable in the market and the degree that the inputs are observable.

Restricted Cash: Restricted cash consists of a grant received and not appropriated by year end. Cash with donor restrictions amount to $11,935 at June 30, 2021.

**Note 2. Summary of Accounting Policies and Other Information (Continued)**

Fixed Assets: Fixed assets are recorded at cost on the date of purchase, or fair value on the date of gift. The Organization capitalizes fixed assets with a useful life of greater than one year and a value of at least $500. Fixed assets are depreciated using the straight-line method over the estimated useful life of the related asset. Estimated useful lives of fixed assets are as follows:

| Description | Useful Life |
|---|---|
| Computer Equipment | 5 years |
| Office Furniture | 5 years |
| Podcast Equipment | 5 years |
| Telephone Equipment | 5 years |
| Cameras | 5 years |

Intangible Assets: Intangible assets consist of website costs. Website costs are amortized using the straight-line method over the estimated life of 5 years. The Organization capitalizes intangible assets with a useful life of greater than one year and a value of at least $500.

Deferred Revenue: Deferred revenue relates to performance obligations for advertising revenue not completed as of year-end. Cash receipts for advertising revenue that have not been completed as of year-end have been deferred and are amortized using the straight-line method over the term of the service period.

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

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the objectives of the Organization. These net assets may be used at the discretion of Organization's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. As of June 30, 2021, the Organization had net assets with donor restrictions of $11,935.

Revenue Recognition: The Organization reports revenue according to four classes of revenue: contributions, exchange transactions, gifts in-kind, and unrelated business income.

Contributions: Contributions received are recorded as net assets with or without donor restrictions depending upon the existence and/or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase 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 classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Certain contracts include both a contribution and an exchange transaction element. These contracts are bifurcated between contributions and exchange transactions and are evaluated under FASB ASC 606, *Revenue Recognition from Contracts with Customers*, discussed below.

**Note 2. Summary of Accounting Policies and Other Information (Continued)**

Revenue Recognition (Continued):

Exchange Transactions: In accordance with FASB ASC 606, *Revenue Recognition from Contracts with Customers*, the Organization derives revenue through their advertising revenue and certain corporate sponsorships. When applicable, contracts with customers are evaluated on a contract-by-contract basis as contracts may include multiple types of goods and services or performance obligations as described below.

The Organization uses the following methods, inputs, and assumptions in determining revenue recognition from contracts with customers:

*Identification of Performance Obligations* – For contracts that contain multiple performance obligations, the Organization accounts for individual goods or services as a separate performance obligation if they are distinct. The good or service is distinct if the good or service is separately identifiable from other items in the arrangement and if a customer can benefit from it on its own or with other resources that are readily available to the customer. If these criteria are not met, the promised goods or services are accounted for as a combined performance obligation.

*Determination of Transaction Price* – The transaction price is determined based on the consideration to which the Organization will be entitled in exchange for transferring goods or services to the customer.

*Allocation of Transaction Price* – The transaction price, including any discounts, is allocated between separate goods and services in a contract that contains multiple performance obligations based on their relative standalone selling prices. The standalone selling prices are determined based on the prices at which the Organization separately sells each good or service. For items that are not sold separately, the Organization estimates the standalone selling prices using available information such as internally approved pricing guidelines.

Gifts In-Kind: The Organization's policy is to use or sell gifts in-kind if they can or cannot be used for the Organization's mission, respectively. The Organization had gifts in-kind of $26,803 as of June 30, 2021. Gifts in-kind were comprised of stock, services, and other assets. Each gift in-kind is recorded at fair market value on the date of gift.

Unrelated Business Income: The Organization had unrelated business income of $5,364 for the year ended June 30, 2021.

Income Taxes: The Organization is generally exempt from income taxes as an organization described in Section 501(c)(3) of the Tax Code and comparable statutes of the state of California, except for taxes on net unrelated business income.

In accordance with FASB ASC 740, *Accounting for Uncertainty in Income Taxes*, the Organization evaluates annually any uncertain tax positions taken or expected to be taken in a tax return by applying a threshold of more likely than not for recognition. Management evaluated its tax positions and determined that it has no uncertain tax positions at June 30, 2021. There have been no related tax penalties or interest, which would be classified as tax expense, in the statement of activities.

## Note 2. Summary of Accounting Policies and Other Information (Continued)

Functional Expenses: The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on estimates of management. The expenses that are allocated and their method of allocation include the following:

| Expense | Method of Allocation |
|---|---|
| Payroll | Time and effort |
| Other operating costs | Use of expense |
| Office | Use of expense |
| Marketing | Use of expense |
| Professional services | Use of expense |
| Editorial | Use of expense |
| Depreciation and amortization | Time and effort |

Compensated Absences: The Organization's compensated absence policy is to grant employees three to six weeks of paid vacation based on years of service. If employment is terminated, or an employee leaves the Organization, the employee is entitled to any accrued but unused vacation days on a pro-rata basis. Accrued compensated absences was $77,718 as of June 30, 2021 and is included in Payroll Liabilities in the statement of financial position.

Evaluation of Subsequent Events: The Organization evaluated subsequent events through the date these financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in the financial statements.

## Note 3. Availability and Liquidity of Financial Assets

The following represents the Organization's financial assets at June 30, 2021:

| | | |
|---|---|---|
| Financial assets at year-end: | | |
| Cash and Restricted Cash | $ | 1,111,196 |
| Other assets | | 5,523 |
| **Total Financial Assets** | | 1,116,719 |
| Less: Amounts not available to be used within one year | | |
| Cash with donor restrictions | | (11,935) |
| Other assets | | (5,523) |
| **Financial Assets Available to Meet General Expenditures Over the Next Twelve Months** | $ | 1,099,261 |

As part of the Organization's liquidity management, the Organization maintains cash balances without donor restrictions, which account for 94% of total assets as of June 30, 2021, to help manage unanticipated liquidity needs.

## Note 4. Fixed Assets

Fixed assets, net of accumulated depreciation, consist of the following at June 30, 2021:

| | | |
|---|---|---|
| Computer Equipment | $ | 45,634 |
| Office Furniture | | 39,712 |
| Podcast Equipment | | 7,138 |
| Telephone Equipment | | 6,811 |
| Cameras | | 3,554 |
| Subtotal | | 102,849 |
| Less: Accumulated Depreciation | | (82,344) |
| **Total Fixed Assets, Net** | $ | 20,505 |

Depreciation expense was $9,170 for the year ended June 30, 2021.

## Note 5. Intangible Assets

The Organization’s intangible assets, net of accumulated amortization, consisted of the following at June 30, 2021:

| | | |
|---|---|---|
| Website | $ | 9,283 |
| Organizational Costs | | 4,060 |
| Subtotal | | 13,343 |
| Less: Accumulated Amortization | | (5,624) |
| **Total Intangible Assets, Net** | $ | 7,719 |

Amortization expense was $406 for the year ended June 30, 2021.

Future estimated amortization expense as of June 30, 2021 is as follows:

| **Years ending June 30:** | | |
|---|---|---|
| 2022 | $ | 1,625 |
| 2023 | | 1,625 |
| 2024 | | 1,625 |
| 2025 | | 1,625 |
| 2026 | | 1,219 |
| Thereafter | | - |
| **Total** | $ | 7,719 |

## Note 6. Retirement Plan

The Organization has a 401(k) defined contributions retirement plan (the “Plan”). The Organization’s contributions to the Plan, determined as a matching contribution up to a specified percentage of the participant’s contributions, was $70,237 for the year ended June 30, 2021. Plan administrative costs of $750 were paid by the Organization on behalf of the Plan for the year ended June 30, 2021.

## Note 7. Concentrations of Credit Risk

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits: The Organization maintains its cash at three financial institutions. As of June 30, 2021, accounts at these institutions are insured to the extent provided by the Federal Deposit Insurance Corporation. The Organization's uninsured cash balances totaled $595,883 at June 30, 2021. The Organization has not experienced any losses on these accounts and does not believe it is exposed to any significant credit risk with respect to its depository accounts.

Concentrations of credit with respect to receivables are limited due to the large number of customers comprising the Organization's customer base. As of June 30, 2021, the Organization had concentrations of credit risk related to a major donor as follows:

Major Donor: During the year ended June 30, 2021, the Organization had revenue from one major donor that comprised 14% of the Organization's total revenue. There was no accounts receivable due from this donor at June 30, 2021.

## Note 8. Operating Lease

The Organization leases office space in San Diego, California, under a non-cancelable operating lease agreement that expires in December 2025. Rent expense is recognized on a straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are recorded as changes in deferred rent.

Future minimum payments under the non-cancelable operating lease as of June 30, 2021 are as follows:

| **Years ending June 30:** | | |
|---|---|---|
| 2022 | $ | 73,377 |
| 2023 | | 78,111 |
| 2024 | | 82,845 |
| 2025 | | 87,579 |
| 2026 | | 44,973 |
| Thereafter | | - |
| **Total** | $ | 366,885 |

Rent expense related to the operating lease was $66,778 for the year ended June 30, 2021.

## Note 9. Related Party Transactions

The Organization's Board Chair during fiscal year 2021, was also a Board member of Girard Foundation (the "Foundation"). The Organization received grants from the Foundation in the amount of $67,000 for the year ended June 30, 2021. Another Board member of the Organization serves as the Senior Vice President of San Diego Gas and Electric. The Organization received donations from San Diego Gas and Electric in the amount of $28,000 for the year ended June 30, 2021.