

CITYSIDE JOURNALISM INITIATIVE

FINANCIAL STATEMENTS

For the Year Ended

December 31, 2020

(With Comparative Totals as of December 31, 2019)

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7 - 16

Independent Auditors' Report

Board of Directors
Cityside Journalism Initiative

We have audited the accompanying financial statements of Cityside Journalism Initiative, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, cash flows and functional expenses 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.

Auditors' 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 of 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.

Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cityside Journalism Initiative as of December 31, 2020, 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.

Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended December 31, 2019, derived from those unaudited financial statements, has not been audited, reviewed, or compiled, and, accordingly, we express no opinion on it.

Bregante + Company, LLP

San Francisco, California

July 30, 2021

CITYSIDE JOURNALISM INITIATIVE
STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With Comparative Totals as of December 31, 2019)

ASSETS

	2020	(Unaudited) 2019
Assets:		
Cash and cash equivalents	\$ 1,408,471	\$ 369,987
Accounts receivable, net	120,488	-
Contributions and grants receivable	21,419	-
Prepaid expenses	25,931	-
Total assets	\$ 1,576,309	\$ 369,987

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 37,999	\$ -
Accrued payroll and vacation	51,630	-
Accrued expenses	40,930	-
Paycheck Protection Program loan	92,910	-
Due to Berkeleyside, Inc.	-	369,987
Total liabilities	223,469	369,987
Net assets:		
Without donor restrictions	392,971	-
With donor restrictions	959,869	-
Total net assets	1,352,840	-
Total liabilities and net assets	\$ 1,576,309	\$ 369,987

See accompanying notes to the financial statements.

CITYSIDE JOURNALISM INITIATIVE

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020
(See Note B Regarding Comparative Totals)

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions and grants	\$ 493,868	\$ 1,450,000	\$ 1,943,868
Membership donations	429,782	-	429,782
Consumer, advertising and sponsorship revenues	239,198	-	239,198
Other revenue	12,075	-	12,075
Net assets released from restrictions	<u>1,148,040</u>	<u>(1,148,040)</u>	<u>-</u>
Total revenue and support	2,322,963	301,960	2,624,923
Expenses:			
Program - editorial	1,375,968	-	1,375,968
General and administrative	378,423	-	378,423
Fundraising	<u>175,601</u>	<u>-</u>	<u>175,601</u>
Total expense	1,929,992	-	1,929,992
Net assets received from merger	<u>-</u>	<u>657,909</u>	<u>657,909</u>
Changes in net assets	392,971	959,869	1,352,840
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 392,971</u>	<u>\$ 959,869</u>	<u>\$ 1,352,840</u>

See accompanying notes to the financial statements.

CITYSIDE JOURNALISM INITIATIVE

STATEMENT OF CASH FLOWS

**For the Year Ended December 31, 2020
(With Comparative Totals as of December 31, 2019)**

	2020	(Unaudited) 2019
Cash flows from operating activities:		
Changes in net assets	\$ 1,352,840	\$ -
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net adjustment from acquisition of assets and assumption of liabilities and net assets in merger. (Note D)	57,099	-
Increase in assets:		
Accounts receivable, net	(209,356)	-
Contributions and grants receivable	(21,419)	-
Prepaid expenses	(44,564)	-
Increase in liabilities:		
Accounts payable	88,191	-
Accrued payroll and vacation	56,818	-
Accrued expenses	48,677	-
Total adjustments	(24,554)	-
Net cash provided by operating activities	1,328,286	-
Cash flows from financing activities:		
Net increase (decrease) in due to Berkeleyside, Inc.	(289,802)	369,987
Net increase in cash and cash equivalents	1,038,484	369,987
Cash and cash equivalents, beginning of year	369,987	-
Cash and cash equivalents, end of year	\$ 1,408,471	\$ 369,987

Supplemental disclosures of noncash activities:

Cityside Journalism Initiative merged with Berkeleyside, Inc. on May 17, 2020. In conjunction with the merger, assets were acquired and liabilities and net assets with donor restrictions were assumed as described in Note D.

See accompanying notes to the financial statements.

CITYSIDE JOURNALISM INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020
(See Note B Regarding Comparative Totals)

	<u>Program - Editorial</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Personnel and related expenses	\$ 840,930	\$ 156,248	\$ 160,318	\$ 1,157,496
Contractors and consultants	338,076	58,977	7,950	405,003
Professional services	77,874	104,186	-	182,060
Marketing and publicity	82,422	22,745	-	105,167
Information technology and systems	16,005	12,646	2,912	31,563
Bad debt expense	-	8,798	-	8,798
Charitable donations	8,795	-	-	8,795
Office and operations	3,197	4,450	724	8,371
Dues and subscriptions	1,281	7,025	-	8,306
Communications	2,198	-	2,172	4,370
Travel and entertainment	2,419	757	100	3,276
Bank fees and charges	914	2,082	-	2,996
Other expenses	-	509	1,425	1,934
Corporate insurance	<u>1,857</u>	<u>-</u>	<u>-</u>	<u>1,857</u>
 Total expenses	 <u>\$ 1,375,968</u>	 <u>\$ 378,423</u>	 <u>\$ 175,601</u>	 <u>\$ 1,929,992</u>
	71%	20%	9%	100%

See accompanying notes to the financial statements.

CITYSIDE JOURNALISM INITIATIVE

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A -- Description of organization

Founded in November 2019, Cityside Journalism Initiative (Cityside) is a nonpartisan, nonprofit media organization committed to building community through local journalism. Cityside provides readers with fact-driven, nonpartisan, informative reporting that seeks to reflect the diversity and complexity of the communities we serve. Cityside operates two newsrooms, Berkeleyside and Oaklandside, to provide local journalism in these cities.

Berkeleyside

Berkeleyside is a pioneering independent digital news platform in Berkeley, California, reporting on Berkeley and the East Bay. It was founded in October 2009 as its own entity by journalists Frances Dinkelspiel, Tracey Taylor and Lance Knobel. In May 2020, Berkeleyside merged into Cityside to continue pursuing its goal (see Note D).

Berkeleyside has a loyal and engaged community of readers who visit the website, read the newsletters and follow on social media. They contribute in myriad ways to help Berkeleyside deliver on the mission of “breaking news and building community.” In 2020, Berkeleyside.com averaged more than 1.5 million page views and 520,000 unique visitors monthly. More than 4,100 Berkeleyside readers are members of the site by donating each year. Berkeleyside’s core audience is people who live or work in Berkeley, but it also extends into neighboring cities, in particular for Berkeleyside’s popular East Bay-wide food coverage.

The Oaklandside

The Oaklandside was founded in June 2020 with the belief that all Oakland, California residents deserved access to more in-depth reporting, perspectives and information resources to help them better understand, enjoy, and impact their city. The Oaklandside provides daily journalism to Oakland and collaborates with others who are already serving local information needs in the city. The Oaklandside is committed to amplifying crucial voices and perspectives of community members across the city to help build a healthier, more informed Oakland for all.

In its first year, the Oaklandside has built a powerful community of readers across the city it serves. More than 140,000 users visit The Oaklandside each month and over 18,000 subscribe to The Oaklandside’s newsletter. The Oaklandside is supported by donations from its readers: already more than 2,100 Oaklandside readers have become members of the site through their contributions.

NOTE B -- Summary of significant accounting policies

Basis of accounting

The financial statements are presented on the accrual basis of accounting.

CITYSIDE JOURNALISM INITIATIVE

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE B -- Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist primarily of cash on deposit. Cityside considers investments with a maturity of three months or less at the time of purchase to be cash equivalents. There were no cash equivalents held by Cityside at December 31, 2020.

Accounts receivable, net

Accounts receivable are stated at amounts expected to be received for consumer, advertising and sponsorship revenue activities. Accounts are monitored on an ongoing basis and significant effort is made to collect all amounts due to Cityside. Cityside provides an allowance for doubtful accounts for all receivables which are determined to be uncollectible based on periodic review by management. Factors used to determine whether an allowance should be recorded include the age of the receivable, the history of past write-offs and collections, and a review of payments subsequent to year-end. Interest is not recorded or accrued on outstanding receivables. Accounts receivable at December 31, 2020 totaled \$129,305 and the allowance for doubtful accounts totaled \$8,817.

Property and equipment

Property and equipment, if purchased, are recorded at cost or, if donated, at estimated value at the time of receipt. Property and equipment are depreciated over their estimated useful lives ranging from one to five years on the straight-line basis. Leasehold improvements are amortized over the remaining lease term on the straight-line basis. Property under a capital lease is amortized over the life of the lease on a straight-line basis. Cityside generally capitalizes assets with an original cost over \$5,000 that are not immediately consumed and have a useful life greater than one year. Cityside had no property and equipment or leasehold improvements at December 31, 2020.

Net assets

Cityside classifies its net assets and activities into one of two categories:

Without donor restrictions: Those net assets and activities which represent the portion of expendable funds available to support operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

With donor restrictions: Those net assets and contributions which are donor-restricted for: (a) support of specific operating activities; (b) investment for a specified term; (c) use in a specified future period; or (d) acquisition of long-lived assets. Cityside has net assets with donor restrictions for specific activities and future periods at December 31, 2020 (see Note F).

CITYSIDE JOURNALISM INITIATIVE

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE B -- Summary of significant accounting policies (continued)

Net assets (continued)

The expiration of a donor-imposed restriction is recognized in the period in which the restriction expires. This occurs by increasing net assets without donor restrictions and decreasing net assets with donor restrictions in the Statements of Activities and the release from restrictions is reported separately from other transactions. Cityside reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Revenue recognition

Revenue is recognized when earned. Cityside recognizes donor contributions and grants upon the earlier of receipt of a contribution payment or pledge. Revenue from conditional grants is recognized when performance obligations are met. Contributions and grants without donor-imposed restrictions and contributions and grants with donor-imposed restrictions are reported accordingly. Contributions and grants to be received over more than one year are recorded at the present value of the contribution using the risk-free rate of return as determined by management. Contributions and grants receivable at December 31, 2020 are to be received within one year and have not been discounted to present value. Cityside received four conditional grants during the year ended December 31, 2020.

Cityside does not require any payment from its users to access its published editorials and news articles. In addition to providing content free to the public, Cityside offers membership to further user engagement. Cityside's member programs seek the support of individuals, corporations, and foundations desiring to be a part of Cityside's efforts to deliver access to its extensive content. Members do not receive benefits for their donations; however, their philanthropic involvement enables Cityside to provide free content to the community at large. Members can donate at a variety of levels with no minimum donation amount set by Cityside. Cityside recognizes membership donations as contributions without donor restriction, when made.

Donated goods and specialized services are recorded as in-kind donations at their estimated value on the date of receipt. Such donations are reported as revenue and support without donor restrictions unless the donor has restricted the donated asset to a specific purpose or time period. Assets donated with explicit restrictions regarding their use are reported as revenue and support with donor restrictions. During the year ended December 31, 2020, no donated goods or services were received.

Cityside earns revenue by charging admission to events, accepting corporate sponsorships and underwriting, and runs sponsored content that is clearly differentiated from news stories. No sponsored content is produced by Cityside editorial employees and Cityside retains the right to reject sponsored content that does not meet its editorial standards.

CITYSIDE JOURNALISM INITIATIVE

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE B -- Summary of significant accounting policies (continued)

Revenue recognition (continued)

Cityside's reporters play no role in cultivating financial relationships with major donors or corporate sponsors. Top editors at Cityside do work with the business side of its operations - marketing and sponsorship and development - to help support, promote and enhance editorial efforts while protecting its editorial independence and integrity. Cityside employees may be involved, at their own discretion, in promoting membership drives or fundraising initiatives. They may be featured in marketing materials, but they are under no obligation to do so.

Advertising

Advertising is expensed in the period incurred. Advertising expense was \$12,096 for the year ended December 31, 2020.

Income taxes

Cityside is exempt from federal and California income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. Therefore, no provision for federal or California income tax is reflected in the financial statements.

Cityside recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Cityside's returns are subject to examination by federal and state tax authorities, generally for three years and four years, respectively, after they are filed.

Functional allocation of expenses

The costs of providing the program services and supporting activities of Cityside are shown on the Statements of Functional Expenses and broken into the following categories: (a) program - editorial (b) general and administrative, and (c) fundraising. Expenses that can be directly identified with a specific function are allocated directly to that function. Indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on time, effort and usage estimates made by Cityside management. Expenses allocated based on time, effort and usage include personnel and related expenses and professional services.

Concentration of credit risk

Financial instruments that potentially subject Cityside to concentrations of credit risk consist principally of cash. Cityside maintains its cash at five financial institutions. Cash on deposit in accounts at financial institutions may at times exceed federally insured limits. Cityside has not experienced any material losses in these accounts and management believes it is not exposed to any significant credit risk with respect to cash.

CITYSIDE JOURNALISM INITIATIVE

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE B -- Summary of significant accounting policies (continued)

Use of estimates

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

Accounting pronouncements adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606): Clarifying the principles for recognizing revenue and developing a common revenue standard for U.S. GAAP and IFRS (ASU 2014-09). In June 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-05, delaying the implementation of ASU 2014-09 for fiscal years beginning after December 15, 2019. The amendments in this update remove inconsistencies and weaknesses in revenue requirements and improve the comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Cityside adopted this ASU for the year ended December 31, 2020. The adoption of ASU No. 2014-09 did not have an impact on Cityside's financial statements.

Recent accounting pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) (ASU 2016-02), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements in the financial statements of lessees. This update is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The adoption is effective for Cityside for the year ending December 31, 2022. Management is currently evaluating the impact on the financial statements due to the provisions of ASU No. 2016-02.

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) (ASU 2020-07), which increases transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This update is effective for fiscal years beginning after June 15, 2021 on a retrospective basis, with early adoption permitted. The adoption is effective for Cityside for the year ending December 31, 2022. Management is currently evaluating the impact on the financial statements due to the provisions of ASU No. 2020-07.

CITYSIDE JOURNALISM INITIATIVE
NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE B -- Summary of significant accounting policies (continued)

Comparative information for prior period

The comparative information for the period ended December 31, 2019 is provided only for the Statements of Financial Position and Cash Flows. Cityside did not begin operations until 2020 and no activities occurred to report for comparative purposes on the related Statements of Activities and Functional Expenses for the period ended December 31, 2019.

NOTE C -- Liquidity and availability of resources

Cityside's financial assets available within one year of the Statement of Financial Position for general expenditures at December 31, 2020 are as follows:

Financial assets at year end:	
Cash and cash equivalents	\$ 1,408,471
Accounts receivable, net	120,488
Contributions and grants receivable	<u>21,419</u>
 Total financial assets available to meet general expenditures within one year	 <u>\$ 1,550,378</u>

As part of the Cityside's strategy, management structures its financial assets, consisting of cash and its accounts receivable to be available for its general expenditures and liabilities coming due within one year. Cityside receives cash flow from contributions and grant support and consumer, advertising and sponsorship revenues to fund its programs and activities. Cityside expects the expiration of donor-imposed restrictions within one year for all net assets with donor restriction held at December 31, 2020.

NOTE D -- Merger

On May 17, 2020, Cityside acquired all assets, liabilities and net assets of Berkeleyside, Inc. (Berkeleyside), pursuant to a merger agreement. As a result of this agreement, Berkeleyside merged into Cityside, with Cityside as the surviving entity. Operating results of Berkeleyside prior to the merger are not included in these financial statements.

Prior to the merger, Berkeleyside was a California nonprofit public benefit corporation primarily engaged in online journalism with a user base primarily in the Berkeley, California area. The merger with Berkeleyside will enable Cityside to diversify and expand its offerings in the East Bay.

CITYSIDE JOURNALISM INITIATIVE

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE D -- Merger (continued)

The assets acquired, liabilities and net assets assumed in the merger are summarized as follows:

Assets:	
Cash and cash equivalents	\$ 626,260
Accounts receivable, net	88,868
Due from Cityside	80,185
Prepaid expenses	<u>18,633</u>
Total assets	<u>\$ 813,946</u>
Liabilities:	
Accounts payable	\$ 50,192
Accrued payroll and vacation	5,188
Accrued expenses	7,747
Paycheck Protection Program loan	<u>92,910</u>
Total liabilities	156,037
Net assets with donor restriction	<u>657,909</u>
Total liabilities and net assets	<u>\$ 813,946</u>

NOTE E -- Paycheck Protection Program loan

The CARES Act established the SBA's Paycheck Protection Program (SBA PPP). The SBA PPP provided forgivable loans to qualifying small businesses and organizations for amounts of up to 2.5 times the average monthly payroll expenses of the small business or organization. Under SBA guidance, the loan and related accrued interest are forgivable if the borrower uses the loan proceeds for qualified expenses designated by the SBA during a specific eight to twenty-four week period, with the duration of the period elected by the borrower. In April 2020, Berkeleyside, Inc., prior to the current year merger, received an SBA PPP loan of \$92,910. Cityside obtained the SBA PPP loan and accrued interest as part of the merger with Berkeleyside, Inc. Accrued interest of \$639 is included in Accrued Expenses on the Statement of Financial Position as of December 31, 2020.

CITYSIDE JOURNALISM INITIATIVE

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE F -- Net assets with donor restrictions and net assets released from restrictions

Net assets with donor restrictions are available for the following at December 31, 2020:

Google News Initiative	\$ 195,951
American Journalism Project	<u>763,918</u>
Total net assets with donor restrictions	<u>\$ 959,869</u>

Net assets were released from donor restrictions during the year ended December 31, 2020 by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events as follows:

Google News Initiative	\$ 741,958
American Journalism Project	<u>406,082</u>
Net assets released from restrictions	<u>\$ 1,148,040</u>

Net assets released include net assets assumed in the merger. (Note D)

Net assets with donor restrictions from Google News Initiative (GNI) were contributed to support the launch and initial two years of The Oaklandside. The grants are part of a global program by GNI to evaluate new models for sustainable, local digital news sites.

Net assets with donor restrictions from American Journalism Project were contributed to grow and diversify Cityside's revenue and to advance Cityside toward a sustainable model for local news.

NOTE G -- Conditional promises to give

During the year ended December 31, 2019, Cityside received a \$1,560,000 two-year conditional promise to give. The grant was conditioned upon achievement of agreed upon milestones for Cityside to build a diverse editorial leadership team and nonprofit board that and will bring its work into local communities of color and non-English speaking communities in Oakland through workshops, open offices and regular events. Since this grant represents a conditional promise to give, it will be recorded as contributions and grants revenue in the period that the conditions are met. During the year ended December 31, 2020, \$1,170,000 was recorded as contribution revenue in the Statement of Activities, due to a portion of conditions being met during the period.

CITYSIDE JOURNALISM INITIATIVE

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE G -- Conditional promises to give (continued)

Prior to the merger during the year ended December 31, 2020, Berkeleyside received a \$1,560,000 two-year conditional promise that was agreed to be transferred to Cityside. The grant was conditioned upon achievement of agreed upon milestones for Cityside to create and operate one new digital local news website in Oakland. Before the conditional promise to give was transferred to Cityside, \$1,000,000 was recorded as contribution revenue by Berkeleyside and is not included as contributions and grants revenue in the Statement of Activities. During the year ended December 31, 2020, \$280,000 was recorded as contribution revenue, with donor restrictions, in the Statement of Activities, due to a portion of conditions being met during the period.

NOTE H -- Revenue and support concentration

Cityside received grants representing 55% of its total revenues from two grantors. Should the grants be discontinued, Cityside would have to pursue alternative funding sources to continue its operations.

NOTE I -- Retirement plan

Cityside provides a 401(k) Safe Harbor Match Plan (Plan) for all eligible employees who have met certain service requirements. Safe harbor matching contributions equal 100% of an employee's salary deferral that does not exceed 3% of compensation plus 50% of salary deferrals between 3% and 5% of compensation. All Plan contributions are 100% vested. For the year ended December 31, 2020, Cityside made safe harbor matching contributions of \$23,989.

NOTE J -- Facilities

As part of the current year merger with Berkeleyside, Inc., Cityside became the holder of Berkeleyside, Inc.'s membership agreement with WeWork for its operating facilities in Berkeley, California. The membership agreement was a month-to-month agreement for the use of space in the facility with monthly payments of \$3,450 plus additional costs for use of amenities offered beyond the monthly allotment. In August 2020, due to the impact of COVID-19, Cityside received a refund for a portion of its monthly payments to date of \$10,085 and renegotiated a reduction in monthly payments to \$1,440. Rent expense for the year ended December 31, 2020 was \$3,559 and is included with total office and operations expense.

CITYSIDE JOURNALISM INITIATIVE

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2020

NOTE K -- Related party transactions

Prior to the current year merger of Berkeleyside, Inc. into Cityside as the surviving organization in May 2020, Berkeleyside, Inc. loaned a net total of \$369,987 to Cityside during the year ended December 31, 2019 to provide the necessary liquidity to open a checking account in Cityside's name. No terms were set by Berkeleyside, Inc. for the intercompany loan for interest to be assessed or required principal payments due to the expected merger. In 2020, payments to Berkeleyside, Inc. on the loan were \$289,802 and the outstanding balance of the loan was \$80,185 at May 17, 2020 at the time of the merger. This remaining outstanding balance was eliminated during merger between the two entities and consolidation of the two entities' financials.

NOTE L -- Subsequent events

The coronavirus outbreak may have a potentially adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of Coronavirus-19 (COVID-19) and its variants. Relaxation of protective measures have occurred; however, imposition of measures in the future cannot be determined by management to reasonably estimate the impact to the future results of operations, cash flows or financial condition.

Cityside received full forgiveness of the SBA PPP loan and accrued interest in March 2021. The SBA PPP loan and accrued interest totaling \$93,709 will be recognized as grant support during the year ending December 31, 2021.

Cityside's management seeks to increase the percentage of giving that is pledged over multiple years to increase certainty in planning annual budgets. As part of its fundraising, Cityside encourages donors to make multi-year pledges when possible. In May 2021, a substantial three-year gift totaling \$360,000 was received.

The date to which events occurring after December 31, 2020 have been evaluated for possible adjustments to the financial statements or disclosure is July 30, 2021, which is the date on which the financial statements were available to be issued.