

EISNERAMPER

SOLUTIONS JOURNALISM NETWORK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019



SOLUTIONS JOURNALISM NETWORK, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Solutions Journalism Network, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Solutions Journalism Network, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 above present fairly, in all material respects, the financial position of Solutions Journalism Network, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP
New York, New York
June 9, 2021



SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 9,381,882	\$ 3,990,379
Contributions receivable, net	7,483,752	5,339,304
Investments	3,757	2,348
Prepaid expenses and other assets	89,500	51,617
Website costs, net	107,098	46,529
Security deposits	<u>23,827</u>	<u>53,197</u>
	<u>\$ 17,089,816</u>	<u>\$ 9,483,374</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 84,010	\$ 219,621
Grants payable, net	590,574	662,243
Paycheck Protection Program loan payable	<u>509,902</u>	<u>-</u>
	<u>1,184,486</u>	<u>881,864</u>
Commitments, contingency and other uncertainty (Note G)		
Net assets:		
Without donor restrictions	5,286,533	129,896
With donor restrictions	<u>10,618,797</u>	<u>8,471,614</u>
	<u>15,905,330</u>	<u>8,601,510</u>
	<u>\$ 17,089,816</u>	<u>\$ 9,483,374</u>

SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions from organizations	\$ 5,659,337	\$ 8,871,680	\$ 14,531,017	\$ 378,073	\$ 8,927,545	\$ 9,305,618
Contributions from individuals	63,332	-	63,332	42,428	-	42,428
Contributed services	60,945	-	60,945	16,128	-	16,128
Program training revenue	94,797	-	94,797	68,909	-	68,909
Investment income, net	3,524	-	3,524	2,054	-	2,054
Other income	-	-	-	1,953	-	1,953
Total public support and revenue before net assets released from restrictions	5,881,935	8,871,680	14,753,615	509,545	8,927,545	9,437,090
Net assets released from restrictions	<u>6,724,497</u>	<u>(6,724,497)</u>	<u>-</u>	<u>5,019,351</u>	<u>(5,019,351)</u>	<u>-</u>
Total public support and revenue	<u>12,606,432</u>	<u>2,147,183</u>	<u>14,753,615</u>	<u>5,528,896</u>	<u>3,908,194</u>	<u>9,437,090</u>
Expenses:						
Program services:						
Practice change	5,780,347	-	5,780,347	4,188,161	-	4,188,161
Knowledge dissemination	<u>944,761</u>	<u>-</u>	<u>944,761</u>	<u>849,695</u>	<u>-</u>	<u>849,695</u>
Total program services	<u>6,725,108</u>	<u>-</u>	<u>6,725,108</u>	<u>5,037,856</u>	<u>-</u>	<u>5,037,856</u>
Supporting services:						
General and administrative	450,886	-	450,886	417,986	-	417,986
Fund-raising	<u>273,801</u>	<u>-</u>	<u>273,801</u>	<u>310,512</u>	<u>-</u>	<u>310,512</u>
Total supporting services	<u>724,687</u>	<u>-</u>	<u>724,687</u>	<u>728,498</u>	<u>-</u>	<u>728,498</u>
Total expenses	<u>7,449,795</u>	<u>-</u>	<u>7,449,795</u>	<u>5,766,354</u>	<u>-</u>	<u>5,766,354</u>
Change in net assets	5,156,637	2,147,183	7,303,820	(237,458)	3,908,194	3,670,736
Net assets, beginning of year	<u>129,896</u>	<u>8,471,614</u>	<u>8,601,510</u>	<u>367,354</u>	<u>4,563,420</u>	<u>4,930,774</u>
Net assets, end of year	<u>\$ 5,286,533</u>	<u>\$ 10,618,797</u>	<u>\$ 15,905,330</u>	<u>\$ 129,896</u>	<u>\$ 8,471,614</u>	<u>\$ 8,601,510</u>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statement of Functional Expenses

Year Ended December 31, 2020

(with summarized financial information for 2019)

	Program Services			Supporting Services			Total Expenses 2020	Total Expenses 2019
	Practice Change	Knowledge Dissemination	Total Program Services	General and Administrative	Fund-Raising	Total Supporting Services		
Salaries	\$ 2,252,602	\$ 527,307	\$ 2,779,909	\$ 229,324	\$ 215,735	\$ 445,059	\$ 3,224,968	\$ 2,704,126
Payroll taxes and fringe benefits	<u>310,705</u>	<u>84,741</u>	<u>395,446</u>	<u>21,706</u>	<u>26,859</u>	<u>48,565</u>	<u>444,011</u>	<u>360,776</u>
Total salaries, payroll taxes and fringe benefits	<u>2,563,307</u>	<u>612,048</u>	<u>3,175,355</u>	<u>251,030</u>	<u>242,594</u>	<u>493,624</u>	<u>3,668,979</u>	<u>3,064,902</u>
Newsroom grants and fees	1,875,206	-	1,875,206	-	-	-	1,875,206	856,362
Journalist grants and fees	44,079	-	44,079	-	-	-	44,079	52,828
Curriculum, training and research	17,212	3,247	20,459	-	-	-	20,459	15,720
Program consulting fees	889,571	211,681	1,101,252	-	-	-	1,101,252	647,824
Events and conferences	4,071	-	4,071	-	-	-	4,071	102,246
Occupancy	85,283	20,994	106,277	20,529	-	20,529	126,806	134,899
Office supplies	59,930	14,600	74,530	22,880	5,913	28,793	103,323	94,247
Website maintenance	39,757	9,307	49,064	9,570	-	9,570	58,634	65,622
Accounting and financial services	-	-	-	28,793	-	28,793	28,793	25,541
Audit and legal services	49,233	11,769	61,002	52,654	-	52,654	113,656	62,194
General management and fundraising consultants	-	-	-	24,086	18,610	42,696	42,696	76,821
Other professional fees	5,085	1,191	6,276	1,224	-	1,224	7,500	14,143
Insurance	10,482	2,454	12,936	2,523	-	2,523	15,459	14,431
Travel and lodging	60,643	3,781	64,424	13,191	5,480	18,671	83,095	361,293
Subscriptions, licenses and fees	5,335	14,915	20,250	7,024	1,204	8,228	28,478	19,608
Technology	49,726	11,537	61,263	12,252	-	12,252	73,515	61,606
Other expenses	5,809	3,697	9,506	4,144	-	4,144	13,650	7,618
Amortization	<u>15,618</u>	<u>23,540</u>	<u>39,158</u>	<u>986</u>	<u>-</u>	<u>986</u>	<u>40,144</u>	<u>88,449</u>
Grand total	<u>\$ 5,780,347</u>	<u>\$ 944,761</u>	<u>\$ 6,725,108</u>	<u>\$ 450,886</u>	<u>\$ 273,801</u>	<u>\$ 724,687</u>	<u>\$ 7,449,795</u>	<u>\$ 5,766,354</u>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

**Statement of Functional Expenses
Year Ended December 31, 2019**

	Program Services			Supporting Services			Total Expenses
	Practice Change	Knowledge Dissemination	Total Program Services	General and Administrative	Fund-Raising	Total Supporting Services	
Salaries	\$ 1,798,427	\$ 477,718	\$ 2,276,145	\$ 224,670	\$ 203,311	\$ 427,981	\$ 2,704,126
Payroll taxes and fringe benefits	<u>233,814</u>	<u>69,353</u>	<u>303,167</u>	<u>32,712</u>	<u>24,897</u>	<u>57,609</u>	<u>360,776</u>
Total salaries, payroll taxes and fringe benefits	<u>2,032,241</u>	<u>547,071</u>	<u>2,579,312</u>	<u>257,382</u>	<u>228,208</u>	<u>485,590</u>	<u>3,064,902</u>
Newsroom grants and fees	856,362	-	856,362	-	-	-	856,362
Journalist grants and fees	52,828	-	52,828	-	-	-	52,828
Curriculum, training and research	15,720	-	15,720	-	-	-	15,720
Program consulting fees	536,970	110,854	647,824	-	-	-	647,824
Events and conferences	101,142	450	101,592	654	-	654	102,246
Occupancy	86,203	23,763	109,966	24,933	-	24,933	134,899
Office supplies	49,618	29,717	79,335	11,369	3,543	14,912	94,247
Website maintenance	37,850	26,986	64,836	786	-	786	65,622
Accounting and financial services	610	162	772	24,769	-	24,769	25,541
Audit and legal services	40,049	11,531	51,580	10,614	-	10,614	62,194
General management and fundraising consultants	-	-	-	34,488	42,333	76,821	76,821
Other professional fees	10,335	1,337	11,672	2,471	-	2,471	14,143
Insurance	9,276	2,472	11,748	2,683	-	2,683	14,431
Travel and lodging	277,464	23,907	301,371	25,168	34,754	59,922	361,293
Subscriptions, licenses and fees	4,746	3,877	8,623	9,785	1,200	10,985	19,608
Technology	39,344	11,015	50,359	11,137	110	11,247	61,606
Other expenses	5,533	820	6,353	901	364	1,265	7,618
Amortization	<u>31,870</u>	<u>55,733</u>	<u>87,603</u>	<u>846</u>	<u>-</u>	<u>846</u>	<u>88,449</u>
Grand total	<u>\$ 4,188,161</u>	<u>\$ 849,695</u>	<u>\$ 5,037,856</u>	<u>\$ 417,986</u>	<u>\$ 310,512</u>	<u>\$ 728,498</u>	<u>\$ 5,766,354</u>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Cash Flows

	Year Ended December 31,	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,303,820	\$ 3,670,736
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization expense	40,144	88,449
Donated securities	-	(1,927)
Unrealized (gain) loss on investments	(1,409)	79
Changes in:		
Contributions receivable, net	(2,144,448)	(3,021,467)
Prepaid expenses and other assets	(37,883)	(25,789)
Security deposits	29,370	(39,772)
Accounts payable and accrued expenses	(135,611)	(40,190)
Grants payable, net	<u>(71,669)</u>	<u>(250,713)</u>
Net cash provided by operating activities	<u>4,982,314</u>	<u>379,406</u>
Cash flows from investing activities:		
Purchases of investments	-	(500)
Capitalized website costs	<u>(100,713)</u>	<u>(56,162)</u>
Net cash used in investing activities	<u>(100,713)</u>	<u>(56,662)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	<u>509,902</u>	-
Net increase in cash	5,391,503	322,744
Cash, beginning of year	<u>3,990,379</u>	<u>3,667,635</u>
Cash, end of year	<u>\$ 9,381,882</u>	<u>\$ 3,990,379</u>
Supplemental disclosure of cash flow information:		
Contributed services	<u>\$ 60,945</u>	<u>\$ 16,128</u>
Unrelated business income taxes paid	<u>\$ -</u>	<u>\$ 9,000</u>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] The Organization:

Solutions Journalism Network, Inc. (the "Organization"), incorporated in 2013 in Delaware, is a not-for-profit organization that works to spread the practice of "solutions journalism" – rigorous reporting about credible responses to social problems. The Organization's mission is to establish solutions journalism as a core function in journalism, conforming to the profession's highest standards of independence and accuracy. In keeping with journalism's historic responsibility to spotlight and contextualize significant activity in the public interest, solutions journalism will circulate reliable information about how society is confronting and adapting to major social, economic and environmental challenges. The Organization organizes its activities across the following key program areas. The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"), and from state and local taxes under comparable laws.

Practice Change (formerly known as "Education" and "Curriculum")

The Organization leverages its curriculum to catalyze and sustain the practice of solutions journalism in news organizations, journalism schools and with individual journalists. The Organization cultivates relationships with individual outlets or with groups of outlets, often resulting in high-impact solutions-focused reporting projects. These relationships typically begin with a workshop introducing newsroom staff to the solutions approach. The Organization also provides research and editorial consulting support to reporters, producers, and editors. In some cases, the Organization offers modest financial support for reporter time and travel, audience engagement activities or other high-value activities. In certain special relationships cases that promise to generate great visibility, impact, and learning, the Organization invests in longer-term, higher-impact newsroom projects. The Organization complements its work with news organizations by mechanisms that seek to advance the adoption of the solutions approach by individual journalists and in journalism schools, including webinars, communities of practice, train the trainers and online resources.

The Organization has created a core curriculum designed to introduce its distinctive approach to journalism professionals and students; and to further develop and strengthen the skills of those who already integrate solutions-oriented reporting into their work. The Organization provides an online suite of courses, the "Learning Lab," which is free to access. It includes core training in solutions journalism, as well as specialized guides for editors and reporters focusing on specific beats, such as violence, education, and health. These resources, in addition to a growing archive of thousands of model-solutions stories, are intended to advance the understanding and practice of solutions-journalism for reporters and editors who do not have access to its direct trainings. Working with partners, the Organization is translating some of these resources into multiple languages, making them accessible to non-English-speaking constituents.

Knowledge Dissemination

The Organization expands and manages the "Solutions Story Tracker," as well as "SolutionsU," a suite of tools to help all learners easily find, integrate, and share solutions stories, to support teaching and learning in social innovation and other topics. The Organization also supports faculty in developing and sharing teaching materials based on solutions journalism stories in a range of disciplines.

[2] Basis of accounting:

The financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[3] Use of estimates:

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, public support and revenue, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates and assumptions.

[4] Cash and cash equivalents:

The Organization considers all highly liquid investments purchased with an original maturity of three months or less, to be cash equivalents.

[5] Investments:

The Organization's investments in equity securities are reported at their fair values in the statements of financial position based on quoted market prices. Cash and cash equivalents are part of the Organization's investment portfolio and are included in the balance reported as investments in the statements of financial position.

The Organization's investments, in general, are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost basis to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned. Investment fees are embedded in various investment transactions.

[6] Website costs:

Website costs related to application development, site configuration and infrastructure, and conceptual design are capitalized. Costs relating to operation and support are expensed as incurred. The Organization capitalizes website costs that have a cost of \$1,000 or more and a useful life of greater than one year. Capitalized costs are amortized over a three-year expected life, using the straight-line method. At December 31, 2020 and 2019, capitalized website costs are presented net of accumulated amortization of \$336,144 and \$296,000, respectively.

[7] Grants and grant commitments:

Unconditional grants and awards made to others are recognized as expenses in the financial statements at the time of approval. Unconditional grants and awards approved, but not yet paid, are reported as grants payable in the statements of financial position at each year-end. Multi-year grants are reported at their present values, using an appropriate interest rate. Conditional grants and awards are not reported as expenses until the conditions are substantially met by the intended recipients.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[8] Paycheck Protection Program loan payable:

On March 27, 2020, Congress enacted the Coronavirus Aid Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and qualifying expenditures during the coronavirus ("COVID-19") pandemic. During 2020, the Organization applied for and received PPP funds in the amount of \$509,902. Subsequent to year-end, in March 2021, the loan was forgiven in its entirety.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. The Organization has elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470 *Debt*. The Organization is in the process of applying for loan forgiveness, which will be recognized when the application is formally approved by the bank and the SBA; however, no assurance can be provided that the Organization will be eligible for forgiveness, in whole, or in part (see Note E).

[9] Net assets:

(i) Net assets without donor restrictions:

Net assets without donor restrictions represent those resources for which there are no restrictions by donors as to their use and are therefore available for current operations.

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources that are subject to donor-imposed restrictions, such as specific purposes and/or a specific period of time.

When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions."

[10] Revenue recognition:

(i) Contributions:

Contributions made to the Organization are recognized as revenue upon the receipt of cash, other assets, or of unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recorded when the conditions have been met by requisite actions of the Organization's management, and, if received in advance, are recognized in the statements of financial position as funds received in advance. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

(ii) Contributed services:

Donated services are recognized in the financial statements if the services: (i) create or enhance non-financial assets or require specialized skills; (ii) are provided by individuals possessing these skills; and (iii) would typically need to be acquired if not provided by donation. Accordingly, donated services are recorded as support at their estimated fair value at the dates of donation and are reported as support without donor restrictions. Donated services are reported as both contributions and offsetting expenses in the statements of activities. In 2020 and 2019, the Organization received legal services valued at approximately \$61,000 and \$16,000, respectively, as defined herein.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Revenue recognition: (continued)

(iii) *Volunteers:*

A substantial number of members of the Board of Directors and volunteers have donated significant amounts of their time and support through fund-raising and participation in events in furtherance of the Organization's mission. The value of this donated volunteer time is not reported in the financial statements, as it does not meet the criteria for recognition under U.S. GAAP.

(iv) *Program training revenue:*

Revenue from program training is recorded as revenue in the period that the services are rendered.

[11] Functional allocation of expenses:

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present expenses by natural classification and function. Accordingly, direct costs have been allocated among program and supporting services based on the nature of the expense. Indirect costs have been allocated on the basis of time and effort. Costs that have been allocated include salaries and related expenses, legal expenses, insurance expenses and amortization expense.

[12] Income taxes:

The Organization is subject to the provisions of the FASB's ASC Topic 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Organization's financial statements.

[13] Adoption of accounting principle:

Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made:

In June 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 985)*. ASU 2018-08 clarified and improved guidance concerning: 1) evaluating whether a transaction should be accounted for as an exchange transaction or as a contribution; and 2) determining whether a contribution received is conditional. ASU 2018-08 should be applied on a modified prospective basis. ASU 2018-08 was effective for annual periods beginning after December 15, 2018 for entities that are resource recipients. Accordingly, the Organization adopted the resource recipient portion for its year ended December 31, 2019. ASU 2018-08 is effective for annual periods beginning after December 15, 2019 for entities that are resource providers. The Organization adopted the resource provider portion for its year ended December 31, 2020 and this accounting guidance did not have a material effect on SJN's financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE A - THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[14] Upcoming accounting principle:

Accounting Updates to Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets:

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, a not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021.

[15] Reclassification:

Certain information in the prior-year's financial statements has been reclassified to conform to the current year's presentation.

[16] Subsequent events:

The Organization evaluated subsequent events through June 9, 2021, the date on which the financial statements were available to be issued.

NOTE B - CONTRIBUTIONS RECEIVABLE

At each year-end, contributions were due to be collected as follows:

	December 31,	
	2020	2019
Less than one year	\$ 4,369,398	\$ 1,849,283
One to five years	<u>3,272,450</u>	<u>3,797,454</u>
	7,641,848	5,646,737
Reduction of pledges due in excess of one year to present value, using discount rates ranging from .10% to 3%	<u>(158,096)</u>	<u>(307,433)</u>
	<u>\$ 7,483,752</u>	<u>\$ 5,339,304</u>

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE B - CONTRIBUTIONS RECEIVABLE (CONTINUED)

The Organization periodically assesses the collectability of its contributions receivable using management's judgement of potential defaults, which considers factors such as prior collection history, type of contribution and the nature of fund-raising activity, and provides allowances for anticipated losses, if any, when necessary.

NOTE C - INVESTMENTS

At each year-end, investments consisted of the following:

	December 31,			
	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 500	\$ 500	\$ 500	\$ 500
Equity securities	<u>3,257</u>	<u>1,927</u>	1,848	1,927
	<u>\$ 3,757</u>	<u>\$ 2,427</u>	\$ 2,348	\$ 2,427

During each year, investment income consisted of the following:

	December 31,	
	2020	2019
Interest and dividends, net	\$ 2,115	\$ 2,133
Unrealized gain (loss)	<u>1,409</u>	<u>(79)</u>
	<u>\$ 3,524</u>	<u>\$ 2,054</u>

The FASB's ASC Topic 820, *Fair Value Measurements*, establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

- Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.
- Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; or (ii) quoted prices for those investments, or similar investments, in markets that are not active; or (iii) pricing inputs other than quoted prices that are directly or indirectly observable on the reporting date.
- Level 3: Valuations are based on pricing inputs that are unobservable and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

The Organization's investments were valued entirely as Level 1 of the fair-value hierarchy for both years 2020 and 2019.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE C - INVESTMENTS (CONTINUED)

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair-value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE D - GRANTS PAYABLE

At each year-end, grants payable were scheduled to be distributed as follows:

	December 31,	
	2020	2019
Less than one year	\$ 536,233	\$ 662,243
One to five years	<u>54,450</u>	-
	590,683	662,243
Reduction of grants payable in excess of one year to present value, at a discount rate of .10%	<u>(109)</u>	-
	<u>\$ 590,574</u>	<u>\$ 662,243</u>

As of December 31, 2020, the Organization has committed to \$915,000 of grants of which \$632,875 have conditions which have not been satisfied yet and accordingly, under U.S. GAAP cannot be recorded as liabilities.

NOTE E - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE AND LINE OF CREDIT

[1] Paycheck Protection Program loan payable:

On May 1, 2020, the Organization received \$509,902 in funds from the PPP and is reported as a Paycheck Protection Program loan payable in the statements of financial position at December 31, 2020. Neither principal nor interest is due for a deferral period, which ends 10 months after the end of the covered period. This loan may be forgiven subject to bank approval in accordance with SBA guidelines. Any outstanding principal of the loan that is not forgiven under the PPP Loan program at the end of the deferral period will convert to a term loan with an interest rate of 1% payable in equal installments of principal and interest over the remaining period until the loan maturity date. The loan matures on May 1, 2022. The Organization is in the process of applying for forgiveness. Until the determination of forgiveness is made, the scheduled future principal maturities as of December 31, 2020 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 269,831
2022	<u>240,071</u>
	<u>\$ 509,902</u>

Subsequent to December 31, 2020, the Organization applied for and received a second PPP loan in the amount of approximately \$585,000.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE E - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE AND LINE OF CREDIT (CONTINUED)

[2] Line of credit:

The Organization has a line of credit with a bank for \$750,000, expiring on April 15, 2022. The line of credit is collateralized by the Organization's cash, cash equivalents, and investments. The interest rate charged is at the adjusted LIBOR rate plus 3.65%, which was 3.99% and 5.62% at December 31, 2020 and 2019, respectively. There were no drawdowns on the line of credit during 2020 or 2019.

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

At each year-end, net assets with donor restrictions consisted of the following:

	December 31,	
	2020	2019
Restricted for future periods	<u>\$ 450,000</u>	<u>\$ 300,000</u>
Purpose-restricted:		
Practice change	9,325,444	7,695,456
Knowledge dissemination	527,780	225,694
Infrastructure	<u>315,573</u>	<u>250,464</u>
Total purpose restrictions	<u>10,168,797</u>	<u>8,171,614</u>
Total	<u>\$ 10,618,797</u>	<u>\$ 8,471,614</u>

During each year, net assets released from restrictions resulted from satisfying the following donor restrictions:

	December 31,	
	2020	2019
Time restrictions satisfied	<u>\$ 1,050,000</u>	<u>\$ 1,425,000</u>
Purpose-restrictions satisfied:		
Practice change	5,067,533	3,184,825
Knowledge dissemination	395,119	150,826
Infrastructure	<u>211,845</u>	<u>258,700</u>
Total purpose restrictions satisfied	<u>5,674,497</u>	<u>3,594,351</u>
Total	<u>\$ 6,724,497</u>	<u>\$ 5,019,351</u>

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE G - COMMITMENTS, CONTINGENCY AND OTHER UNCERTAINTY

[1] Lease commitment:

The Organization entered into an operating lease agreement for office space that began on December 2, 2019 and was set to expire in December 2021. During 2020, the Organization terminated this lease agreement. Accordingly, there are no minimum future obligations as of December 31, 2020.

[2] Other contracts:

In the normal course of its business, the Organization enters into various contracts and agreements for professional and other services, all of which are typically renewable on a year-to-year basis.

[3] Contingency and other uncertainty:

The extent of the impact of the COVID-19 outbreak on the Organization's programming, operational and financial performance is uncertain and will depend on the continued future developments of the outbreak and external restrictions imposed. The potential economic impact on the overall contributions towards the Organization's programs brought by, and the duration of, the COVID-19 pandemic, is difficult to assess or predict, and may have an adverse impact on the Organization's operations.

NOTE H - CONCENTRATION OF REVENUE

Approximately 55% and 53% of the Organization's contributions revenue was provided by one donor in 2020 and 2019, respectively.

NOTE I - CONCENTRATION OF CREDIT RISK

The Organization deposits cash in a financial institution which, at times, may exceed federally insured limits. The Organization's cash is held in a major institution, and management believes that there is no significant risk of loss by reason of the institution's failure.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2020 and 2019

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of each year-end available for general expenditures (which includes scheduled grant payments) within one year of the statements of financial position date:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash	\$ 9,381,882	\$ 3,990,379
Contributions receivable, net	7,483,752	5,339,304
Investments	<u>3,757</u>	<u>2,348</u>
Total financial assets available within one year	<u>16,869,391</u>	<u>9,332,031</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for:		
Time restrictions	(450,000)	(300,000)
Purpose restrictions	<u>(10,168,797)</u>	<u>(8,171,614)</u>
Total amounts unavailable for general expenditure within one year	<u>(10,618,797)</u>	<u>(8,471,614)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,250,594</u>	<u>\$ 860,417</u>

Liquidity policy:

As part of the Organization's liquidity management, it maintains a sufficient level of operating cash to be available as its general expenditures, grants, liabilities, and other obligations come due. As disclosed in Note E, the Organization has access to a line of credit which is available for short-term liquidity needs.