

EISNERAMPER

SOLUTIONS JOURNALISM NETWORK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020



SOLUTIONS JOURNALISM NETWORK, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Solutions Journalism Network, Inc.

Opinion

We have audited the financial statements of Solutions Journalism Network, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

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, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 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.

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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility 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 auditors' 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 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.



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In performing an audit in accordance with 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 the Organization'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 the Organization'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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
October 6, 2022



SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Financial Position

	December 31,	
	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 7,048,630	\$ 9,381,882
Contributions receivable, net	4,868,268	7,483,752
Investments	2,628,984	3,757
Prepaid expenses and other assets	64,020	89,500
Website costs, net	171,935	107,098
Security deposits	<u>35,827</u>	<u>23,827</u>
	<u>\$ 14,817,664</u>	<u>\$ 17,089,816</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 139,371	\$ 84,010
Grants payable, net	794,840	590,574
Paycheck Protection Program loan payable	<u>-</u>	<u>509,902</u>
Total liabilities	<u>934,211</u>	<u>1,184,486</u>
Commitments and other uncertainty (Note H)		
Net assets:		
Without donor restrictions	4,760,938	5,286,533
With donor restrictions	<u>9,122,515</u>	<u>10,618,797</u>
Total net assets	<u>13,883,453</u>	<u>15,905,330</u>
	<u>\$ 14,817,664</u>	<u>\$ 17,089,816</u>

SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions of financial assets:						
Organizations	\$ 427,103	\$ 4,175,125	\$ 4,602,228	\$ 5,659,337	\$ 8,871,680	\$14,531,017
Individuals	23,866	-	23,866	63,332	-	63,332
Contributions of nonfinancial assets	4,259	-	4,259	60,945	-	60,945
Program training revenue	108,457	-	108,457	94,797	-	94,797
Investment income, net	1,962	-	1,962	3,524	-	3,524
Foreign exchange gain	15,109	-	15,109	-	-	-
Other income	<u>5,253</u>	<u>-</u>	<u>5,253</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue before net assets released from restrictions	586,009	4,175,125	4,761,134	5,881,935	8,871,680	14,753,615
Net assets released from restrictions	<u>5,671,407</u>	<u>(5,671,407)</u>	<u>-</u>	<u>6,724,497</u>	<u>(6,724,497)</u>	<u>-</u>
Total public support and Revenue	<u>6,257,416</u>	<u>(1,496,282)</u>	<u>4,761,134</u>	<u>12,606,432</u>	<u>2,147,183</u>	<u>14,753,615</u>
Expenses:						
Program services:						
Practice change	6,116,059	-	6,116,059	5,780,347	-	5,780,347
Knowledge dissemination	<u>1,009,903</u>	<u>-</u>	<u>1,009,903</u>	<u>944,761</u>	<u>-</u>	<u>944,761</u>
Total program services	<u>7,125,962</u>	<u>-</u>	<u>7,125,962</u>	<u>6,725,108</u>	<u>-</u>	<u>6,725,108</u>
Supporting services:						
General and administrative	484,611	-	484,611	450,886	-	450,886
Fund-raising	<u>268,205</u>	<u>-</u>	<u>268,205</u>	<u>273,801</u>	<u>-</u>	<u>273,801</u>
Total supporting services	<u>752,816</u>	<u>-</u>	<u>752,816</u>	<u>724,687</u>	<u>-</u>	<u>724,687</u>
Total expenses	<u>7,878,778</u>	<u>-</u>	<u>7,878,778</u>	<u>7,449,795</u>	<u>-</u>	<u>7,449,795</u>
Change in net assets before non-operating activities	(1,621,362)	(1,496,282)	(3,117,644)	5,156,637	2,147,183	7,303,820
Non-operating activities:						
Gain on forgiveness of Paycheck Protection Program Loans	<u>1,095,767</u>	<u>-</u>	<u>1,095,767</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(525,595)	(1,496,282)	(2,021,877)	5,156,637	2,147,183	7,303,820
Net assets, beginning 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>
Net assets, end of year	<u>\$ 4,760,938</u>	<u>\$ 9,122,515</u>	<u>\$13,883,453</u>	<u>\$ 5,286,533</u>	<u>\$ 10,618,797</u>	<u>\$15,905,330</u>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statement of Functional Expenses

Year Ended December 31, 2021

(with summarized financial information for 2020)

	Program Services			Supporting Services			Total Expenses 2021	Total Expenses 2020
	Practice Change	Knowledge Dissemination	Total Program Services	General and Administrative	Fund-Raising	Total Supporting Services		
Salaries	\$ 2,768,125	\$ 715,748	\$ 3,483,873	\$ 245,408	\$ 217,947	\$ 463,355	\$ 3,947,228	\$ 3,224,968
Payroll taxes and fringe benefits	<u>460,399</u>	<u>119,476</u>	<u>579,875</u>	<u>40,965</u>	<u>36,381</u>	<u>77,346</u>	<u>657,221</u>	<u>444,011</u>
Total salaries, payroll taxes and fringe benefits	<u>3,228,524</u>	<u>835,224</u>	<u>4,063,748</u>	<u>286,373</u>	<u>254,328</u>	<u>540,701</u>	<u>4,604,449</u>	<u>3,668,979</u>
Newsroom grants and fees	1,470,168	-	1,470,168	-	-	-	1,470,168	1,875,206
Journalist grants and fees	87,505	-	87,505	-	-	-	87,505	44,079
Curriculum, training and research	-	-	-	-	-	-	-	20,459
Program consulting fees	999,340	88,700	1,088,040	-	-	-	1,088,040	1,101,252
Events and conferences	20,676	-	20,676	-	-	-	20,676	4,071
Occupancy	-	-	-	-	-	-	-	126,806
Office supplies	63,153	17,513	80,666	22,626	3,789	26,415	107,081	103,323
Website maintenance	17,238	4,457	21,695	3,469	-	3,469	25,164	58,634
Accounting and financial services	-	-	-	23,085	-	23,085	23,085	28,793
Audit and legal services	41,426	10,711	52,137	8,336	-	8,336	60,473	113,656
General management and fundraising consultants	-	-	-	81,626	6,706	88,332	88,332	42,696
Other professional fees	1,713	444	2,157	345	-	345	2,502	7,500
Insurance	13,925	3,600	17,525	2,802	-	2,802	20,327	15,459
Travel and lodging	44,671	7,208	51,879	27,540	2,625	30,165	82,044	83,095
Subscriptions, licenses and fees	6,561	5,193	11,754	5,605	757	6,362	18,116	28,478
Technology	70,184	18,077	88,261	14,093	-	14,093	102,354	73,515
Other expenses	12,228	1,561	13,789	2,303	-	2,303	16,092	13,650
Amortization	<u>38,747</u>	<u>17,215</u>	<u>55,962</u>	<u>6,408</u>	<u>-</u>	<u>6,408</u>	<u>62,370</u>	<u>40,144</u>
Grand total	<u>\$ 6,116,059</u>	<u>\$ 1,009,903</u>	<u>\$ 7,125,962</u>	<u>\$ 484,611</u>	<u>\$ 268,205</u>	<u>\$ 752,816</u>	<u>\$ 7,878,778</u>	<u>\$ 7,449,795</u>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

**Statement of Functional Expenses
Year Ended December 31, 2020**

	Program Services			Supporting Services			Total Expenses
	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
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>
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>
Newsroom grants and fees	1,875,206	-	1,875,206	-	-	-	1,875,206
Journalist grants and fees	44,079	-	44,079	-	-	-	44,079
Curriculum, training and research	17,212	3,247	20,459	-	-	-	20,459
Program consulting fees	889,571	211,681	1,101,252	-	-	-	1,101,252
Events and conferences	4,071	-	4,071	-	-	-	4,071
Occupancy	85,283	20,994	106,277	20,529	-	20,529	126,806
Office supplies	59,930	14,600	74,530	22,880	5,913	28,793	103,323
Website maintenance	39,757	9,307	49,064	9,570	-	9,570	58,634
Accounting and financial services	-	-	-	28,793	-	28,793	28,793
Audit and legal services	49,233	11,769	61,002	52,654	-	52,654	113,656
General management and fundraising consultants	-	-	-	24,086	18,610	42,696	42,696
Other professional fees	5,085	1,191	6,276	1,224	-	1,224	7,500
Insurance	10,482	2,454	12,936	2,523	-	2,523	15,459
Travel and lodging	60,643	3,781	64,424	13,191	5,480	18,671	83,095
Subscriptions, licenses and fees	5,335	14,915	20,250	7,024	1,204	8,228	28,478
Technology	49,726	11,537	61,263	12,252	-	12,252	73,515
Other expenses	5,809	3,697	9,506	4,144	-	4,144	13,650
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>
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>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Cash Flows

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,021,877)	\$ 7,303,820
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Amortization expense	62,370	40,144
Realized/unrealized gain on investments	(227)	(1,409)
Gain on forgiveness of Paycheck Protection Program loans	(1,095,767)	-
Changes in:		
Contributions receivable, net	2,615,484	(2,144,448)
Prepaid expenses and other assets	25,480	(37,883)
Security deposits	(12,000)	29,370
Accounts payable and accrued expenses	55,361	(135,611)
Grants payable, net	<u>204,266</u>	<u>(71,669)</u>
Net cash (used in) provided by operating activities	<u>(166,910)</u>	<u>4,982,314</u>
Cash flows from investing activities:		
Purchases of investments	(2,628,484)	-
Proceeds from sales of investments	3,484	-
Capitalized website costs	<u>(127,207)</u>	<u>(100,713)</u>
Net cash used in investing activities	<u>(2,752,207)</u>	<u>(100,713)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loans	<u>585,865</u>	<u>509,902</u>
Change in cash and cash equivalents	(2,333,252)	5,391,503
Cash and cash equivalents, beginning of year	<u>9,381,882</u>	<u>3,990,379</u>
Cash and cash equivalents, end of year	<u>\$ 7,048,630</u>	<u>\$ 9,381,882</u>
Supplemental disclosure of cash flow information:		
Contributed services	<u>\$ 4,259</u>	<u>\$ 60,945</u>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2021 and 2020

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 of the Organization have been prepared using the accrual basis of accounting, in accordance with 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, 2021 and 2020

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

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that may 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. During 2021, the Organization liquidated its equity investments. Investments in certificates of deposit are reported at their fair values in the statements of financial position as of year-end. 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, 2021 and 2020, capitalized website costs are presented net of accumulated amortization of \$398,514 and \$336,144, 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 or milestones are met by the intended recipients.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2021 and 2020

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.

There are two acceptable methods for accounting for the PPP proceeds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution.

During, 2020, the Organization applied for and received a PPP loan of \$509,902. The Organization elected to record the PPP funds received in 2020 as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, *Debt*. In addition, during 2021 the Organization applied for and received a Second Draw of a PPP loan in the amount of \$585,865 and elected to record the Second Draw as a loan. The Organization applied for forgiveness of both loans during 2021 and received full forgiveness from the bank and the SBA in the amount of \$1,095,767. Accordingly, the forgiven amounts are reflected as a gain on PPP loan forgiveness in the statement of activities for the year ended December 31, 2021.

[9] Net assets:

(i) Net assets without donor restrictions:

The Organization's net assets without donor restrictions represent those resources that are available for current operations, as there are no restrictions by donors as to their use.

(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. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved. Conditional contributions are recorded when the conditions have been met by requisite actions of the Organization's management, or necessary events have taken place. Conditional contributions received in advance are recognized in the statements of financial position as funds received in advance.

(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 2021 and 2020, the Organization received legal services valued at approximately \$4,000 and \$61,000, respectively, as defined herein.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2021 and 2020

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] Measure of operations:

The Organization includes in its definition of operations all public support and revenue and expenses that are an integral part of its programs and supporting activities. The gain on forgiveness of the Paycheck Protection Program loans is recognized as part of the Organization's non-operating activities.

[12] 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 payroll costs, legal, insurance and amortization expenses.

[13] 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.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2021 and 2020

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

[14] Upcoming accounting pronouncement:

Contributed Nonfinancial Assets:

In September 2020, the FASB issued Accounting Standards Update (“ASU”) 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. Management is in the process of assessing the impact of this ASU on the financial statements.

[15] Subsequent events:

The Organization evaluated subsequent events through October 6, 2022, 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:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Less than one year	\$ 3,339,208	\$ 4,369,398
One to two years	<u>1,599,390</u>	<u>3,272,450</u>
	4,938,598	7,641,848
Reduction of pledges due in excess of one year to present value, using discount rates ranging from 0.10% to 3.00%	<u>(70,330)</u>	<u>(158,096)</u>
	<u>\$ 4,868,268</u>	<u>\$ 7,483,752</u>

The Organization periodically assesses the collectability of its contribution’s 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.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE C - INVESTMENTS

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

	December 31,			
	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ 3,984	\$ 3,984	\$ 500	\$ 500
Certificates of deposit	2,625,000	2,625,000	-	-
Equity securities	-	-	3,257	1,927
	<u>\$2,628,984</u>	<u>\$ 2,628,984</u>	<u>\$ 3,757</u>	<u>\$ 2,427</u>

During each year, investment income consisted of the following:

	December 31,	
	2021	2020
Interest and dividends, net	\$ 1,735	\$ 2,115
Realized gain	1,557	-
Unrealized (loss)/ gain	<u>(1,330)</u>	<u>1,409</u>
	<u>\$ 1,962</u>	<u>\$ 3,524</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 available 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.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE C - INVESTMENTS (CONTINUED)

The following tables summarize the fair values of the Organization's investments at each year-end, in accordance with the FASB's ASC Topic 820 valuation levels:

	December 31,					
	2021			2020		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 2,625,000	\$ 2,625,000	\$ -	\$ -	\$ -
Equity securities	-	-	-	3,257	-	3,257
	<u>\$ -</u>	<u>\$ 2,625,000</u>	<u>\$ 2,625,000</u>	<u>\$ 3,257</u>	<u>\$ -</u>	<u>\$ 3,257</u>

NOTE D - GRANTS PAYABLE

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

	December 31,	
	2021	2020
Less than one year	\$ 794,840	\$ 536,233
One to five years	-	54,450
	794,840	590,683
Reduction of grants payable in excess of one year to present value, at a discount rate of 0.10%	-	(109)
	<u>\$ 794,840</u>	<u>\$ 590,574</u>

As of December 31, 2021 and 2020, the Organization has committed to \$507,000 and \$915,000 of grants of which \$94,000 and \$632,875, respectively, have conditions which have not been satisfied yet and accordingly, under U.S. GAAP cannot be recorded as liabilities.

NOTE E - GAINS AND LOSSES FROM EXCHANGE TRANSACTIONS

Gains and losses on foreign currency pertain to a euro-based grant awards and is reported as a component of public support and revenue in the statements of activities. In 2021, the net foreign currency unrealized gain expressed in U.S. dollars was \$15,109. There were no foreign currency transactions in 2020.

NOTE F - BANK 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 3.71% and 3.99% on December 31, 2021 and 2020, respectively. There were no drawdowns on the line of credit during 2021 or 2020. Subsequent to year-end in March 2022, the Organization renewed the line of credit with the bank for \$750,000, expiring September 28, 2023. The line of credit bears an interest rate of the Secured Overnight Financing Rate ("SOFR") plus the applicable margin rate of 2.964%.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Restricted for future periods	<u>\$ 100,000</u>	<u>\$ 450,000</u>
Purpose-restricted:		
Practice change	8,421,430	9,325,444
Knowledge dissemination	284,373	527,780
Infrastructure	<u>316,712</u>	<u>315,573</u>
Total purpose restrictions	<u>9,022,515</u>	<u>10,168,797</u>
Total	<u>\$ 9,122,515</u>	<u>\$ 10,618,797</u>

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

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Time restrictions satisfied	<u>\$ 450,000</u>	<u>\$ 1,050,000</u>
Purpose restrictions satisfied:		
Practice change	4,550,553	5,067,533
Knowledge dissemination	392,091	395,119
Infrastructure	<u>278,763</u>	<u>211,845</u>
Total purpose restrictions satisfied	<u>5,221,407</u>	<u>5,674,497</u>
Total	<u>\$ 5,671,407</u>	<u>\$ 6,724,497</u>

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2021 and 2020

NOTE H – COMMITMENTS 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, 2021. Subsequent to year-end, in March 2022, the Organization entered into a short-term agreement for office space in New York City, renewable every three months.

[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] Other uncertainty:

The extent of the impact of the world-wide pandemic and other global events and conflicts on the Organization's programming, operational and financial performance is uncertain and will depend on the continued future developments of these events as well as external restrictions imposed. The potential economic impact on the overall contributions towards the Organization's programs brought by these events is difficult to assess or predict, and may have an adverse impact on the Organization's operations.

NOTE I - CONCENTRATION OF REVENUE

Approximately 44% and 55% of the Organization's contribution revenue was provided by three donors in 2021 and one donor in 2020, respectively.

NOTE J - 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, 2021 and 2020

NOTE K - 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,048,630	\$ 9,381,882
Contributions receivable, net	4,868,268	7,483,752
Investments	<u>2,628,984</u>	<u>3,757</u>
Total financial assets available within one year	<u>14,545,882</u>	<u>16,869,391</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for:		
Time restrictions	(100,000)	(450,000)
Purpose restrictions	<u>(9,022,515)</u>	<u>(10,168,797)</u>
Total amounts unavailable for general expenditure within one year	<u>(9,122,515)</u>	<u>(10,618,797)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,423,367</u>	<u>\$ 6,250,594</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 F, the Organization has access to a line of credit which is available for short-term liquidity needs.