

EISNERAMPER

SOLUTIONS JOURNALISM NETWORK, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021



SOLUTIONS JOURNALISM NETWORK, INC.

Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of financial position as of December 31, 2022 and 2021	3
Statements of activities for the years ended December 31, 2022 and 2021	4
Statement of functional expenses for the year ended December 31, 2022 (with summarized financial information for 2021)	5
Statement of functional expenses for the year ended December 31, 2021	6
Statements of cash flows for the years ended December 31, 2022 and 2021	7
Notes to financial statements	8

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Solutions Journalism Network, Inc.

Report on the Audit of 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, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of Solutions Journalism Network, Inc. as of December 31, 2022 and 2021, 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

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
June 6, 2023



SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Financial Position

	December 31,	
	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 6,300,945	\$ 7,048,630
Contributions receivable, net	5,002,196	4,868,268
Investments	882,123	2,628,984
Prepaid expenses and other assets	125,238	64,020
Website costs, net	288,244	171,935
Security deposits	<u>64,572</u>	<u>35,827</u>
	<u>\$ 12,663,318</u>	<u>\$ 14,817,664</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 399,410	\$ 139,371
Grants payable	<u>384,967</u>	<u>794,840</u>
Total liabilities	<u>784,377</u>	<u>934,211</u>
Commitments and other uncertainty (Note H)		
Net assets:		
Without donor restrictions	3,924,273	4,760,938
With donor restrictions	<u>7,954,668</u>	<u>9,122,515</u>
Total net assets	<u>11,878,941</u>	<u>13,883,453</u>
	<u>\$ 12,663,318</u>	<u>\$ 14,817,664</u>

SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Contributions of financial assets:						
Organizations	\$ 920,719	\$ 6,799,735	\$ 7,720,454	\$ 427,103	\$ 4,175,125	\$ 4,602,228
Individuals	31,613	-	31,613	23,866	-	23,866
Contributions of nonfinancial assets	-	-	-	4,259	-	4,259
Program training revenue	274,460	-	274,460	108,457	-	108,457
Special events	18,676	-	18,676	-	-	-
Investment income, net	58,743	-	58,743	1,962	-	1,962
Foreign exchange gain	-	-	-	15,109	-	15,109
Other income	6,775	-	6,775	5,253	-	5,253
Total public support and revenue before net assets released from restrictions	1,310,986	6,799,735	8,110,721	586,009	4,175,125	4,761,134
Net assets released from restrictions	7,967,582	(7,967,582)	-	5,671,407	(5,671,407)	-
Total public support and revenue	9,278,568	(1,167,847)	8,110,721	6,257,416	(1,496,282)	4,761,134
Expenses:						
Program services:						
Practice change	8,381,518	-	8,381,518	6,116,059	-	6,116,059
Knowledge dissemination	806,881	-	806,881	1,009,903	-	1,009,903
Total program services	9,188,399	-	9,188,399	7,125,962	-	7,125,962
Supporting services:						
General and administrative	647,884	-	647,884	484,611	-	484,611
Fund-raising	278,950	-	278,950	268,205	-	268,205
Total supporting services	926,834	-	926,834	752,816	-	752,816
Total expenses	10,115,233	-	10,115,233	7,878,778	-	7,878,778
Decrease in net assets before non- operating activities	(836,665)	(1,167,847)	(2,004,512)	(1,621,362)	(1,496,282)	(3,117,644)
Non-operating activities:						
Gain on forgiveness of Paycheck Protection Program loans	-	-	-	1,095,767	-	1,095,767
Decrease in net assets	(836,665)	(1,167,847)	(2,004,512)	(525,595)	(1,496,282)	(2,021,877)
Net assets, beginning of year	4,760,938	9,122,515	13,883,453	5,286,533	10,618,797	15,905,330
Net assets, end of year	\$ 3,924,273	\$ 7,954,668	\$ 11,878,941	\$ 4,760,938	\$ 9,122,515	\$13,883,453

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statement of Functional Expenses

Year Ended December 31, 2022

(with summarized financial information for 2021)

	Program Services			Supporting Services			Total Expenses 2022	Total Expenses 2021
	Practice Change	Knowledge Dissemination	Total Program Services	General and Administrative	Fund-Raising	Total Supporting Services		
Salaries	\$ 3,197,380	\$ 554,048	\$ 3,751,428	\$ 258,041	\$ 206,514	\$ 464,555	\$ 4,215,983	\$ 3,947,228
Payroll taxes and fringe benefits	<u>543,007</u>	<u>94,093</u>	<u>637,100</u>	<u>42,731</u>	<u>35,072</u>	<u>77,803</u>	<u>714,903</u>	<u>657,221</u>
Total salaries, payroll taxes and fringe benefits	<u>3,740,387</u>	<u>648,141</u>	<u>4,388,528</u>	<u>300,772</u>	<u>241,586</u>	<u>542,358</u>	<u>4,930,886</u>	<u>4,604,449</u>
Newsroom grants and fees	2,062,610	-	2,062,610	-	-	-	2,062,610	1,470,168
Journalist grants and fees	161,500	-	161,500	-	-	-	161,500	87,505
Program consulting fees	1,461,639	26,174	1,487,813	-	-	-	1,487,813	1,088,040
Events and conferences	51,165	-	51,165	876	-	876	52,041	20,676
Occupancy	72,080	12,490	84,570	7,155	-	7,155	91,725	-
Office supplies	88,977	15,207	104,184	32,886	4,371	37,257	141,441	107,081
Website maintenance	179,396	30,954	210,350	18,920	-	18,920	229,270	25,164
Accounting and financial services	-	-	-	55,251	-	55,251	55,251	23,085
Audit and legal services	39,654	6,589	46,243	3,774	-	3,774	50,017	60,473
General management and fundraising consultants	-	-	-	155,511	9,191	164,702	164,702	88,332
Other professional fees	-	-	-	-	-	-	-	2,502
Insurance	20,129	3,488	23,617	1,998	-	1,998	25,615	20,327
Travel and lodging	336,917	29,723	366,640	42,867	22,593	65,460	432,100	82,044
Subscriptions, licenses and fees	4,092	6,039	10,131	7,305	1,030	8,335	18,466	18,116
Technology	73,755	12,693	86,448	10,283	26	10,309	96,757	102,354
Other expenses	3,801	582	4,383	1,808	153	1,961	6,344	16,092
Amortization	<u>85,416</u>	<u>14,801</u>	<u>100,217</u>	<u>8,478</u>	<u>-</u>	<u>8,478</u>	<u>108,695</u>	<u>62,370</u>
Grand total	<u>\$ 8,381,518</u>	<u>\$ 806,881</u>	<u>\$ 9,188,399</u>	<u>\$ 647,884</u>	<u>\$ 278,950</u>	<u>\$ 926,834</u>	<u>\$10,115,233</u>	<u>\$ 7,878,778</u>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

**Statement of Functional Expenses
Year Ended December 31, 2021**

	Program Services			Supporting Services			Total Expenses
	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
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>
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>
Newsroom grants and fees	1,470,168	-	1,470,168	-	-	-	1,470,168
Journalist grants and fees	87,505	-	87,505	-	-	-	87,505
Curriculum, training and research	-	-	-	-	-	-	-
Program consulting fees	999,340	88,700	1,088,040	-	-	-	1,088,040
Events and conferences	20,676	-	20,676	-	-	-	20,676
Occupancy	-	-	-	-	-	-	-
Office supplies	63,153	17,513	80,666	22,626	3,789	26,415	107,081
Website maintenance	17,238	4,457	21,695	3,469	-	3,469	25,164
Accounting and financial services	-	-	-	23,085	-	23,085	23,085
Audit and legal services	41,426	10,711	52,137	8,336	-	8,336	60,473
General management and fundraising consultants	-	-	-	81,626	6,706	88,332	88,332
Other professional fees	1,713	444	2,157	345	-	345	2,502
Insurance	13,925	3,600	17,525	2,802	-	2,802	20,327
Travel and lodging	44,671	7,208	51,879	27,540	2,625	30,165	82,044
Subscriptions, licenses and fees	6,561	5,193	11,754	5,605	757	6,362	18,116
Technology	70,184	18,077	88,261	14,093	-	14,093	102,354
Other expenses	12,228	1,561	13,789	2,303	-	2,303	16,092
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>
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>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
Cash flows from operating activities:		
Decrease in net assets	\$ (2,004,512)	\$ (2,021,877)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Amortization expense	108,695	62,370
Realized/unrealized gains on investments	-	(227)
Gain on forgiveness of Paycheck Protection Program loans	-	(1,095,767)
Changes in:		
Contributions receivable, net	(133,928)	2,615,484
Prepaid expenses and other assets	(61,218)	25,480
Security deposits	(28,745)	(12,000)
Accounts payable and accrued expenses	260,039	55,361
Grants payable	(409,873)	204,266
Net cash used in operating activities	<u>(2,269,542)</u>	<u>(166,910)</u>
Cash flows from investing activities:		
Purchases of investments	-	(2,628,484)
Proceeds from sales of investments	1,746,861	3,484
Capitalized website costs	<u>(225,004)</u>	<u>(127,207)</u>
Net cash used in investing activities	<u>1,521,857</u>	<u>(2,752,207)</u>
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loans	<u>-</u>	<u>585,865</u>
Decrease in cash and cash equivalents	(747,685)	(2,333,252)
Cash and cash equivalents, beginning of year	<u>7,048,630</u>	<u>9,381,882</u>
Cash and cash equivalents, end of year	<u>\$ 6,300,945</u>	<u>\$ 7,048,630</u>
Supplemental disclosure of cash flow information:		
Contributed services	<u>\$ -</u>	<u>\$ 4,259</u>

See notes to financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2022 and 2021

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.

[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.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2022 and 2021

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

[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 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, 2022 and 2021, capitalized website costs are presented net of accumulated amortization of \$507,210 and \$398,514, 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.

[8] 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."

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2022 and 2021

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

[9] 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 the donation. Accordingly, donated services are recorded as support at their estimated fair value at the dates of donation. Donated services are reported as both contributions and expenses in the statements of activities. In 2021, the Organization received pro-bono legal services valued at approximately \$4,300, based on market rates in the New York area. There were no donated services during 2022.

(iii) *Program training revenue:*

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

(iv) *Gain on forgiveness of Paycheck Protection Program loans:*

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.

[10] 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.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2022 and 2021

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

[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 payroll costs, occupancy, travel, office supplies, website maintenance, insurance and amortization expenses.

[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 pronouncement:

Presentation and Disclosures by Not-for-Profit Entities for 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 statement of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, the 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 are applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021, accordingly, the Organization adopted the standard during 2022, and this accounting guidance did not have a material effect on the Organization's financial statements as of December 31, 2022. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognizes contributed nonfinancial assets and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

[14] Subsequent events:

The Organization evaluated subsequent events through June 6, 2023, the date on which the financial statements were available to be issued.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE B - CONTRIBUTIONS RECEIVABLE

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

	December 31,	
	2022	2021
Less than one year	\$ 4,906,807	\$ 3,339,208
One to five years	<u>100,000</u>	<u>1,599,390</u>
	5,006,807	4,938,598
Reduction of pledges due in excess of one year to present value ranging from 0.10% to 4.73%	<u>(4,611)</u>	<u>(70,330)</u>
	<u>\$ 5,002,196</u>	<u>\$ 4,868,268</u>

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,			
	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and cash equivalents	\$ -	\$ -	\$ 3,984	\$ 3,984
Certificates of deposit	<u>882,123</u>	<u>882,123</u>	<u>2,625,000</u>	<u>2,625,000</u>
	<u>\$ 882,123</u>	<u>\$ 882,123</u>	<u>\$ 2,628,984</u>	<u>\$ 2,628,984</u>

During each year, investment income consisted of the following:

	December 31,	
	2022	2021
Interest and dividends, net	\$ 58,743	\$ 1,735
Realized gain	-	1,557
Unrealized loss	<u>-</u>	<u>(1,330)</u>
	<u>\$ 58,743</u>	<u>\$ 1,962</u>

SOLUTIONS JOURNALISM NETWORK, INC.

**Notes to Financial Statements
December 31, 2022 and 2021**

NOTE C - INVESTMENTS (CONTINUED)

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.

The following table 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,					
	2022			2021		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Certificates of deposit	\$ -	\$ 882,123	\$ 882,123	\$ -	\$ 2,625,000	\$ 2,625,000
	<u>\$ -</u>	<u>\$ 882,123</u>	<u>\$ 882,123</u>	<u>\$ -</u>	<u>\$ 2,625,000</u>	<u>\$ 2,625,000</u>

NOTE D - GRANTS PAYABLE

As of December 31, 2022 and 2021, grants payable were \$384,967 and \$794,840, respectively. The full balance at each year-end is expected to be fully paid in the subsequent year. In addition, as of December 31, 2022 and 2021, the Organization has committed to \$679,445 and \$507,000 of grants, of which \$340,070 and \$94,000, respectively, have conditions which have not yet been satisfied by the intended recipient 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 are reported as a component of public support and revenue in the statements of activities. The net foreign exchange gain expressed in U.S. dollars was \$15,109 in 2021. There were no foreign currency transactions in 2022.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE F - BANK LINE OF CREDIT

The Organization has a line of credit with a bank for \$750,000, expiring on September 28, 2023. The line of credit is collateralized by the Organization's cash, cash equivalents, and investments. There were no drawdowns on the line of credit during 2022 or 2021. The line of credit bears an interest rate of the Secured Overnight Financing Rate ("SOFR") plus the applicable margin rate of 2.964%.

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>2022</u>	<u>2021</u>
Restricted for future periods	<u>\$ 200,000</u>	<u>\$ 100,000</u>
Purpose-restricted:		
Practice change	5,840,593	8,421,430
Knowledge dissemination	-	284,373
Infrastructure	<u>1,914,075</u>	<u>316,712</u>
Total purpose restrictions	<u>7,754,668</u>	<u>9,022,515</u>
Total	<u>\$ 7,954,668</u>	<u>\$ 9,122,515</u>

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

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Time restrictions satisfied	<u>\$ 600,000</u>	<u>\$ 450,000</u>
Purpose restrictions satisfied:		
Practice change	6,086,237	4,550,553
Knowledge dissemination	385,859	392,091
Infrastructure	<u>895,486</u>	<u>278,763</u>
Total purpose restrictions satisfied	<u>7,367,582</u>	<u>5,221,407</u>
Total	<u>\$ 7,967,582</u>	<u>\$ 5,671,407</u>

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE H - COMMITMENTS AND OTHER UNCERTAINTY

[1] Lease commitment:

During 2022, the Organization entered into a short-term lease agreement for office space, renewable every five months. As of December 31, 2022, the Organization was committed to a lease that ends in May 2023, for which the future minimum rental payments were \$46,970.

[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 coronavirus ("COVID-19") outbreak and other worldwide events on the operational and financial performance of the Organization will depend on the continued future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of COVID-19 on overall demand for the Organization's program services, all of which are highly uncertain and cannot be predicted. If demand for the Organization's services, and the ability of the Organization to complete grant-funded services are impacted for an extended period, results of operations may be materially adversely affected.

NOTE I - CONCENTRATION OF REVENUE

Approximately 33% and 44% of the Organization's contribution revenue was provided by one donor in 2022 and three donors in 2021, 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. Management monitors the risk associated with concentrations on an ongoing basis.

NOTE K - RELATED PARTY TRANSACTIONS

During the year-end December 31, 2022, the Organization entered into a licensing agreement, totaling \$150,000, with a company owned by a Board member. The Organization believe this transactions was conducted at arms-length.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2022 and 2021

NOTE L - 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,300,945	\$ 7,048,630
Contributions receivable, net	5,002,196	4,868,268
Investments	<u>882,123</u>	<u>2,628,984</u>
Total financial assets available within one year	<u>12,185,264</u>	<u>14,545,882</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for:		
Time restrictions	(200,000)	(100,000)
Purpose restrictions	<u>(7,754,668)</u>	<u>(9,022,515)</u>
Total amounts unavailable for general expenditure within one year	<u>(7,954,668)</u>	<u>(9,122,515)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,230,596</u>	<u>\$ 5,423,367</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.