

EISNERAMPER

**SOLUTIONS JOURNALISM
NETWORK, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016



INDEPENDENT AUDITORS' REPORT

Board of Directors
Solutions Journalism Network, Inc.
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Solutions Journalism Network, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2017, the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 organization'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 organization'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, 2017 and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Organization as of and for the year ended December 31, 2016 were audited by other auditors, whose report, dated July 6, 2017, expressed an unmodified opinion thereon.



EISNERAMPER LLP
New York, New York
August 3, 2018



SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Financial Position

	December 31,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 3,102,324	\$ 2,571,134
Grants and contributions receivable, net	2,576,516	1,917,044
Prepaid expenses and other receivables	73,801	33,331
Website costs, net	136,864	64,510
Other assets	<u>13,425</u>	<u>9,375</u>
	<u>\$ 5,902,930</u>	<u>\$ 4,595,394</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 206,286	\$ 134,348
Grants payable, net	292,017	1,050,866
Deferred revenue	<u>0</u>	<u>5,000</u>
Total liabilities	<u>498,303</u>	<u>1,190,214</u>
Commitments (Note E)		
Net assets:		
Unrestricted	604,489	546,299
Temporarily restricted	<u>4,800,138</u>	<u>2,858,881</u>
Total net assets	<u>5,404,627</u>	<u>3,405,180</u>
	<u>\$ 5,902,930</u>	<u>\$ 4,595,394</u>

See the notes to the financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Activities Year Ended December 31, 2017

	Year Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Grants	\$ 479,693	\$ 4,654,630	\$ 5,134,323	\$ 1,380,571	\$ 3,433,000	\$ 4,813,571
Contributions	24,351		24,351	12,600		12,600
Contributed goods and services	110,875		110,875	112,275		112,275
Program training revenue	37,761		37,761	42,500		42,500
Interest and other income	4,313		4,313	1,556		1,556
Total public support and revenue before net assets released from restrictions	656,993	4,654,630	5,311,623	1,549,502	3,433,000	4,982,502
Net assets released from restrictions	2,713,373	(2,713,373)	0	2,169,773	(2,169,773)	0
Total public support and revenue	3,370,366	1,941,257	5,311,623	3,719,275	1,263,227	4,982,502
Expenses:						
Program services:						
Newsroom practice change	1,413,815		1,413,815	2,285,595		2,285,595
Knowledge dissemination	448,058		448,058	357,164		357,164
Journalism practice change	626,278		626,278	596,897		596,897
Curriculum	107,563		107,563	94,421		94,421
Total program services	2,595,714		2,595,714	3,334,077		3,334,077
Supporting services:						
General and administrative	514,256		514,256	416,456		416,456
Fund-raising	202,206		202,206	98,843		98,843
Total supporting services	716,462		716,462	515,299		515,299
Total expenses	3,312,176		3,312,176	3,849,376		3,849,376
Change in net assets	58,190	1,941,257	1,999,447	(130,101)	1,263,227	1,133,126
Net assets, beginning of year	546,299	2,858,881	3,405,180	676,400	1,595,654	2,272,054
Net assets, end of year	\$ 604,489	\$ 4,800,138	\$ 5,404,627	\$ 546,299	\$ 2,858,881	\$ 3,405,180

See the notes to the financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statement of Functional Expenses Year Ended December 31, 2017

(with summarized information for the year ended December 31, 2016)

	Program Services				Supporting Services			Total Expenses 2017	Total Expenses 2016	
	Newsroom Practice Change	Knowledge Dissemination	Journalism Practice Change	Curriculum	Total Program Services	Management and General	Fund-raising			Total Supporting Services
Salaries	\$ 536,675	\$ 157,052	\$ 242,872	\$ 55,051	\$ 991,650	\$ 255,299	\$ 139,141	\$ 394,440	\$ 1,386,090	\$ 1,138,641
Payroll taxes and fringe benefits	57,727	23,472	28,096	4,571	113,866	33,034	13,607	46,641	160,507	126,329
Total salaries, payroll taxes and fringe benefits	594,402	180,524	270,968	59,622	1,105,516	288,333	152,748	441,081	1,546,597	1,264,970
Newsroom grants and fees	179,499	930	0	0	180,429	0	0	0	180,429	1,725,043
Journalist grants and fees	27,255	21,106	17,850	238	66,449	0	0	0	66,449	27,697
Curriculum, training and research	23,727	3,322	10,507	3,673	41,229	6,373	0	6,373	47,602	74,227
Program consulting fees	244,178	79,367	132,159	20,758	476,462	2,527	0	2,527	478,989	190,194
Events and conferences	34,197	7,988	52,503	0	94,688	581	0	581	95,269	16,041
Occupancy	58,294	24,721	532	0	83,547	20,000	0	20,000	103,547	84,405
Administrative fees	7,995	9,484	1,925	4,199	23,603	19,020	1,038	20,058	43,661	37,448
Website design and maintenance	3,587	29,305	5,911	1,702	40,505	152	0	152	40,657	13,667
Accounting and financial services	49,375	14,351	22,361	5,033	91,120	23,232	0	23,232	114,352	102,118
Audit and legal services	63,849	25,342	30,116	5,573	124,880	25,081	2,549	27,630	152,510	53,134
General management and fundraising consultants	0	0	0	0	0	50,335	31,135	81,470	81,470	8,233
Other professional fees	17,479	5,080	7,916	1,782	32,257	8,224	0	8,224	40,481	57,827
Insurance	3,003	8,129	749	124	12,005	9,021	366	9,387	21,392	12,226
Travel and lodging	59,616	24,305	51,234	98	135,253	31,202	9,692	40,894	176,147	101,403
Subscriptions, licenses and fees	7,053	2,050	3,194	719	13,016	3,318	0	3,318	16,334	32,362
Technology	4,102	1,192	1,858	418	7,570	1,930	0	1,930	9,500	6,000
Other expenses	7,730	2,247	3,501	788	14,266	3,638	4,678	8,316	22,582	15,148
Amortization	28,474	8,615	12,994	2,836	52,919	21,289	0	21,289	74,208	27,233
Grand total	\$ 1,413,815	\$ 448,058	\$ 626,278	\$ 107,563	\$ 2,595,714	\$ 514,256	\$ 202,206	\$ 716,462	\$ 3,312,176	\$ 3,849,376

See the notes to the financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statement of Functional Expenses Year Ended December 31, 2016

	Program Services				Supporting Services			Total Expenses 2016	
	Newsroom Practice Change	Knowledge Dissemination	Journalism Practice Change	Curriculum	Total Program Services	Management and General	Fund-raising		Total Supporting Services
Salaries	\$ 451,708	\$ 169,589	\$ 271,178	\$ 9,303	\$ 901,778	\$ 166,628	\$ 70,235	\$ 236,863	\$ 1,138,641
Payroll taxes and fringe benefits	<u>37,540</u>	<u>18,803</u>	<u>27,728</u>	<u>795</u>	<u>84,866</u>	<u>29,829</u>	<u>11,634</u>	<u>41,463</u>	<u>126,329</u>
Total salaries, payroll taxes and fringe benefits	<u>489,248</u>	<u>188,392</u>	<u>298,906</u>	<u>10,098</u>	<u>986,644</u>	<u>196,457</u>	<u>81,869</u>	<u>278,326</u>	<u>1,264,970</u>
Newsroom grants and fees	1,689,024	1,741	34,278	0	1,725,043	0	0	0	1,725,043
Journalist grants and fees	975	0	26,722	0	27,697	0	0	0	27,697
Curriculum, training and research	0	41,365	11,685	21,177	74,227	0	0	0	74,227
Program consulting fees	6,770	47,136	94,943	41,345	190,194	0	0	0	190,194
Events and conferences	479	0	14,877	0	15,356	685	0	685	16,041
Occupancy	29,687	25,122	16,234	727	71,770	9,638	2,997	12,635	84,405
Administrative fees	1,770	492	911	98	3,271	32,342	1,835	34,177	37,448
Website design and maintenance	0	11,445	1,947	0	13,392	275	0	275	13,667
Accounting and financial services	0	0	0	0	0	102,118	0	102,118	102,118
Audit and legal services	19,945	4,048	5,665	816	30,474	22,545	115	22,660	53,134
General management and fundraising consultants	0	0	4,736	0	4,736	3,497	0	3,497	8,233
Other professional fees	0	9,728	22,564	15,000	47,292	10,535	0	10,535	57,827
Insurance	6,235	1,223	2,323	367	10,148	1,713	365	2,078	12,226
Travel and lodging	27,629	15,397	30,880	3,240	77,146	12,595	11,662	24,257	101,403
Subscriptions, licenses and fees	12,996	4,000	4,788	756	22,540	9,822	0	9,822	32,362
Technology	0	0	0	0	0	6,000	0	6,000	6,000
Other expenses	837	1,089	4,608	380	6,914	8,234	0	8,234	15,148
Amortization	<u>0</u>	<u>5,986</u>	<u>20,830</u>	<u>417</u>	<u>27,233</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,233</u>
Grand total	<u>\$ 2,285,595</u>	<u>\$ 357,164</u>	<u>\$ 596,897</u>	<u>\$ 94,421</u>	<u>\$ 3,334,077</u>	<u>\$ 416,456</u>	<u>\$ 98,843</u>	<u>\$ 515,299</u>	<u>\$ 3,849,376</u>

See the notes to the financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.**Statements of Cash Flows**

	Year Ended December 31,	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,999,447	\$ 1,133,126
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization expense	74,208	27,233
Changes in:		
Grants and contributions receivable, net	(659,472)	(1,425,444)
Prepaid expenses and other receivables	(40,470)	128
Other assets	(4,050)	0
Accounts payable and accrued expenses	71,938	(38,154)
Grants payable, net	(758,849)	734,170
Deferred revenue	(5,000)	5,000
	<u>677,752</u>	<u>436,059</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Capitalized website costs	<u>(146,562)</u>	<u>(89,407)</u>
Net increase in cash and cash equivalents	531,190	346,652
Cash and cash equivalents, beginning of year	<u>2,571,134</u>	<u>2,224,482</u>
Cash and cash equivalents, end of year	<u>\$ 3,102,324</u>	<u>\$ 2,571,134</u>
Supplemental disclosure of cash flow information:		
Contributed goods and services	<u>\$ 110,875</u>	<u>\$ 112,275</u>

See the notes to the financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2017 and 2016

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 define, legitimize and spread the practice of "solutions journalism" - rigorous, unbiased 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 four key program areas.

Newsroom Practice Change - (formerly known as "Practice Change")

The Organization leverages its curriculum to catalyze and sustain the practice of solutions journalism in news organizations. It cultivates relationships with individual outlets or with groups of outlets, often resulting in high-impact solutions-focused reporting projects. Representative recent collaborations include those with *The Houston Chronicle*, *Kansas City Public Television*, and *Ms. Magazine*, as well as with collaborations of multiple news organizations in Philadelphia, Pennsylvania; Kentucky; Ohio; New Mexico; and Montana. Ongoing projects include *WEWS-Channel 5* in Cleveland and the *Pamplin Media Group* in Oregon.

These relationships typically begin with a workshop introducing newsroom staff to the solutions approach. The Organization then provides research and editorial consulting support to reporters, producers, and editors. In many cases, the Organization also offers modest financial resources to support reporter travel and other high-value activities. In 2017, the Organization supported projects focused on education and other topics. Having built a network of 140 news outlets, the Organization is now also focused on ensuring the sustainability of the solutions-journalism technique in these newsrooms and on fostering shared-learning across its newsroom partners.

In certain special relationships, cases that promise to generate great visibility, impact, and learning, the Organization invests in longer-term, higher-impact newsroom projects. In 2017, it extended its "Education Lab" collaboration with *The Seattle Times* for a fifth year. "Education Lab" has generated dozens of prominent feature stories, hundreds of blog posts and interactive features, and a series of live events - which together have increased audience engagement around education issues and catalyzed notable policy changes. As a fiscal sponsor, the Organization has also supported *Honeyguide Media*, a start-up online news organization that produces solutions-oriented coverage of education, health, and international development issues.

Knowledge Dissemination - (formerly known as "Pattern Change")

In August 2017, The Organization launched a new version of the "Solutions Story Tracker," which contains over 2,800 stories tagged by issue and problem-solving approach and mapped by the location of the reported effort. It also launched "SolutionsU," a suite of tools to help educators and students easily find, integrate, and share solutions stories, to support teaching and learning in social innovation and other topics.

The Organization supports faculty in developing and sharing teaching materials based on solutions-journalism stories in a range of disciplines. Since the original "Story Tracker" launched in 2016, 37 faculty members have used solutions-journalism stories in 56 courses — including 30 courses in the most recent semester alone, in disciplines ranging from anthropology to business to public policy.

Since August 2017, the Organization has delivered six student and faculty workshops at five different universities, reaching nearly 350 teachers and learners. Our community of registered educators and students grew to 170 and 345, respectively. In addition, it has launched SolutionsU-branded Twitter and Facebook channels and a monthly educator newsletter.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2017 and 2016

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

[1] The Organization: (continued)

Journalist Practice Change - (formerly known as "Mass Spread")

Complementing its work with news organizations, the Organization seeks to advance the adoption of the solutions approach by individual journalists.

Online network: The Organization relaunched its website in August 2017, introducing new learning resources, a revised member area, and a redesigned version of the Solutions Story Tracker, an archive of solutions stories. On average, users spent 21% longer on the site than in 2016, and total visits increased by 11%. The Organization's online member platform, the Hub, reached 1,075 users by the end of 2017 and continues to grow at a rate of 10% per month.

The Organization is gaining significant traction with its social media communities. In 2017 on Twitter, the Organization's following increased by 24% over six months, with monthly mentions of its handle up 65%. Its Facebook group averages 8% growth per month.

Community building: The Organization's volunteer-led communities continued to grow in 2017, including six U.S.-based groups and the first international community in Paris. Additionally, interest in the solutions concept continues to grow outside of the United States, with projects beginning to launch in Latin America, Indonesia, East Africa, and Central and Eastern Europe. The Organization held its first large-scale gathering in November 2017, bringing together 89 journalists and journalism-school professors. Feedback from this anchor event was strong: 87% of attendees who responded to our survey said it exceeded their expectations.

Journalism schools: The Organization works to integrate solutions reporting into journalism-school curriculum, creating a base of young journalists who have been exposed to the approach early in their careers. The Organization has established relationships with 22 university-based journalism schools that have committed to incorporating the solutions approach into their curricula.

Curriculum - (formerly known as "Education")

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.

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). It is exempt from state and local taxes under comparable laws and qualifies for the maximum charitable contribution deduction under the Code.

[2] Basis of accounting:

The financial statements of the Organization 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, 2017 and 2016

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 affect the reported amounts of assets, liabilities, public support and revenue, and expenses, as well as the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

[4] Cash and cash equivalents:

The Organization considers all cash and highly liquid financial investments, with maturities of three months or less when purchased, to be cash equivalents.

[5] Website costs:

Website costs related to data consulting services, site configuration and infrastructure, and conceptual design are capitalized. Costs relating to operation and content 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 two-year expected life, using the straight-line method.

[6] Grants and grant commitments:

Grants and awards made to others are recognized as expenses in the financial statements at the time of approval. Grants and awards approved, but not yet paid, are reported as grants payable at each year-end. Multi-year grants are reported at their present values, using an appropriate interest rate. Grants are generally paid within two years.

[7] Net assets:

The net assets of the Organization and changes therein are classified and reported as follows:

(i) Unrestricted:

Unrestricted net assets represent those resources that are not subject to donor restrictions and are available for current operations.

(ii) Temporarily restricted:

Temporarily restricted net assets represent those resources the use of which has been restricted by donors or state law to specific purposes and/or the passage of time. When a donor's or grantor's restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the statements of activities as "net assets released from restrictions."

[8] Revenue recognition:

(i) Grants, contributions and pledges:

Grants and contributions are recorded as revenue upon the receipt of cash or unconditional pledges and are considered available for use, unless specifically restricted by the donor. Grants and contributions to be received over periods longer than a single year are discounted at an appropriate interest rate commensurate with the risk involved. Conditional contributions are recorded when the specified conditions have been met.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2017 and 2016

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

[8] Revenue recognition: (continued)

(ii) Program training revenue:

Revenue from program training is recognized in the year earned.

(iii) Contributed services:

For recognition of donated services in the Organization's financial statements, such services must: (i) create or enhance nonfinancial assets, and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills. Donated services are reported as both contributions and offsetting expenses in the statement of activities. In 2017 and 2016, the Organization received legal and consulting services valued at approximately \$111,000 and \$112,000, respectively, as defined in Note A[8](iii).

(iv) 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.

[9] Advertising costs:

Advertising costs are accounted for as an expense as they are incurred. Advertising expense for 2016 was approximately \$8,000. The Organization incurred minimal costs for advertising in 2017.

[10] Functional allocation of expenses:

The costs of providing the Organization's various program and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services, based on the nature of the expense and using appropriate measurement methodologies determined by management. Indirect costs have been allocated on the basis of time.

[11] Income tax uncertainties:

The Organization is subject to the provisions of the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("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.

[12] Upcoming accounting pronouncement:

In August 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will amend financial-statement presentations and disclosures, with the goal of assisting not-for-profit organizations in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows. The new standard is effective for annual reporting periods beginning after December 15, 2017. The Organization will adopt this pronouncement in 2018.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2017 and 2016

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

[13] Reclassification

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

[14] Subsequent events:

The Organization has evaluated subsequent events through August 3, 2018, the date on which the financial statements were available to be issued.

NOTE B - GRANTS AND CONTRIBUTIONS RECEIVABLE:

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

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Less than one year	\$ 1,832,563	\$ 1,353,318
Two years	<u>789,260</u>	<u>563,726</u>
	2,621,823	1,917,044
Reduction of pledges due in excess of one year to present value, at a discount rate of 3%	<u>(45,307)</u>	<u>0</u>
	<u>\$ 2,576,516</u>	<u>\$ 1,917,044</u>

All receivables are expected to be fully collectible; accordingly, no allowance for doubtful amounts has been established.

NOTE C - TEMPORARILY RESTRICTED NET ASSETS

At each year-end, temporarily restricted net assets consisted of the following:

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Restricted for future periods	<u>\$ 1,761,250</u>	<u>\$ 375,000</u>
Restricted for programs:		
Newsroom practice change	2,682,614	2,436,131
Knowledge dissemination	41,700	47,750
Journalistic practice change	274,574	0
Curriculum	<u>40,000</u>	<u>0</u>
Total program restrictions	<u>3,038,888</u>	<u>2,483,881</u>
Total	<u>\$ 4,800,138</u>	<u>\$ 2,858,881</u>

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2017 and 2016

NOTE C - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

During each year, net assets released from restrictions, as the result of satisfying donor restrictions, were as follows:

	Year Ended December 31,	
	2017	2016
Time restrictions satisfied	<u>\$ 501,250</u>	<u>\$ 125,000</u>
Restrictions satisfied as follows:		
Newsroom practice change	1,571,220	1,775,572
Knowledge dissemination	339,067	39,750
Journalistic practice change	234,086	185,836
Curriculum	47,750	43,615
General and administrative	<u>20,000</u>	<u>0</u>
Total program restrictions satisfied	<u>2,212,123</u>	<u>2,044,773</u>
Total	<u>\$ 2,713,373</u>	<u>\$ 2,169,773</u>

NOTE D - FISCAL SPONSORSHIP PROGRAM

In June 2016, the Organization established a fiscal-sponsorship agreement with a not-for-profit association (the "Grantee"), the work of which is consistent with the Organization's mission and exempt purpose. The Organization has variance power over the funds. Contribution revenue received in conjunction with this program amounted to \$650,000 in 2016, and amounts expended for the program activities were \$227,978 and \$390,554 during 2017 and 2016, respectively. The amounts expended for program activities include (i) a sub-grant of \$500,000 from the Organization to the Grantee to support a project to produce impact-driven publications that generate solutions-oriented coverage of relevant social issues, and (ii) \$118,532 in support of primarily programmatic activities conducted by the Organization. The remaining funds are included in temporarily restricted net assets in the accompanying statements of activities and were subsequently expended through March 2018. The agreement between the Organization and Grantee ends June 30, 2018.

NOTE E - COMMITMENTS

[1] Lease commitments:

During 2017 and 2016, the Organization maintained a month-to-month operating lease for office space in New York City, the monthly amount of which varies based on the time used and discounts applied. Rent expense for 2017 and 2016 was \$101,918 and \$72,750, respectively.

[2] Other contracts:

In the normal course of 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.

SOLUTIONS JOURNALISM NETWORK, INC.

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NOTE F - RELATED PARTY TRANSACTIONS

In July 2017, the Organization entered into a month-to-month consulting agreement with a member of the Board of Directors. The agreement provides for personal services surrounding the formulation of a strategic plan, assistance with the identification of execution steps for the plan, and an ongoing assessment of those steps. Through December 31, 2017, consulting fees paid by the Organization under this agreement were \$9,045.

Additionally, a separate member of the Board of Directors provides the Foundation with consulting services primarily related to communications and social media. Consulting fees paid by the Organization for these services in 2017 and 2016 were \$3,560 and \$2,840, respectively.

NOTE G - CONCENTRATION OF REVENUE

During 2017 and 2016, approximately 55% and 65%, respectively, of the Organization's grant revenue was provided by three donors in 2017, and by two donors in 2016, respectively.

NOTE H - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in a high-credit-quality financial institution in amounts which, at times, may be in excess of federally insured limits. The Organization has not experienced any losses in such accounts, and management believes that the Organization is not exposed to any significant risk of loss due to the failure of this financial institution.