

EISNERAMPER

**SOLUTIONS JOURNALISM
NETWORK, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017



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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Solutions Journalism Network, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



EISNERAMPER LLP
New York, New York
June 4, 2019



SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Financial Position

	December 31,	
	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 3,667,635	\$ 3,102,324
Grants and contributions receivable, net	2,317,837	2,576,516
Prepaid expenses and other assets	25,828	73,801
Website costs, net	78,816	136,864
Security deposit	<u>13,425</u>	<u>13,425</u>
	<u>\$ 6,103,541</u>	<u>\$ 5,902,930</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 240,665	\$ 206,286
Grants payable, net	<u>932,102</u>	<u>292,017</u>
Total liabilities	<u>1,172,767</u>	<u>498,303</u>
Commitments (Note F)		
Net assets:		
Without donor restrictions	367,354	604,489
With donor restrictions	<u>4,563,420</u>	<u>4,800,138</u>
Total net assets	<u>4,930,774</u>	<u>5,404,627</u>
	<u>\$ 6,103,541</u>	<u>\$ 5,902,930</u>

See the notes to the financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statements of Activities

	Year Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Grants	\$ 738,438	\$ 4,216,160	4,954,598	\$ 479,693	\$ 4,654,630	\$ 5,134,323
Contributions	44,414		44,414	24,351		24,351
Contributed services	47,205		47,205	110,875		110,875
Program training revenue	23,886		23,886	37,761		37,761
Loss on currency conversion	(3,908)		(3,908)			
Interest and other income	3,611		3,611	4,313		4,313
Total public support and revenue before net assets released from restrictions	853,646	4,216,160	5,069,806	656,993	4,654,630	5,311,623
Net assets released from restrictions	4,452,878	(4,452,878)	0	2,713,373	(2,713,373)	0
Total public support and revenue	5,306,524	(236,718)	5,069,806	3,370,366	1,941,257	5,311,623
Expenses:						
Program services:						
Newsroom practice change	2,918,923		2,918,923	1,413,815		1,413,815
Knowledge dissemination	743,723		743,723	448,058		448,058
Journalism practice change	948,448		948,448	626,278		626,278
Curriculum	226,684		226,684	107,563		107,563
Total program services	4,837,778		4,837,778	2,595,714		2,595,714
Supporting services:						
General and administrative	575,090		575,090	514,256		514,256
Fund-raising	130,791		130,791	202,206		202,206
Total supporting services	705,881		705,881	716,462		716,462
Total expenses	5,543,659		5,543,659	3,312,176		3,312,176
Change in net assets	(237,135)	(236,718)	(473,853)	58,190	1,941,257	1,999,447
Net assets, beginning of year	604,489	4,800,138	5,404,627	546,299	2,858,881	3,405,180
Net assets, end of year	\$ 367,354	\$ 4,563,420	\$ 4,930,774	\$ 604,489	\$ 4,800,138	\$ 5,404,627

See the notes to the financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statement of Functional Expenses Year Ended December 31, 2018

(with summarized information for the year ended December 31, 2017)

	Program Services				Supporting Services			Total Expenses 2018	Total Expenses 2017	
	Newsroom Practice Change	Knowledge Dissemination	Journalism Practice Change	Curriculum	Total Program Services	Management and General	Fund-raising			Total Supporting Services
Salaries	\$ 964,551	\$ 451,276	\$ 290,618	\$ 93,931	\$ 1,800,376	\$ 327,200	\$ 66,853	\$ 394,053	\$ 2,194,429	\$ 1,386,090
Payroll taxes and fringe benefits	118,051	55,830	36,024	11,642	221,547	43,859	8,553	52,412	273,959	160,507
Total salaries, payroll taxes and fringe benefits	<u>1,082,602</u>	<u>507,106</u>	<u>326,642</u>	<u>105,573</u>	<u>2,021,923</u>	<u>371,059</u>	<u>75,406</u>	<u>446,465</u>	<u>2,468,388</u>	<u>1,546,597</u>
Newsroom grants and fees	1,244,570				1,244,570				1,244,570	180,429
Journalist grants and fees	14,654		38,146		52,800				52,800	66,449
Curriculum, training and research	7,776	1,084	131,954	54,111	194,925	1,138		1,138	196,063	47,602
Program consulting fees	213,099	33,130	197,424	31,857	475,510	2,624		2,624	478,134	478,989
Events and conferences	38,453	6,467	91,191	393	136,504	3,901	408	4,309	140,813	95,269
Occupancy	38,402	21,037	11,886	3,657	74,982	27,719		27,719	102,701	103,547
Administrative fees	32,185	17,585	15,891	2,428	68,089	15,856	1,519	17,375	85,464	43,661
Website maintenance	1,536	9,446	1,934	7,135	20,051	768		768	20,819	40,657
Accounting and financial services	27,117	12,913	8,393	2,583	51,006	23,693		23,693	74,699	114,352
Audit and legal services	43,017	23,366	10,884	3,349	80,616	18,400		18,400	99,016	152,510
General management and fundraising consultants						61,911	19,940	81,851	81,851	81,470
Other professional fees	6,381	6,914	2,125	608	16,028	1,848	2,245	4,093	20,121	40,481
Insurance	6,593	3,060	1,981	630	12,264	2,896	263	3,159	15,423	21,392
Travel and lodging	127,850	28,243	70,554	141	226,788	11,395	28,732	40,127	266,915	176,147
Subscriptions, licenses and fees	2,037	2,682	2,072	305	7,096	9,054	2,184	11,238	18,334	16,334
Technology	14,423	5,473	3,251	641	23,788	16,269	94	16,363	40,151	9,500
Other expenses	17,193	5,333	2,796	943	26,265	5,021		5,021	31,286	22,582
Amortization	1,035	59,884	31,324	12,330	104,573	1,538		1,538	106,111	74,208
Grand total	<u>\$ 2,918,923</u>	<u>\$ 743,723</u>	<u>\$ 948,448</u>	<u>\$ 226,684</u>	<u>\$ 4,837,778</u>	<u>\$ 575,090</u>	<u>\$ 130,791</u>	<u>\$ 705,881</u>	<u>\$ 5,543,659</u>	<u>\$ 3,312,176</u>

See the notes to the financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Statement of Functional Expenses Year Ended December 31, 2017

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

See the notes to the financial statements.

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

	Year Ended December 31,	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (473,853)	\$ 1,999,447
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization expense	106,111	74,208
Changes in:		
Grants and contributions receivable, net	258,679	(659,472)
Prepaid expenses and other assets	47,973	(40,470)
Security deposit		(4,050)
Accounts payable and accrued expenses	15,233	71,938
Grants payable, net	659,231	(758,849)
Deferred revenue		(5,000)
	<u>613,374</u>	<u>677,752</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Capitalized website costs	<u>(48,063)</u>	<u>(146,562)</u>
Net increase in cash and cash equivalents	565,311	531,190
Cash and cash equivalents, beginning of year	<u>3,102,324</u>	<u>2,571,134</u>
Cash and cash equivalents, end of year	<u>\$ 3,667,635</u>	<u>\$ 3,102,324</u>
Supplemental disclosure of cash flow information:		
Contributed services	<u>\$ 47,205</u>	<u>\$ 110,875</u>

See the notes to the financial statements.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2018 and 2017

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 Miami Herald*, *Mississippi Today*, and *WBEZ public radio in Chicago*, as well as with collaborations of multiple news organizations in Philadelphia, Pennsylvania; Montana, New Hampshire, and Connecticut.

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 2018, the Organization supported projects focused on strengthening democracy, health, education and other topics. Having built a network of over 160 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 2018, it extended its "Education Lab" collaboration with *The Seattle Times* for a sixth 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. The fiscal sponsorship agreement with *Honeyguide Media* ended on June 30, 2018.

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's member website, The Hub, continued to act as the central repository for all the resources and programs we offer. New to the Hub includes a list of 20+ editors accepting solutions pitches, a mentorship program with four active cohorts, as well as almost a dozen translations of the SJ Basic Toolkit. On average, users spent 21% longer on the site than in 2016, and total visits increased by 11%. Membership in the Hub grew by 218% in 2018, increasing from 1,075 to 3,415 members.

The Organization continues to perform well within its social media communities. In 2018 on Twitter, the Organization's following increased by 50% to more than 17,000 followers. Its Facebook group grew by 73%, averaging 4.7% growth per month.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2018 and 2017

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

[1] The Organization: (continued)

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

Community building: The Organization held its second annual summit in November 2018, bringing together 90 journalists and journalism-school professors for collaborations around solutions journalism. As with last year, feedback from this anchor event was strong: 81% of attendees who responded to our survey said it exceeded their expectations. Additionally, the Organization held key events such as the West Coast Regional Convening, connecting and supporting members from three states, and a gathering that highlighted responses to the #metoo movement. The Organization's volunteer-led communities continued to hold smaller events throughout 2018 in six U.S. cities.

Journalism schools: The Organization's work to integrate solutions reporting into journalism-school curriculum has created a core of four beacon journalism schools who champion the practice in their institutions. The Organization has also established meaningful relationships with at least two dozen other institutions that have committed to incorporating the solutions approach into their curricula. Finally, 2018 brought the launch of the Journalism School Curriculum Builder, a resource that supports educators interested in incorporating solutions elements into their journalism courses. Hub membership of journalism-school professors grew by 20% within a week of launching the toolkit.

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

The Organization continues to expand and manage the Solutions Story Tracker, which now contains over 5,500 stories tagged by issue and problem-solving approach, 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.

In 2018, the Organization launched the Story Fellowship. Fellows vet stories for high-caliber, solutions-focused journalism for the Solutions Story Tracker. The inaugural nine Story Fellows doubled the number of stories in the Story Tracker, adding 2,748 stories. They also curated more than 150 story collections.

The community of registered SolutionsU users tripled in 2018, increasing by 2,203 users. The Organization continues to support 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, faculty members have used solutions journalism stories in 130 courses — including 87 courses in 2018 alone, in disciplines ranging from anthropology to business to public policy. To date, faculty members have reported that more than 5,200 students have been exposed to solutions journalism stories through their courses.

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.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2018 and 2017

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

[1] The Organization: (continued)

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.

[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 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 two-year expected life, using the straight-line method. At December 31, 2018 and 2017, capitalized website costs are presented net of accumulated amortization of \$207,551 and \$101,440, respectively.

[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.

[7] Net assets:

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

(i) Net Assets Without Donor Restrictions:

The Organization's net assets, which are without donor restrictions, represent resources available for current operations, as there are no restriction on their use.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2018 and 2017

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

[7] Net assets: (continued)

(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 the passage 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 reported in the statements of activities as "net assets released from restrictions."

[8] Revenue recognition:

(i) Grants, contributions and pledges:

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

(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 2018 and 2017, the Organization received legal and consulting services valued at approximately \$47,000 and \$111,000, respectively, as defined herein.

(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 2018 was approximately \$12,000. The Organization incurred minimal costs for advertising in 2017.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2018 and 2017

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

[10] 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 functional and natural classification. Direct costs have been functionalized within the program or supporting services based on the nature of the expenses. Natural expenses attributable to more than one expense category are allocated by management based on time and effort.

[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. Due to the Organization's general not-for-profit 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] Adoption of accounting principle:

In August 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends financial-statement presentations and disclosures. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investment returns, (iii) expense categorizations, and (iv) liquidity and the availability of resources. ASU 2016-14 was effective for annual reporting periods issued for years beginning after December 31, 2017. Accordingly, the Organization was required to adopt ASU 2016-14 for its year-ended December 31, 2018, which under U.S. GAAP was a change in accounting principle requiring retroactive application in the financial statements of certain areas, whereas certain other areas were adopted on a prospective basis. The Organization's adoption of ASU 2016-14 had no effect on the Organization's total net assets or its changes in net assets for 2018 and 2017. However, the Organization changed its presentation of its net asset classes and expanded certain footnote disclosures.

[13] Subsequent events:

The Organization evaluated subsequent events through June 4, 2019, 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>2018</u>	<u>2017</u>
Less than one year	\$ 1,730,402	\$ 1,832,563
Two years	<u>623,210</u>	<u>789,260</u>
	2,353,612	2,621,823
Reduction of pledges due in excess of one year to present value, at a discount rate of 3%	<u>(35,775)</u>	<u>(45,307)</u>
	<u>\$ 2,317,837</u>	<u>\$ 2,576,516</u>

SOLUTIONS JOURNALISM NETWORK, INC.

**Notes to Financial Statements
December 31, 2018 and 2017**

NOTE B - GRANTS AND CONTRIBUTIONS RECEIVABLE (CONTINUED)

The Organization periodically assess the collectability of its grants and 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 - GRANTS PAYABLE

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

	December 31,	
	2018	2017
Less than one year	\$ 617,724	\$ 292,017
Two years	333,524	
	951,248	292,017
Reduction of grants payable in excess of one year to present value, at a discount rate of 3%	(19,146)	
	\$ 932,102	\$ 292,017

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2018	2017
Restricted for future periods	\$ 1,375,000	\$ 1,761,250
Purpose-restricted:		
Newsroom practice change	2,785,392	2,682,614
Knowledge dissemination	68,421	41,700
Journalistic practice change	136,531	274,574
Curriculum	21,373	40,000
General operating	176,703	
Total purpose restrictions	3,188,420	3,038,888
Total	\$ 4,563,420	\$ 4,800,138

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2018 and 2017

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	Year Ended December 31,	
	2018	2017
Time restrictions satisfied	<u>\$ 2,186,250</u>	<u>\$ 501,250</u>
Purpose-restrictions satisfied		
Newsroom practice change	1,681,437	1,571,220
Knowledge dissemination	103,211	339,067
Journalistic practice change	269,601	234,086
Curriculum	30,758	47,750
General operating	<u>181,621</u>	<u>20,000</u>
Total purpose restrictions satisfied	<u>2,266,628</u>	<u>2,212,123</u>
Total	<u>\$ 4,452,878</u>	<u>\$ 2,713,373</u>

NOTE E - 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 related to this contribution were \$32,368 and \$390,554 during 2018 and 2017, respectively. As of March 2018, the funds had been fully expended in accordance with the agreement. The fiscal-sponsorship agreement ended on June 30, 2018.

NOTE F - COMMITMENTS

[1] Lease commitments:

During 2018 and 2017, 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 2018 and 2017 was \$102,702 and \$101,918, 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.

NOTE G - 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. No consulting fees were paid in 2018.

SOLUTIONS JOURNALISM NETWORK, INC.

Notes to Financial Statements December 31, 2018 and 2017

NOTE G - RELATED PARTY TRANSACTIONS (CONTINUED)

Additionally, a separate member of the Board of Directors provides the Organization with consulting services primarily related to communications and social media. Consulting fees paid by the Organization for these services in 2018 and 2017 were \$21,200 and \$3,560, respectively.

NOTE H - CONCENTRATION OF REVENUE

Approximately 22% and 23% of the Organization's grant revenue was provided by one donor in 2018 and 2017, respectively.

NOTE I - 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.

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of December 31, 2018 because of donor-imposed restrictions.

The Organization's financial assets available within one year of the statement of financial position date for general expenditure such as operating expenses, program support, and scheduled grant payments are as follows:

Cash and cash equivalents	\$ 3,667,635
Grants and contributions receivables available within one year	<u>1,730,402</u>
Total financial assets available within one year	<u>5,398,037</u>
Less: amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with:	
Restrictions by donors with purpose restrictions	<u>(3,188,420)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,209,617</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 K, subsequent to year-end, the Organization established a line of credit, with up to \$750,000 in funds which are available for general expenditures.

NOTE K - SUBSEQUENT EVENT

On January 2, 2019, the Organization established a line of credit with a bank which provided for a maximum credit line of \$750,000. Interest on the line of credit is payable at the adjusted LIBOR rate of 6.04% consisting of the LIBOR Rate of 2.39% plus the applicable margin of 3.65%. The line of credit expires on January 4, 2020, and is collateralized by the Organization's cash and cash equivalents.