

Sahan Journal

St. Paul, Minnesota

**Financial Statements
Auditor's Report
For the Year Ended
December 31, 2020**



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

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Independent Auditor's Report

Board of Directors
Sahan Journal
St. Paul, Minnesota

We have audited the accompanying financial statements of Sahan Journal, which comprise the statements of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expense, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sahan Journal as of December 31, 2020, 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.

Carpenter, Evert & Associates, Ltd.
Certified Public Accountants

Minneapolis, Minnesota
September 24, 2021

SAHAN JOURNAL
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Grants and Contributions	\$ 246,891	\$ 490,090	\$ 736,981
Sales Revenue	33,370	-	33,370
Other Income	2,000	-	2,000
Net Assets Released from Restrictions:			
Satisfaction of Time Restrictions	342,717	(342,717)	-
Satisfaction of Purpose Restrictions	215,255	(215,255)	-
Total Support and Revenue	840,233	(67,882)	772,351
Expense:			
Program Services	407,466	-	407,466
Support Services:			
Management and General	88,418	-	88,418
Fundraising	112,174	-	112,174
Total Support Services	200,592	-	200,592
Total Expense	608,058	-	608,058
Change in Net Assets	232,175	(67,882)	164,293
Net Assets - Beginning of Year	46,176	407,717	453,893
Net Assets - End of Year	\$ 278,351	\$ 339,835	\$ 618,186

The accompanying Notes to Financial Statements
are an integral part of this statement.

SAHAN JOURNAL
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Total Program Services	Support Services	Total Support Services	Total All Services
		Management & General	Fund- raising	
Salaries	\$ 267,028	\$ 48,485	\$ 48,485	\$ 363,998
Payroll Taxes	24,017	4,361	4,361	32,739
Employee Benefits	9,490	1,723	1,723	12,936
Total Personnel Costs	300,535	54,569	54,569	409,673
Professional Fees and Contract Services	57,585	26,840	50,596	135,021
Office Expenses	19,400	3,522	3,522	26,444
Information Technology	10,836	1,968	1,968	14,772
Marketing	6,786	-	-	6,786
Insurance	3,840	697	697	5,234
Travel	3,959	-	-	3,959
Occupancy	2,640	480	480	3,600
Small Equipment Expense	850	154	154	1,158
Depreciation	1,035	188	188	1,411
Total Expense	\$ 407,466	\$ 88,418	\$ 112,174	\$ 608,058

The accompanying Notes to Financial Statements
are an integral part of this statement.

SAHAN JOURNAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

Current Assets:		
Cash	\$	504,000
Account Receivable		9,320
Grants Receivable		126,167
Prepaid Expense		4,198
Total Current Assets		<u>643,685</u>
Property and Equipment - Net		<u>13,907</u>
TOTAL ASSETS	\$	<u><u>657,592</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts Payable	\$	10,772
Accrued Salaries and Vacation		28,634
Total Current Liabilities		<u>39,406</u>
Net Assets:		
Without Donor Restrictions		278,351
With Donor Restrictions		339,835
Total Net Assets		<u>618,186</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>657,592</u></u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

SAHAN JOURNAL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Increase in Cash

Cash Flows from Operating Activities:

Change in Net Assets	\$ 164,293
Total Adjustments	<u>23,719</u>
Net Cash Provided by Operating Activities	188,012

Cash Flows from Investing Activities:

Purchase of Property and Equipment	<u>(15,318)</u>
Net Cash (Used) by Investing Activities	(15,318)

Cash Flows from Financing Activities:

None	<u>-</u>
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Net Increase in Cash	172,694
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Cash - Beginning of Year	<u>331,306</u>
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Cash - End of Year	<u><u>\$ 504,000</u></u>
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The accompanying Notes to Financial Statements
 are an integral part of this statement.

SAHAN JOURNAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

Organizational Purpose

Sahan Journal (the Organization) is an independent nonprofit digital newsroom fully dedicated to providing authentic news reporting for and about immigrants and communities of color in Minnesota. The Organization aims to chronicle the struggles, successes and transformations of Minnesota's immigrants and communities of color, whose stories are often overlooked by traditional news organizations.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Doubtful Accounts

The Organization extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

SAHAN JOURNAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

All major expenditures for property and equipment over \$500 are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization received a \$12,200 PPP loan in the year ended December 31, 2020 and recorded it as a conditional grant per ASC 958-605. They met the condition of the grant and included it in Grants and Contributions.

The Organization recognizes sales revenue when the performance obligations of providing the services are met.

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Functional Allocation of Expense

Salaries and related expenses are allocated on job descriptions and the best estimates of management. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

SAHAN JOURNAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through September 24, 2021, which is the date financial statements were available to be issued.

2. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of Organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

3. Significant Concentrations of Credit Risk

The Organization provides services in Minnesota. Grants and contracts receivable are from both local and national institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2020 the Organization held funds at a local financial institution in excess of federally insured limits.

4. Grants and Contracts Receivable

The balances of grants and contracts receivable are due as follows:

Due in the Year Ending December 31,
2021

\$ 126,167

SAHAN JOURNAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. Property and Equipment

The Organization owned the following as of December 31, 2020:

		Estimated Useful Lives
Property and Equipment	\$ 15,318	3-5 years
Less Accumulated Depreciation	<u>1,411</u>	
	<u>\$ 13,907</u>	

Depreciation expense of \$1,411 was recorded for the year ended December 31, 2020.

6. Net Assets with Donor Restrictions

Donor restricted net assets consisted of amounts from the following as of December 31, 2020:

Subject to expenditure for specified purpose:

Climate Change Reporter	\$ 60,000
Reporter Compensation	28,485
Content Management	<u>6,350</u>
	94,835

Subject to passage of time:

Future Years General Operations	<u>245,000</u>
	<u>\$ 339,835</u>

7. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities were as follows as of December 31, 2020:

Depreciation	\$ 1,411
Increases in Current Liabilities:	
Accounts Payable	7,364
Accrued Salaries and Vacation	27,314
(Increases) in Current Assets:	
Accounts Receivable	(7,095)
Grants Receivable	(1,077)
Prepaid Expense	<u>(4,198)</u>
Total Adjustments	<u>\$ 23,719</u>

SAHAN JOURNAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

8. Liquidity and Availability

The following represents the Organization's financial assets as of December 31, 2020:

Financial Assets:	
Cash	\$ 504,000
Accounts Receivable	9,320
Grants Receivable	<u>126,167</u>
Total Financial Assets	<u>639,487</u>
Less assets not available to be used for general expenditures within one year:	
Net Assets With Donor Restrictions	339,835
Net Assets With Restrictions to be met within a year	<u>(289,835)</u>
Total assets not available for general expenditures within one year:	<u>50,000</u>
Financial assets available for general expenditures within one year:	<u>\$ 589,487</u>

The Organization has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.