

Sahan Journal

St. Paul, Minnesota

**Financial Statements
Auditor's Report
For the Years Ended
December 31, 2021 and 2020**



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sahan Journal
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Sahan Journal (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sahan Journal as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sahan Journal 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 the 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 Sahan Journal's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Sahan Journal'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 Sahan Journal'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.

Carpenter, Ewert & Associates, L.L.C.
Certified Public Accountants

Minneapolis, Minnesota
December 14, 2022

SAHAN JOURNAL
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | | | 2020 | | |
|--|----------------------------|-------------------------|--------------|----------------------------|-------------------------|------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and Revenue: | | | | | | |
| Grants and Contributions | \$ 684,974 | \$ 1,482,783 | \$ 2,167,757 | \$ 246,891 | \$ 490,090 | \$ 736,981 |
| Sales Revenue | 198,441 | - | 198,441 | 33,370 | - | 33,370 |
| Other Income | 4,395 | - | 4,395 | 2,000 | - | 2,000 |
| Net Assets Released from Restrictions: | | | | | | |
| Satisfaction of Time Restrictions | 356,000 | (356,000) | - | 342,717 | (342,717) | - |
| Satisfaction of Purpose Restrictions | 334,869 | (334,869) | - | 215,255 | (215,255) | - |
| Total Support and Revenue | 1,578,679 | 791,914 | 2,370,593 | 840,233 | (67,882) | 772,351 |
| Expense: | | | | | | |
| Program Services | 910,865 | | 910,865 | 407,466 | - | 407,466 |
| Support Services: | | | | | | |
| Management and General | 180,468 | | 180,468 | 88,418 | - | 88,418 |
| Fundraising | 147,125 | | 147,125 | 112,174 | - | 112,174 |
| Total Support Services | 327,593 | | 327,593 | 200,592 | - | 200,592 |
| Total Expense | 1,238,458 | | 1,238,458 | 608,058 | - | 608,058 |
| Change in Net Assets | 340,221 | 791,914 | 1,132,135 | 232,175 | (67,882) | 164,293 |
| Net Assets - Beginning of Year | 278,351 | 339,835 | 618,186 | 46,176 | 407,717 | 453,893 |
| Net Assets - End of Year | \$ 618,572 | \$ 1,131,749 | \$ 1,750,321 | \$ 278,351 | \$ 339,835 | \$ 618,186 |

The accompanying Notes to Financial Statements are an integral part of these statements.

SAHAN JOURNAL
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH COMPARATIVE TOTALS FOR 2020

| | 2021 | | | | 2020 | |
|---|------------------------------|-------------------------|-------------------|------------------------------|--------------------------|--------------------------|
| | Total Program Services | Management & General | Fundraising | Total Support Services | Total All Services | Total All Services |
| Salaries | \$ 593,989 | \$ 107,851 | \$ 107,851 | \$ 215,702 | \$ 809,691 | \$ 363,998 |
| Payroll Taxes | 44,703 | 8,117 | 8,117 | 16,234 | 60,937 | 32,739 |
| Employee Benefits | 39,758 | 7,219 | 7,219 | 14,438 | 54,196 | 12,936 |
| Total Personnel Costs | <u>678,450</u> | <u>123,187</u> | <u>123,187</u> | <u>246,374</u> | <u>924,824</u> | <u>409,673</u> |
| Marketing | 117,028 | - | - | - | 117,028 | 6,786 |
| Professional Fees and Contract Services | 45,765 | 48,599 | 15,256 | 63,855 | 109,620 | 135,021 |
| Travel | 21,805 | - | - | - | 21,805 | 3,959 |
| Information Technology | 15,644 | 2,840 | 2,840 | 5,680 | 21,324 | 14,772 |
| Office Expenses | 8,363 | 1,518 | 1,518 | 3,036 | 11,399 | 26,444 |
| Insurance | 7,873 | 1,430 | 1,430 | 2,860 | 10,733 | 5,234 |
| Professional Development | 6,337 | 1,151 | 1,151 | 2,302 | 8,639 | - |
| Occupancy | 5,190 | 942 | 942 | 1,884 | 7,074 | 3,600 |
| Miscellaneous | 1,070 | 194 | 194 | 388 | 1,458 | - |
| Small Equipment Expense | 638 | 116 | 116 | 232 | 870 | 1,158 |
| Depreciation | 2,702 | 491 | 491 | 982 | 3,684 | 1,411 |
| Total Expense | <u>\$ 910,865</u> | <u>\$ 180,468</u> | <u>\$ 147,125</u> | <u>\$ 327,593</u> | <u>\$ 1,238,458</u> | <u>\$ 608,058</u> |

The accompanying Notes to Financial Statements are an integral part of these statements.

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

| | Total Program Services | Support Services | | | Total All Services |
|---|------------------------------|-------------------------|------------------|------------------------------|--------------------------|
| | | Management & General | Fund- raising | Total Support Services | |
| Salaries | \$ 267,028 | \$ 48,485 | \$ 48,485 | \$ 96,970 | \$ 363,998 |
| Payroll Taxes | 24,017 | 4,361 | 4,361 | 8,722 | 32,739 |
| Employee Benefits | 9,490 | 1,723 | 1,723 | 3,446 | 12,936 |
| Total Personnel Costs | 300,535 | 54,569 | 54,569 | 109,138 | 409,673 |
| Marketing | 6,786 | - | - | - | 6,786 |
| Professional Fees and Contract Services | 57,585 | 26,840 | 50,596 | 77,436 | 135,021 |
| Travel | 3,959 | - | - | - | 3,959 |
| Information Technology | 10,836 | 1,968 | 1,968 | 3,936 | 14,772 |
| Office Expenses | 19,400 | 3,522 | 3,522 | 7,044 | 26,444 |
| Insurance | 3,840 | 697 | 697 | 1,394 | 5,234 |
| Professional Development | - | - | - | - | - |
| Occupancy | 2,640 | 480 | 480 | 960 | 3,600 |
| Miscellaneous | - | - | - | - | - |
| Small Equipment Expense | 850 | 154 | 154 | 308 | 1,158 |
| Depreciation | 1,035 | 188 | 188 | 376 | 1,411 |
| Total Expense | \$ 407,466 | \$ 88,418 | \$ 112,174 | \$ 200,592 | \$ 608,058 |

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

SAHAN JOURNAL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

| <u>ASSETS</u> | <u>2021</u> | <u>2020</u> |
|---|----------------------------|--------------------------|
| Current Assets: | | |
| Cash | \$ 1,269,291 | \$ 504,000 |
| Accounts Receivable | 23,238 | 9,320 |
| Grants Receivable | 526,901 | 126,167 |
| Prepaid Expense | 10,351 | 4,198 |
| Total Current Assets | <u>1,829,781</u> | <u>643,685</u> |
| Property and Equipment - Net | <u>17,724</u> | <u>13,907</u> |
| TOTAL ASSETS | <u>\$ 1,847,505</u> | <u>\$ 657,592</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 32,825 | \$ 10,772 |
| Deferred Revenue | 12,500 | - |
| Accrued Salaries and Vacation | 51,859 | 28,634 |
| Total Current Liabilities | <u>97,184</u> | <u>39,406</u> |
| Net Assets: | | |
| Without Donor Restrictions | 618,572 | 278,351 |
| With Donor Restrictions | 1,131,749 | 339,835 |
| Total Net Assets | <u>1,750,321</u> | <u>618,186</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 1,847,505</u> | <u>\$ 657,592</u> |

The accompanying Notes to Financial Statements
are an integral part of these statements.

SAHAN JOURNAL
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| <u>Change in Cash</u> | <u>2021</u> | <u>2020</u> |
|---|---------------------|-------------------|
| Cash Flows from Operating Activities: | | |
| Change in Net Assets | \$ 1,132,135 | \$ 164,293 |
| Total Adjustments | <u>(359,343)</u> | <u>23,719</u> |
| Net Cash Provided by Operating Activities | 772,792 | 188,012 |
| Cash Flows from Investing Activities: | | |
| Purchase of Property and Equipment | <u>(7,501)</u> | <u>(15,318)</u> |
| Net Cash (Used) by Investing Activities | (7,501) | (15,318) |
| Cash Flows from Financing Activities: | | |
| None | <u>-</u> | <u>-</u> |
| Net Increase in Cash | 765,291 | 172,694 |
| Cash - Beginning of Year | <u>504,000</u> | <u>331,306</u> |
| Cash - End of Year | <u>\$ 1,269,291</u> | <u>\$ 504,000</u> |

The accompanying Notes to Financial Statements
are an integral part of these statements.

SAHAN JOURNAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 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 events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor 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, 2021 AND 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. At December 31, 2021, \$1,045,000 of contributions have not been recognized in the accompanying financial statements because the conditions on which the funding depends have not yet been met.

The Organization recognizes sales revenue when the performance obligations of providing the services are met. Amounts received in advance of providing services are recorded as deferred revenue in the statement of financial position.

The following provides information about significant changes in deferred revenue for the year ended December 31, 2021:

| | |
|--------------------------------------|------------------|
| Deferred Revenue – Beginning of Year | \$ - |
| Decreases due to revenue recognized | - |
| Increases due to cash received | <u>12,500</u> |
| Deferred Revenue – End of Year | <u>\$ 12,500</u> |

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.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through December 14, 2022, which is the date financial statements were available to be issued.

SAHAN JOURNAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 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.

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).

2. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there are still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, the Organization expects this matter may impact its future 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, 2021 and 2020 the Organization held funds at a local financial institution in excess of federally insured limits.

SAHAN JOURNAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

4. Grants Receivable

The balances of grants receivable at December 31, 2021 are due as follows:

| | |
|--|-------------------|
| <u>Due in the Year Ending December 31,</u> | |
| 2022 | <u>\$ 526,901</u> |

5. Property and Equipment

The Organization owned the following as of December 31,:

| | <u>2021</u> | <u>2020</u> | <u>Estimated Useful Lives</u> |
|-------------------------------|------------------|------------------|-----------------------------------|
| Property and Equipment | \$ 22,818 | \$ 15,318 | 5 years |
| Less Accumulated Depreciation | <u>5,094</u> | <u>1,411</u> | |
| | <u>\$ 17,724</u> | <u>\$ 13,907</u> | |

Depreciation expense of \$3,684 and \$1,411 was recorded for the years ended December 31, 2021 and 2020, respectively.

6. Net Assets with Donor Restrictions

Donor restricted net assets consisted of amounts from the following as of:

| | <u>December 31</u> | |
|---|---------------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| Restrictions that Expire: | | |
| Subject to expenditure for specified purpose: | | |
| Climate Change Reporter | \$ 260,000 | \$ 60,000 |
| Elevate Communities through Journalism | 57,144 | - |
| Content Management | 50,000 | 6,350 |
| Reporter Compensation | 24,075 | 28,485 |
| Equitable Health Reporting | 30,000 | - |
| GNI Challenge | <u>96,530</u> | <u>-</u> |
| | 517,749 | 94,685 |
| Subject to passage of time: | | |
| Future Years General Operations | <u>614,000</u> | <u>245,000</u> |
| | <u>\$ 1,131,749</u> | <u>\$ 339,835</u> |

SAHAN JOURNAL
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

7. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities were as follows as of:

| | <u>December 31</u> | |
|---|---------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Depreciation | \$ 3,684 | \$ 1,411 |
| Increases (Decreases) in Current Liabilities: | | |
| Accounts Payable | 22,053 | 7,364 |
| Deferred Revenue | 12,500 | - |
| Accrued Salaries and Vacation | 23,225 | 27,314 |
| (Increases) in Current Assets: | | |
| Accounts Receivable | (13,918) | (7,095) |
| Grants Receivable | (400,734) | (1,077) |
| Prepaid Expense | (6,153) | (4,198) |
| Total Adjustments | <u>\$ (359,343)</u> | <u>\$ 23,719</u> |

8. Liquidity and Availability

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

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|-------------------|
| Financial Assets: | | |
| Cash | \$ 1,269,291 | \$ 504,000 |
| Accounts Receivable | 23,238 | 9,320 |
| Grants Receivable | <u>526,901</u> | <u>126,167</u> |
| Total Financial Assets | 1,819,430 | 639,487 |
| Less assets not available to be used for general expenditures within one year: | | |
| Net Assets With Donor Restrictions | 1,131,749 | 339,835 |
| Net Assets With Restrictions to be met within a year | <u>(794,249)</u> | <u>(289,835)</u> |
| Total assets not available for general expenditures within one year: | <u>337,500</u> | <u>50,000</u> |
| Financial assets available for general expenditures within one year: | <u>\$ 1,481,930</u> | <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.