

**Sahan Journal**  
St. Paul, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
December 31, 2022 and 2021



**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, 2022 and 2021, 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, 2022 and 2021, 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.

*Laypenter, Ewert & Associates, Ltd.*  
Certified Public Accountants

Minneapolis, Minnesota  
June 7, 2023

SAHAN JOURNAL  
STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Grants and Contributions	\$ 514,450	\$ 1,189,000	\$ 1,703,450	\$ 684,974	\$ 1,482,783	\$ 2,167,757
Sales Revenue	289,053	-	289,053	198,441	-	198,441
Other Income	7,994	-	7,994	4,395	-	4,395
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	775,500	(775,500)	-	356,000	(356,000)	-
Satisfaction of Purpose Restrictions	579,999	(579,999)	-	334,869	(334,869)	-
Total Support and Revenue	2,166,996	(166,499)	2,000,497	1,578,679	791,914	2,370,593
<b>Expense:</b>						
Program Services	1,511,900	-	1,511,900	910,865	-	910,865
Support Services:						
Management and General	239,964	-	239,964	180,468	-	180,468
Fundraising	172,468	-	172,468	147,125	-	147,125
Total Support Services	412,432	-	412,432	327,593	-	327,593
Total Expense	1,924,332	-	1,924,332	1,238,458	-	1,238,458
Change in Net Assets	242,664	(166,499)	76,165	340,221	791,914	1,132,135
Net Assets - Beginning of Year	618,572	1,131,749	1,750,321	278,351	339,835	618,186
Net Assets - End of Year	\$ 861,236	\$ 965,250	\$ 1,826,486	\$ 618,572	\$ 1,131,749	\$ 1,750,321

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, 2022  
WITH COMPARATIVE TOTALS FOR 2021

	2022				2021	
	Total Program Services	Management & General	Fundraising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 928,637	\$ 97,989	\$ 130,266	\$ 228,255	\$ 1,156,892	\$ 809,691
Employee Benefits	108,061	11,403	15,158	26,561	134,622	54,196
Payroll Taxes	67,691	7,143	9,495	16,638	84,329	60,937
Total Personnel Costs	<u>1,104,389</u>	<u>116,535</u>	<u>154,919</u>	<u>271,454</u>	<u>1,375,843</u>	<u>924,824</u>
Professional Fees and Contract Services	207,262	110,229	-	110,229	317,491	109,620
Marketing	44,971	-	-	-	44,971	117,028
Information Technology	29,385	3,101	4,122	7,223	36,608	21,324
Office Expenses	28,359	2,992	3,978	6,970	35,329	12,269
Professional Development	25,874	2,730	3,630	6,360	32,234	8,639
Travel	30,172	-	-	-	30,172	21,805
Occupancy	21,886	2,309	3,070	5,379	27,265	7,074
Insurance	11,371	1,200	1,595	2,795	14,166	10,733
Miscellaneous	3,367	355	472	827	4,194	1,458
Depreciation	4,864	513	682	1,195	6,059	3,684
Total Expense	<u>\$ 1,511,900</u>	<u>\$ 239,964</u>	<u>\$ 172,468</u>	<u>\$ 412,432</u>	<u>\$ 1,924,332</u>	<u>\$ 1,238,458</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, 2021

	Total Program Services	Support Services			Total All Services
		Management & General	Fundraising	Total Support Services	
Salaries	\$ 593,989	\$ 107,851	\$ 107,851	\$ 215,702	\$ 809,691
Employee Benefits	39,758	7,219	7,219	14,438	54,196
Payroll Taxes	44,703	8,117	8,117	16,234	60,937
Total Personnel Costs	678,450	123,187	123,187	246,374	924,824
Professional Fees and Contract Services	45,765	48,599	15,256	63,855	109,620
Marketing	117,028	-	-	-	117,028
Information Technology	15,644	2,840	2,840	5,680	21,324
Office Expenses	9,001	1,634	1,634	3,268	12,269
Professional Development	6,337	1,151	1,151	2,302	8,639
Travel	21,805	-	-	-	21,805
Occupancy	5,190	942	942	1,884	7,074
Insurance	7,873	1,430	1,430	2,860	10,733
Miscellaneous	1,070	194	194	388	1,458
Depreciation	2,702	491	491	982	3,684
Total Expense	\$ 910,865	\$ 180,468	\$ 147,125	\$ 327,593	\$ 1,238,458

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

SAHAN JOURNAL  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash	\$ 1,734,385	\$ 1,269,291
Accounts Receivable	63,101	23,238
Grants Receivable	177,359	526,901
Prepaid Expense	7,940	10,351
Total Current Assets	<u>1,982,785</u>	<u>1,829,781</u>
Property and Equipment - Net	<u>23,153</u>	<u>17,724</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,005,938</u></b>	<b><u>\$ 1,847,505</u></b>
 <u>LIABILITIES AND NET ASSETS</u>  		
Current Liabilities:		
Accounts Payable	\$ 58,386	\$ 32,825
Accrued Salaries and Vacation	70,691	51,859
Deferred Revenue	50,375	12,500
Total Current Liabilities	<u>179,452</u>	<u>97,184</u>
Net Assets:		
Without Donor Restrictions	861,236	618,572
With Donor Restrictions	965,250	1,131,749
Total Net Assets	<u>1,826,486</u>	<u>1,750,321</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,005,938</u></b>	<b><u>\$ 1,847,505</u></b>

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, 2022 AND 2021

<u>Change in Cash</u>	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 76,165	\$ 1,132,135
Total Adjustments	<u>400,417</u>	<u>(359,343)</u>
Net Cash Provided by Operating Activities	476,582	772,792
Cash Flows from Investing Activities:		
Purchase of Property and Equipment	<u>(11,488)</u>	<u>(7,501)</u>
Net Cash (Used) by Investing Activities	(11,488)	(7,501)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash	465,094	765,291
Cash - Beginning of Year	<u>1,269,291</u>	<u>504,000</u>
Cash - End of Year	<u>\$ 1,734,385</u>	<u>\$ 1,269,291</u>

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

SAHAN JOURNAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

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 that are not subject to donor-imposed stipulations. Property and equipment is reported as net assets without donor 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.

New Accounting Pronouncements

In 2022, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to restate the comparative period (2021). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases.

The Organization has also has adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believes the standards improve the usefulness and understandability of the Organization's financial reporting. The ASU has been applied retrospectively for the periods ended December 31, 2022 and 2021, as required.

SAHAN JOURNAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Contributions of Nonfinancial Assets

The Organization records contributions of nonfinancial assets at fair market value at date of donation. The Organization's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist. The Organization did not receive any contributions of nonfinancial assets in both years ending December 31, 2022 and 2021.

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.

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, 2022, \$675,000 of contributions have not been recognized in the accompanying financial statements because the conditions on which the funding depends have not yet been met.

SAHAN JOURNAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

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 years ended December 31:

	<u>2022</u>	<u>2021</u>
Deferred Revenue – Beginning of Year	\$ 12,500	\$ -
Decreases due to revenue recognized	(12,500)	-
Increases due to cash received	<u>50,375</u>	<u>12,500</u>
Deferred Revenue – End of Year	<u>\$ 50,375</u>	<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. The Organization had \$177,359 and \$526,901 in grants receivable for the years ended December 31, 2022 and 2021 respectively. These balances are expected to be collected in the following year.

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.

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.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through June 7, 2023 which is the date financial statements were available to be issued.

SAHAN JOURNAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

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. Significant Concentrations of Credit Risk

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

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

At December 31, 2022 and 2021 the Organization held funds at a local financial institution in excess of federally insured limits.

3. Property and Equipment

The Organization owned the following as of December 31:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Property and Equipment	\$ 34,306	\$ 22,818	5 years
Less Accumulated Depreciation	<u>11,153</u>	<u>5,094</u>	
	<u>\$ 23,153</u>	<u>\$ 17,724</u>	

Depreciation expense of \$6,059 and \$3,684 was recorded for the years ended December 31, 2022 and 2021, respectively.

SAHAN JOURNAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

4. Net Assets with Donor Restrictions

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

	December 31	
	2022	2021
Subject to expenditure for specified purpose:		
Criminal Justice and Education	\$ 150,000	\$ -
Climate Change Reporting	120,000	260,000
Reporter Compensation	29,250	24,075
East Metro Program	12,500	-
GNI Challenge	-	96,530
Elevate Communities through Journalism	-	57,144
Content Management	-	50,000
Equitable Health Reporting	-	30,000
	311,750	517,749
Subject to passage of time:		
Future Years General Operations	653,500	614,000
	\$ 965,250	\$ 1,131,749

5. Liquidity and Availability

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

	2022	2021
Financial Assets:		
Cash	\$ 1,734,386	\$ 1,269,291
Accounts Receivable	63,101	23,238
Grants Receivable	177,359	526,901
Total Financial Assets	1,974,846	1,819,430
Less assets not available to be used for general expenditures within one year:		
Net Assets with Donor Restrictions	965,250	1,131,749
Net Assets with Restrictions to be met within a year	(890,250)	(794,249)
Total assets not available for general expenditures within one year:	75,000	337,500
Financial assets available for general expenditures within one year:	\$ 1,899,846	\$ 1,481,930

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.

SAHAN JOURNAL  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

6. 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>2022</u>	<u>2021</u>
Depreciation	\$ 6,059	\$ 3,684
Increases (Decreases) in Current Liabilities:		
Accounts Payable	25,561	22,053
Accrued Salaries and Vacation	18,832	23,225
Deferred Revenue	37,875	12,500
(Increases) in Current Assets:		
Accounts Receivable	(39,863)	(13,918)
Grants Receivable	349,542	(400,734)
Prepaid Expense	2,411	(6,153)
Total Adjustments	<u>\$ 400,417</u>	<u>\$ (359,343)</u>