

# **COMBINED FINANCIAL STATEMENTS**



**JOURNALISM DEVELOPMENT NETWORK**

**FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

**JOURNALISM DEVELOPMENT NETWORK, INC.**

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**CPAs & ADVISORS**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Journalism Development Network, Inc.  
Sarajevo, Bosnia and Herzegovina

### **Opinion**

We have audited the accompanying combined financial statements of the Journalism Development Network, Inc. and its related entities (collectively, JDN), which comprise the combined statements of financial position as of December 31, 2022 and 2021, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of JDN as of December 31, 2022 and 2021, and the combined 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of JDN 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 Combined Financial Statements**

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about JDN's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

## **Auditor's Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined 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 and *Government 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 combined 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 combined 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 combined 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 JDN'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about JDN'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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of JDN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JDN's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JDN's internal control over financial reporting and compliance.



June 30, 2023

**JOURNALISM DEVELOPMENT NETWORK, INC.**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022 AND 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,251,847	\$ 6,261,594
Advances receivable	297,127	522,345
Grants receivable	5,397,422	6,299,905
Fixed assets, net of accumulated depreciation of \$19,638 and \$15,295 for 2022 and 2021, respectively	3,968	8,311
Right-of-use asset	<u>241,790</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 12,192,154</u></b>	<b><u>\$ 13,092,155</u></b>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts payable and accrued expenses	\$ 400,070	\$ 189,484
Refundable advances	402,996	387,817
Lease liability	<u>241,790</u>	<u>-</u>
Total liabilities	<u>1,044,856</u>	<u>577,301</u>

**NET ASSETS**

Without donor restrictions	1,919,227	1,213,945
With donor restrictions	<u>9,228,071</u>	<u>11,300,909</u>
Total net assets	<u>11,147,298</u>	<u>12,514,854</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 12,192,154</u></b>	<b><u>\$ 13,092,155</u></b>

## JOURNALISM DEVELOPMENT NETWORK, INC.

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE</b>			
Grants and contributions:			
U.S. Government	\$ 6,088,455	\$ -	\$ 6,088,455
Private foundations and other governments	323,450	6,578,456	6,901,906
Individuals	655,640	80,000	735,640
Consulting and other revenue	21,596	-	21,596
Net assets released from donor restrictions	<u>8,198,597</u>	<u>(8,198,597)</u>	<u>-</u>
Total revenue	<u>15,287,738</u>	<u>(1,540,141)</u>	<u>13,747,597</u>
<b>EXPENSES</b>			
Program Services	13,299,436	-	13,299,436
Management and General	<u>1,206,163</u>	<u>-</u>	<u>1,206,163</u>
Total expenses	<u>14,505,599</u>	<u>-</u>	<u>14,505,599</u>
Changes in net assets before other item	782,139	(1,540,141)	(758,002)
<b>OTHER ITEM</b>			
Currency loss	<u>(76,857)</u>	<u>(532,697)</u>	<u>(609,554)</u>
Changes in net assets	705,282	(2,072,838)	(1,367,556)
Net assets at beginning of year	<u>1,213,945</u>	<u>11,300,909</u>	<u>12,514,854</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,919,227</u></b>	<b><u>\$ 9,228,071</u></b>	<b><u>\$ 11,147,298</u></b>

JOURNALISM DEVELOPMENT NETWORK, INC.

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<b>2021</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE</b>			
Grants and contributions:			
U.S. Government	\$ 5,192,396	\$ -	\$ 5,192,396
Private foundations and other governments	-	9,215,816	9,215,816
Individuals	322,957	-	322,957
Consulting and other revenue	53,966	-	53,966
Net assets released from donor restrictions	<u>5,408,487</u>	<u>(5,408,487)</u>	<u>-</u>
Total revenue	<u>10,977,806</u>	<u>3,807,329</u>	<u>14,785,135</u>
<b>EXPENSES</b>			
Program Services	9,445,904	-	9,445,904
Management and General	<u>1,065,788</u>	<u>-</u>	<u>1,065,788</u>
Total expenses	<u>10,511,692</u>	<u>-</u>	<u>10,511,692</u>
Changes in net assets before other item	466,114	3,807,329	4,273,443
<b>OTHER ITEM</b>			
Currency loss	<u>(631)</u>	<u>(334,094)</u>	<u>(334,725)</u>
Changes in net assets	465,483	3,473,235	3,938,718
Net assets at beginning of year	<u>748,462</u>	<u>7,827,674</u>	<u>8,576,136</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,213,945</u></b>	<b><u>\$ 11,300,909</u></b>	<b><u>\$ 12,514,854</u></b>

## JOURNALISM DEVELOPMENT NETWORK, INC.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Program Services	Management and General	Total Expenses	Program Services	Management and General	Total Expenses
Personnel costs	\$ 7,529,747	\$ 616,096	\$ 8,145,843	\$ 6,118,676	\$ 566,759	\$ 6,685,435
Contract services	584,120	127,976	712,096	448,123	50,500	498,623
Facilities and equipment	72,119	145,323	217,442	19,561	166,218	185,779
Travel and meetings	1,250,476	90,731	1,341,207	342,088	23,295	365,383
Operations	797,806	85,578	883,384	580,520	66,847	647,367
Insurance expense	300	140,459	140,759	554	192,169	192,723
Program expenses and subgrants	3,064,868	-	3,064,868	1,936,382	-	1,936,382
<b>TOTAL</b>	<b>\$ 13,299,436</b>	<b>\$ 1,206,163</b>	<b>\$ 14,505,599</b>	<b>\$ 9,445,904</b>	<b>\$ 1,065,788</b>	<b>\$ 10,511,692</b>

See accompanying notes to combined financial statements.

## JOURNALISM DEVELOPMENT NETWORK, INC.

COMBINED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (1,367,556)	\$ 3,938,718
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities:		
Depreciation	4,343	4,343
Decrease (increase) in:		
Advances receivable	225,218	(469,106)
Grants receivable	902,483	(2,069,496)
Prepaid expenses	-	15,000
Increase (decrease) in:		
Accounts payable and accrued expenses	210,586	(106,903)
Refundable advances	<u>15,179</u>	<u>189,199</u>
Net cash (used) provided by operating activities	<u>(9,747)</u>	<u>1,501,755</u>
Net (decrease) increase in cash and cash equivalents	(9,747)	1,501,755
Cash and cash equivalents at beginning of year	<u>6,261,594</u>	<u>4,759,839</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 6,251,847</u></b>	<b><u>\$ 6,261,594</u></b>
<b>SCHEDULE OF NONCASH FINANCING TRANSACTIONS</b>		
<b>Right-of-Use Asset</b>	<b><u>\$ 241,790</u></b>	<b><u>\$ -</u></b>
<b>Operating Lease Liability for Right-of-Use Asset</b>	<b><u>\$ 241,790</u></b>	<b><u>\$ -</u></b>

## JOURNALISM DEVELOPMENT NETWORK, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organizations -

The Journalism Development Network, Inc. is a nonprofit organization, incorporated in the State of Maryland with its headquarters office located in Sarajevo, Bosnia and Herzegovina. The Journalism Development Network, Inc. operates the Organized Crime and Corruption Reporting Project, a consortium of news organizations dedicated to crossborder reporting on organized crime. The Journalism Development Network, Inc. also does media development in developing countries around the world concentrating on investigative reporting and media management. Programs are currently being conducted in S.E. Europe, Eurasia and Central America.

##### Related entities -

The following related entities have been combined with the activity of Journalism Development Network, Inc. as management of Journalism Development Network, Inc., maintains financial, programmatic and governance control over the entities.

On November 22, 2011, the Asociatiei Journalism Development Network was legally established in Bucharest, Romania. The Asociatiei Journalism Development Network is a nonprofit entity within the laws of Romania. The purposes of the Asociatiei Journalism Development Network are in accordance with the Journalism Development Network, Inc.'s purposes and the mission of the Asociatiei Journalism Development Network is to focus on investigative reporting and investigative reporting education.

On July 29, 2022, Reporting and Editorial Services, B.V. was legally established as a limited Liability Corporation under the laws of the Netherlands. Reporting and Editorial Services, B.V. has its corporate seat in the municipality of Amsterdam, the Netherlands. The entity was created to provide the following services:

- To provide reporting, editorial and related services;
- To incorporate, participate in, conduct the management of and to have any other financial interest in other companies and enterprises;
- To render administrative, technical, financial, economic or managerial services to other companies, persons or enterprises;
- To acquire, dispose of, manage and exploit real and personal property, and other assets, trademark rights, including licenses, permits and other industrial property rights, and;
- To borrow and/or lend moneys, act as surety or guarantor in any other manner, and bind itself jointly and severally or otherwise in addition to or on behalf of others.

On July 29, 2022, Stichting Organized Crime and Corruption Reporting Project was legally established as a Foundation under the laws of the Netherlands. Stichting Organized Crime and Corruption Reporting Project has its corporate seat in the municipality of Amsterdam, the Netherlands. The Foundation has the following objectives:

- To develop and equip a global network of investigative Journalists and publishing their stories, so that crime and corruption can be exposed to the public, lives and livelihoods and democracy are not threatened by crime and corruption, and
- To undertake any activities related to or beneficial to the foregoing in the broadest possible sense, as long as it serves the general welfare.

## JOURNALISM DEVELOPMENT NETWORK, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Organizations (continued) -

On October 13, 2022, International Journalism Defense, Inc. was incorporated as a non-stock non-profit corporation under the laws of the state of Delaware. The purposes for which the corporation was organized are to educate the public by supporting organizations exempt under section 501 (c) (3) of Internal Revenue Service Code of 1986, as amended, and public interest news and reporting organizations that operate in a noncommercial manner, by subsidizing insurance for them for the costs of defense against libel and slander lawsuits and providing them with training and legal resources (including pre-publication review) to reduce the risk and impact of SLAPP threats and lawsuits and enable them to pursue non-partisan, public interest journalism freely and independently.

On November 15, 2022, IJD Vermont I LLC was legally incorporated under the laws of the state of Vermont. One Hundred percent (100%) of the membership interests in the IJD Vermont I LLC is owned by International Journalism Defense, Inc. The purpose of IJD Vermont I LLC is to engage in any legal business and purpose permitted limited liability companies under Vermont law.

On March 13, 2023, IJD Vermont II LLC was legally incorporated under the laws of the state of Vermont. One Hundred percent (100%) of the membership interests in the IJD Vermont II LLC is owned by IJD Vermont I LLC. The purpose of IJD Vermont II LLC is to engage in the business of insuring and reinsuring various types of risk and to carry on and conduct any other lawful business activity permitted insurance companies under Vermont law.

Basis of presentation -

The accompanying combined financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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 Combined Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The Journalism Development Network, Inc. maintains significant control over the aforementioned related entities. Accordingly, the accompanying combined financial statements include the assets, liabilities, net assets and results from operations of both organizations. All significant inter-company transactions have been eliminated in combination.

**JOURNALISM DEVELOPMENT NETWORK, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

New accounting pronouncements adopted -

During 2022, JDN adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Combined Statements of Financial Position and disclosure of key information about leasing arrangements. JDN applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 6 for further details.

Cash and cash equivalents -

JDN considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, JDN maintains cash balances in excess of the FDIC insurance limits.

Management believes the risk in these situations to be minimal. Cash and cash equivalents held in Bosnia and Herzegovina and Romania totaled \$1,039 and \$241,790, respectively, at December 31, 2022 and 2021. The majority of such funds are uninsured.

Grants, contributions and accounts receivable -

Grants, contributions and accounts receivable approximate fair value as of December 31, 2022 and 2021. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$5,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

JDN is exempt under Section 501(c)(3) of the Internal Revenue Code. The Journalism Development Network, Inc. is not a private foundation as described in Section 509(a)(2) of the Internal Revenue Code.

The Asociatiei Journalism Development Network has been granted tax exempt status by the Government of Romania. Based upon the nonprofit nature of both entities, no provision for income taxes has been made in the accompanying combined financial statements.

Reporting and Editorial Services, B.V. was legally established as a limited Liability Corporation under the laws of the Netherlands.

Stichting Organized Crime and Corruption Reporting Project was legally established as a Foundation under the laws of the Netherlands.

## JOURNALISM DEVELOPMENT NETWORK, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Uncertain tax positions -

For the years ended December 31, 2022 and 2021, the Journalism Development Network, Inc. and the Asociației Journalism Development Network have documented their consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the combined financial statements.

##### Grants and contributions -

Gifts, including unconditional pledges and grants are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Grants receivable are stated at the estimated net present value, net of an allowance for uncollectable amounts. Conditional promises to give are not recognized until the condition on which they depend are substantially met. Contributions and grants qualifying as contributions are recorded by JDN upon notification of the contribution and grant award and satisfaction of all conditions, if applicable. Contributions and grants are classified as net assets with donor restrictions when use of the contribution or grant funds is limited to specific programmatic areas or is designated for use in future periods. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions.

JDN receives awards under grants and contracts from the U.S. Government for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such awards are recorded as contributions within the "without donor restrictions" to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. Awards received under grants and contracts in advance of incurring the related expenses for direct and indirect program costs are recorded as a refundable advance.

##### Danish Ministry of Foreign Affairs -

During the 2019 fiscal year, the Danish Ministry of Foreign Affairs awarded JDN a grant in the amount of \$1,040,258 (DKK 7,000,000). During 2021, the award was amended and JDN received additional funding of \$294,998 (DKK 1,877,531).

As of December 31, 2022, JDN has received cumulative payments from the Danish Ministry of Foreign Affairs of \$1,274,337 (DKK 8,575,141). Additionally, JDN incurred total losses on foreign currency translations over the award period of \$60,919. Accordingly, there was no balance remaining as of December 31, 2022.

As of December 31, 2022, JDN has incurred cumulative expenses totaling \$881,850 (\$121,291 in 2022, \$351,017 in 2021, 293,953 in 2020 and \$115,589 in 2019) in accordance with the terms and conditions of the award. The accompanying Combined Statements of Activities and Changes in Net Assets for 2021 includes the Danish Ministry of Foreign Affairs amendment to the award of \$294,998 (DKK 1,877,531 within the donor restricted grant revenue. In addition, the net assets released from donor restrictions includes \$121,291 and \$351,017, in 2022 and 2021, respectively. The remaining balance of the award (\$0 as of December 31, 2022 and \$581,344 as of December 31, 2021) is reported within "Net Assets with Donor Restrictions" on the accompanying Combined Statements of Financial Position.

**JOURNALISM DEVELOPMENT NETWORK, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Use of estimates -

The preparation of the combined 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 combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Combined Statements of Activities and Changes in Net Assets. Certain costs which are not specifically identifiable to a specific function yet benefit several functional areas have been allocated to certain functional areas based upon JDN's cost allocation policy.

**2. GRANTS RECEIVABLE**

Grants receivable as of December 31, 2022 and 2021, respectively, are as follows:

	<u>2022</u>	<u>2021</u>
CSSF Latin America	\$ 1,085,503	\$ -
Oak Foundation	900,000	900,000
CSSF GITAC	844,309	-
DOS (South Asia)	628,002	37,253
EIHDR (E.U.)	376,974	399,867
USAID	339,995	-
Limelight Foundation	320,318	-
Rockefeller Brothers Foundation	200,000	-
Nicolas Puech Foundation	190,075	-
FCO Latin America	101,263	539,658
DOS NIL	101,140	-
FCO 4	92,787	944,402
Veronica	80,079	-
DRL Pacific Islands	73,838	3,915
NED ALEPH 2	58,174	-
EED	4,965	5,266
Bay and Paul Foundation	-	250,000
DFID	-	194,389
Sigrid Rausing Trust	-	371,015
Transparency International	-	70,000
Denmark	-	446,864
SIDA	-	1,049,845
SKOLL	-	210,000
FCO 3 (British)	-	278,937
Vital Strategies	-	112,500
German Marshall Fund	-	40,000
Ford Foundation	-	150,000
Freedom House	-	51,202
ICFJ (RJN)	-	244,792
<b>TOTAL GRANTS RECEIVABLE</b>	<b><u>\$ 5,397,422</u></b>	<b><u>\$ 4,162,629</u></b>

**JOURNALISM DEVELOPMENT NETWORK, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**2. GRANTS RECEIVABLE (Continued)**

Following is a schedule of amounts due, by year, as of December 31, 2022 and 2021, respectively.

	<b>2022</b>	<b>2021</b>
Less than one year	\$ 4,732,348	\$ 3,712,629
One to five years	665,074	450,000
<b>TOTAL</b>	<b>\$ 5,397,422</b>	<b>\$ 4,162,629</b>

**3. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Subject to expenditure for specified purpose:		
Craig Newmark Philanthropic Foundation	\$ 2,000,000	\$ -
Dutch Postcode	1,048,612	-
SKOLL	1,047,296	1,275,183
CSSF Latin America	1,002,925	-
OSF Flex	699,079	794,507
CSSF GITAC	645,857	-
Bay and Paul	468,458	1,044,609
Limelight Foundation	382,351	-
Rockefeller Brothers Foundation	300,000	-
Slovak Aid	239,383	-
Nicolas Puech Foundation	204,191	-
Sigrid Rausing Trust (3)	116,291	645,427
Legal Defense Fund	99,742	19,742
OSF Emergency	99,478	-
Veronica	80,079	-
FCO Latin America	69,578	379,692
French MFA	49,751	-
DFID	-	130,160
Grant 1	-	1,816
Prague Civil Society	-	21,958
Rockefeller Brothers Foundation (2)	-	99,901
Luminate	-	117,535
Slovak Aid	-	330,557
OSF COVID-19 Challenges	-	616,820
Transparency International	-	61,271
Mountain Philanthropies	-	51,388
NL Net (Romania)	-	7,098
Denmark	-	581,344
SIDA	-	2,452,247
FCO (4)	-	834,708
Ford Foundation	-	204,623
German Marshall Fund	-	40,000
FCO (3)	-	335,338
Vital Strategies	-	129,985
Subject to passage of time:		
Oak Foundation	675,000	1,125,000
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b>\$ 9,228,071</b>	<b>\$ 11,300,909</b>

**JOURNALISM DEVELOPMENT NETWORK, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

The following net assets with donor restrictions were released from such restrictions by JDN incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Prague Civil Society	\$ 21,958	\$ 40,222
OSF COVID-19 Challenges	616,820	108,180
United States Embassy - Tajikistan	-	12,994
Knight Foundation	-	1,276
Mountain Philanthropies	51,388	23,612
FCO (4)	699,920	109,694
FCO Latin America	276,034	159,967
Ford Foundation	204,623	95,377
Fritt Ord	-	35,103
NL Net (Romania)	37,996	16,335
SIDA	2,386,328	903,433
Open Society Foundations - Flex	95,429	139,513
Sigrid Rausing Trust (2)	-	10,808
Sigrid Rausing Trust (3)	485,261	462,004
OSF Regional Expose	-	40,000
FCO (3)	56,401	1,168
Vital Strategies	129,985	381,751
Denmark	513,777	351,017
Rockefeller Brothers Foundation	99,901	100,099
Skoll	242,887	163,477
Slovak Aid	330,557	2,113
University of Missouri	-	60,000
Transparency International	61,271	35,729
Bay and Paul	576,151	94,682
DFID	117,273	567,654
EIHDR	-	774,052
Grant 1	1,515	226,735
Luminate 2	117,535	266,492
OSF Emergency	50,522	-
CSSF Latin America	82,578	-
CSSF GITAC	198,453	-
Fritt Ord	29,392	-
Dutch Postcode	52,444	-
Limelight Foundation	99,599	-
Nicolas Puech Foundation	112,599	-
Subject to passage of time:		
Oak Foundation	<u>450,000</u>	<u>225,000</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 8,198,597</u></b>	<b><u>\$ 5,408,487</u></b>

**4. CONTINGENCIES**

JDN receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

## JOURNALISM DEVELOPMENT NETWORK, INC.

### NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

#### 4. CONTINGENCIES (Continued)

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2022. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. In the normal course of JDN's business operations, lawsuits alleging defamation of character or libel may be filed against JDN. Management of JDN would vigorously defend such lawsuits and based upon JDN's current insurance coverage, management believes that any potential loss resulting from an adverse ruling would be immaterial to the combined financial statements.

#### 5. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)

The following reflects JDN's financial assets as of the date of the Combined Statements of Financial Position, reduced by amounts not available for general use within one year from the date of the Combined Statements of Financial Position because of contractual or donor imposed restrictions or internal designations. Amounts not available will generally include amounts received with donor restrictions, grants receivable not expected to be collected within one year from the date of the Combined Statements of Financial Position and amounts designated for reserves by the Board of Directors.

An analysis of JDN's financial assets available to meet cash needs for general expenditures within one year as of December 31, 2022 and 2021, respectively, is as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets as of December 31:		
Cash and cash equivalents	\$ 6,251,847	\$ 6,261,594
Advances receivable	297,127	522,345
Grants receivable	5,397,422	6,299,905
Financial Assets not available to meet cash needs:		
Funds with donor restrictions	<u>(9,228,071)</u>	<u>(11,300,909)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 2,718,325</u></b>	<b><u>\$ 1,782,935</u></b>

#### 6. COMMITMENTS

JDN leases office space in Sarajevo, Bosnia and Herzegovina, Bucharest, Romania and Washington, D.C. The lease agreement in Sarajevo (effective April 1, 2019) requires monthly payments of 6,000 BAM (approximately \$3,367) and may be canceled by either party with 90 days written notice. The lease agreement in Bucharest requires monthly payments of 3,000 RON (approximately \$750) and may be canceled by either party with 30 days written notice. The lease agreement in Washington, D.C. is a month-to-month lease and currently requires monthly payments of \$1,810.

Reporting and Editorial Services BV entered into a three year lease agreement for office space in Amsterdam. The lease commenced on October 1, 2022 and expires on September 30, 2025. The lease requires monthly payments of \$7,752.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Combined Statements of Financial Position and disclosure of key information about leasing arrangements.

**JOURNALISM DEVELOPMENT NETWORK, INC.**

**NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

**6. COMMITMENTS (Continued)**

JDN elected on January 1, 2022 to implement the ASU and elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases.

As a result, JDN recorded a right-of-use asset in the amount of \$241,790. JDN recorded an operating lease liability in the amount of 241,790 by calculating the present value using the discount rate of 4.02%.

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	
2023	\$ 93,020
2024	93,020
2025	<u>69,765</u>
	255,805
Less: Imputed interest	<u>(14,015)</u>
	241,790
Less: Current portion	<u>(93,020)</u>
<b>LONG-TERM PORTION</b>	<b><u>\$ 148,770</u></b>

Facilities and equipment expenses for the years ended December 31, 2022 and 2021 was \$217,442 and \$185,779, respectively.

**7. SUBSEQUENT EVENTS**

In preparing these combined financial statements, JDN has evaluated events and transactions for potential recognition or disclosure through June 30, 2023, the date the combined financial statements were issued.