



JOURNALISM DEVELOPMENT NETWORK

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED DECEMBER 31, 2021

JOURNALISM DEVELOPMENT NETWORK, INC.

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COMBINED FINANCIAL STATEMENTS



JOURNALISM DEVELOPMENT NETWORK

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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 Asociatiei Journalism Development Network (collectively, JDN), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of 2021, 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 financial position of JDN as of December 31, 2021 and 2020, and the combined 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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards on pages I-(19 - 20), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022, 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

May 10, 2022, except for Schedules 1 and 2, as to which the date is July 28, 2022.

JOURNALISM DEVELOPMENT NETWORK, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
Cash and cash equivalents	\$ 6,261,594	\$ 4,759,839
Advances receivable	522,345	53,239
Grants receivable	6,299,905	4,230,409
Prepaid expenses	-	15,000
Fixed assets, net of accumulated depreciation of \$15,295 and \$10,952 for 2021 and 2020, respectively	8,311	12,654
TOTAL ASSETS	\$ <u>13,092,155</u>	\$ <u>9,071,141</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 189,484	\$ 296,387
Refundable advances	387,817	198,618
Total liabilities	577,301	495,005

NET ASSETS

Without donor restrictions	1,213,945	748,462
With donor restrictions	11,300,909	7,827,674
Total net assets	12,514,854	8,576,136
TOTAL LIABILITIES AND NET ASSETS	\$ <u>13,092,155</u>	\$ <u>9,071,141</u>

JOURNALISM DEVELOPMENT NETWORK, INC.

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
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>
EXPENSES			
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
OTHER ITEM			
Currency (loss) gain	<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>
NET ASSETS AT END OF YEAR	<u>\$ 1,213,945</u>	<u>\$ 11,300,909</u>	<u>\$ 12,514,854</u>

JOURNALISM DEVELOPMENT NETWORK, INC.

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Grants and contributions:			
U.S. Government	\$ 5,008,300	\$ -	\$ 5,008,300
Private foundations and other governments	-	2,544,585	2,544,585
Individuals	344,791	-	344,791
Consulting and other revenue	492,774	-	492,774
Net assets released from donor restrictions	<u>4,242,155</u>	<u>(4,242,155)</u>	<u>-</u>
Total revenue	<u>10,088,020</u>	<u>(1,697,570)</u>	<u>8,390,450</u>
EXPENSES			
Program Services	8,446,162	-	8,446,162
Management and General	<u>1,475,371</u>	<u>-</u>	<u>1,475,371</u>
Total expenses	<u>9,921,533</u>	<u>-</u>	<u>9,921,533</u>
Changes in net assets before other item	166,487	(1,697,570)	(1,531,083)
OTHER ITEM			
Currency (loss) gain	<u>(714)</u>	<u>87,534</u>	<u>86,820</u>
Changes in net assets	165,773	(1,610,036)	(1,444,263)
Net assets at beginning of year	<u>582,689</u>	<u>9,437,710</u>	<u>10,020,399</u>
NET ASSETS AT END OF YEAR	<u>\$ 748,462</u>	<u>\$ 7,827,674</u>	<u>\$ 8,576,136</u>

JOURNALISM DEVELOPMENT NETWORK, INC.

**COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021			2020		
	Program Services	Management and General	Total Expenses	Program Services	Management and General	Total Expenses
Personnel costs	\$ 3,473,864	\$ 520,707	\$ 3,994,571	\$ 3,375,979	\$ 521,118	\$ 3,897,097
Contract services	3,092,935	96,552	3,189,487	1,987,085	667,610	2,654,695
Facilities and equipment	19,561	166,218	185,779	191,114	48,648	239,762
Donations	-	-	-	60,040	-	60,040
Travel and meetings	342,088	23,295	365,383	311,657	27,919	339,576
Operations	580,520	66,847	647,367	461,602	75,055	536,657
Insurance expense	554	192,169	192,723	-	135,021	135,021
Program expenses and subgrants	1,936,382	-	1,936,382	2,058,685	-	2,058,685
TOTAL	\$ 9,445,904	\$ 1,065,788	\$ 10,511,692	\$ 8,446,162	\$ 1,475,371	\$ 9,921,533

JOURNALISM DEVELOPMENT NETWORK, INC.

COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 3,938,718	\$ (1,444,263)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	4,343	4,343
(Increase) decrease in:		
Advances receivable	(469,106)	221,408
Grants receivable	(2,069,496)	3,277,705
Prepaid expenses	15,000	16,354
(Decrease) increase in:		
Accounts payable and accrued expenses	(106,903)	39,771
Due to sub-recipients	-	(48,951)
Refundable advances	<u>189,199</u>	<u>32,479</u>
Net cash provided by operating activities	<u>1,501,755</u>	<u>2,098,846</u>
Net increase in cash and cash equivalents	1,501,755	2,098,846
Cash and cash equivalents at beginning of year	<u>4,759,839</u>	<u>2,660,993</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 6,261,594</u>	<u>\$ 4,759,839</u>

JOURNALISM DEVELOPMENT NETWORK, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020

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.

On November 22, 2011, 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 Asociatiei Journalism Development Network is to focus on investigative reporting and investigative reporting education.

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 Asociatiei Journalism Development Network. 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.

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.

JOURNALISM DEVELOPMENT NETWORK, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

Cash and cash equivalents (continued) -

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 \$158,105 and \$109,952, respectively, at December 31, 2021 and 2020. The majority of such funds are uninsured.

Grants, contributions and accounts receivable -

Grants, contributions and accounts receivable approximate fair value as of December 31, 2021 and 2020. 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. Journalism Development Network, Inc. is not a private foundation as described in Section 509(a)(2) of the Internal Revenue Code.

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.

Uncertain tax positions -

For the years ended December 31, 2021 and 2020, Journalism Development Network, Inc. and Asociatiei 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 uncollectible 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.

JOURNALISM DEVELOPMENT NETWORK, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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

Grants and contributions (continued) -

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, 2021, JDN has received cumulative payments from the Danish Ministry of Foreign Affairs of \$895,039 (DKK 5,792,142). Accordingly, the balance to be received of \$446,864 (DKK 3,085,389) as of December 31, 2021 and \$577,941 (DKK 3,651,440) as of December 31, 2020, is included in grants receivable in the accompanying Combined Statements of Financial Position.

As of December 31, 2021, JDN has incurred cumulative expenses totaling \$760,559 (\$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 \$351,017 and \$293,953, in 2021 and 2020, respectively. The remaining balance of the award (\$581,344 as of December 31, 2021 and \$689,051 as of December 31, 2020) is reported within "Net Assets with Donor Restrictions" on the accompanying Combined Statements of Financial Position.

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.

New accounting pronouncements (not yet adopted) -

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, 2021 AND 2020**

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

New accounting pronouncements (not yet adopted) (continued) -

During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* improves generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU should be applied on a retrospective basis and is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendment will not change the recognition and measurement requirements for those contributed nonfinancial assets.

JDN plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption method and the impact of the new standards on its accompanying combined financial statements.

2. GRANTS RECEIVABLE

Grants receivable as of December 31, 2021 and 2020, respectively, are as follows:

	<u>2021</u>	<u>2020</u>
SIDA	\$ 1,049,845	\$ 777,427
FCO 3 (British)	278,937	399,826
EIHDR (E.U.)	399,867	433,646
Denmark	446,864	577,941
SKOLL	210,000	735,000
FCO 4	944,402	-
Oak Foundation	900,000	-
Rockefeller Brothers	-	100,000
Vital Strategies	112,500	112,500
ICFJ (RJN)	244,792	93,504
FCO Latin America	539,658	-
Ford Foundation	150,000	-
German Marshall Fund	40,000	-
Freedom House	51,202	-
DRL Pacific Islands	3,915	-
Sigrid Rausing Trust	371,015	-
NED - Central Asia 2	-	60,997
USDoS RRIR	-	10,602
Bay and Paul Foundation	250,000	-
DFID	194,389	519,183
EED	5,266	202,230

JOURNALISM DEVELOPMENT NETWORK, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

2. GRANTS RECEIVABLE (Continued)

Grants receivable as of December 31, 2021 and 2020, respectively, are as follows:

	<u>2021</u>	<u>2020</u>
Denmark	\$ -	\$ 27,021
Legal Defense Fund	-	75,000
Transparency International	70,000	70,000
Freedom House	-	34
DOS (South Asia)	37,253	34,601
CLOSTRA	-	897
TOTAL GRANTS RECEIVABLE	<u>\$ 6,299,905</u>	<u>\$ 4,230,409</u>

Following is a schedule of amounts due, by year, as of December 31, 2021 and 2020, respectively.

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 5,849,905	\$ 3,731,438
One to five years	450,000	498,971
TOTAL	<u>\$ 6,299,905</u>	<u>\$ 4,230,409</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
SIDA	\$ 2,452,247	\$ 2,044,648
SKOLL	1,275,183	1,438,660
FCO (3)	335,338	317,714
FCO (4)	834,708	-
FCO Latin America	379,692	-
Ford Foundation	204,623	-
EIHDR	-	807,830
Denmark	581,344	689,051
German Marshall Fund	40,000	-
OSF Flex	794,507	134,021
Vital Strategies	129,985	61,737
Rockefeller Brothers Foundation (2)	99,901	200,000
Sigrid Rausing Trust (2)	-	10,808
Sigrid Rausing Trust (3)	645,427	-
United States Embassy - Tajikistan	-	12,994
Knight Foundation	-	1,276
Bay and Paul	1,044,609	39,291
DFID	130,160	509,330
Grant 1	1,816	241,405
Prague Civil Society	21,958	65,140
Legal Defense Fund	19,742	19,742
Luminate	117,535	372,027
OSF Regional Expose	-	40,000
Slovak Aid	330,557	-

JOURNALISM DEVELOPMENT NETWORK, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

3. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions consisted of the following at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose (continued):		
OSF COVID-19 Challenges	\$ 616,820	\$ 725,000
Transparency International	61,271	97,000
Mountain Philanthropies	51,388	-
NL Net (Romania)	7,098	-
Subject to passage of time::		
Oak Foundation	<u>1,125,000</u>	<u>-</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 11,300,909</u>	<u>\$ 7,827,674</u>

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>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Prague Civil Society	\$ 40,222	\$ -
OSF COVID-19 Challenges	108,180	-
United States Embassy - Tajikistan	12,994	-
Knight Foundation	1,276	-
Mountain Philanthropies	23,612	-
FCO (4)	109,694	-
FCO Latin America	159,967	-
Ford Foundation	95,377	-
Fritt Ord	35,103	-
NL Net (Romania)	16,335	-
SIDA	903,433	624,312
Open Society Foundations - Flex	139,513	416,946
Sigrid Rausing Trust (2)	10,808	172,745
Sigrid Rausing Trust (3)	462,004	-
OSF Regional Expose	40,000	-
FCO (3)	1,168	940,395
Vital Strategies	381,751	245,248
Denmark	351,017	293,953
Rockefeller Brothers Foundation	100,099	100,000
Skoll	163,477	56,698
Slovak Aid	2,113	-
University of Missouri	60,000	-
Transparency International	35,729	-
Bay and Paul	94,682	5,709
DFID	567,654	9,853
EIHDR	774,052	333,823
Grant 1	226,735	336,370
Grant 2	-	43,224
Legal Defense Fund	-	55,258
Luminate	-	579,648
Luminate 2	266,492	27,973
Subject to passage of time:		
Oak Foundation	<u>225,000</u>	<u>-</u>
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 5,408,487</u>	<u>\$ 4,242,155</u>

JOURNALISM DEVELOPMENT NETWORK, INC.

**NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2021. 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 statement of financial position, reduced by amounts not available for general use within one year from the date of the statement 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 statement 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, 2021 and 2020, respectively, is as follows:

	<u>2021</u>	<u>2020</u>
Financial Assets as of December 31:		
Cash and cash equivalents	\$ 6,261,594	\$ 4,759,839
Advances receivable	522,345	53,239
Grants receivable	6,299,905	4,230,409
Financial Assets not available to meet cash needs:		
Funds with donor restrictions	<u>(11,300,909)</u>	<u>(7,827,674)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 1,782,935</u>	<u>\$ 1,215,813</u>

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.

JOURNALISM DEVELOPMENT NETWORK, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

7. SUBSEQUENT EVENTS

In preparing these combined financial statements, JDN has evaluated events and transactions for potential recognition or disclosure through May 10, 2022, the date the combined financial statements were issued.

SUPPLEMENTAL INFORMATION

JOURNALISM DEVELOPMENT NETWORK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Federal Granting Agency and Program Title</u>	<u>Pass-Through Entity</u>	<u>Pass-Through Identifying Number</u>	<u>CFDA Number</u>	<u>Pass-Through to Sub-Recipients</u>	<u>2021 Expenditures</u>
USAID - Regional Investigative Journalism Network	International Center for Journalists	AID-OAA-A-11-00005	98.001	\$ 5,000	\$ 1,753,256
USAID - Supporting Eurasia Media Program	IREX	N/A	98.001	-	9,426
Subtotal CFDA 98.001 - USAID Foreign Assistance for Programs Overseas				<u>5,000</u>	<u>1,762,682</u>
Department of State - Crime and Corruption Reporting Project	N/A	N/A	19.345	127,488	539,719
Department of State - Global Anti-Corruption Consortium	N/A	N/A	19.345	762,247	1,536,271
Department of State - Promoting Investigative Journalism and Anti-Corruption Efforts	N/A	N/A	19.345	-	48,914
Department of State - Rebooting Regional Investigative Journalism	N/A	N/A	19.345	-	140,670
Department of State - Strengthening Investigative Journalism in Eurasia	N/A	N/A	19.345	-	369,218
Department of State - Data Tools for Civil Society	National Endowment for Democracy	N/A	19.345	-	184,021
Department of State - Promoting Investigative Reporting	National Endowment for Democracy	N/A	19.345	12,250	199,416
Department of State - Support for Independent Media	National Endowment for Democracy	N/A	19.345	246,464	331,814
Department of State - Data Tools for Civil Society	Freedom House	N/A	19.345	-	71,671
Subtotal CFDA 19.345 - International Programs to Support Democracy, Human Rights and Labor				<u>1,148,449</u>	<u>3,421,714</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,153,449</u>	<u>\$ 5,184,396</u>

JOURNALISM DEVELOPMENT NETWORK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of the Journalism Development Network (JDN) under programs of the Federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The Schedule presents only a selected portion of the operations of JDN; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of JDN.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* wherein certain types of expenditures are not allowable or are limited as to reimbursement. JDN has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3. Revenue Reconciliation

The following is a reconciliation of Federal grant revenue to the U.S. Government grants and contributions revenue included in the Statements of Activities and Changes in Net Assets:

JDN awards	\$ 5,184,396
JDN Romania awards	<u>8,000</u>
U.S. GOVERNMENT GRANTS AND CONTRIBUTIONS	<u>\$ 5,192,396</u>

JOURNALISM DEVELOPMENT NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: Unmodified

2). Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

3). Noncompliance material to financial statements noted? Yes No

Federal Awards

4). Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported

5). Type of auditor's report issued on compliance for major programs: Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR200.516(a)? Yes No

7). Identification of major programs:

<u>Federal Program Title</u>	<u>Pass-Through Entity</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of State - International Programs to Support Democracy	Various	19.345	\$ 3,738,470

8). Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

9). Auditee qualified as a low-risk auditee? Yes No

JOURNALISM DEVELOPMENT NETWORK, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Section II - Financial Statement Findings

There were no reportable findings.

Section III – Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

There were no reportable findings.



CPAs & ADVISORS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Journalism Development Network, Inc. (JDN) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise JDN's basic financial statements, and have issued our report thereon dated May 10, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered JDN's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances, for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JDN's internal control. Accordingly, we do not express an opinion on the effectiveness of JDN's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of JDN's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether JDN's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

July 28, 2022



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Journalism Development Network, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Journalism Development Network, Inc.'s major federal programs for the year ended December 31, 2021. JDN's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, JDN complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of JDN's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of JDN's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to JDN's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on JDN's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about JDN's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 JDN's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of JDN's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of JDN's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gelman Rosenberg & Freedman

July 28, 2022