

SAT-7 NORTH AMERICA AND SUBSIDIARY

Consolidated Financial Statements
With Independent Auditors' Report

December 31, 2021 and 2020

SAT-7 NORTH AMERICA AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

Board of Directors
SAT-7 North America and Subsidiary
Easton, Maryland

Opinion

We have audited the accompanying financial statements of SAT-7 North America and Subsidiary, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAT-7 North America and Subsidiary as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SAT-7 North America and Subsidiary 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 these 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 SAT-7 North America and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
SAT-7 North America and Subsidiary
Easton, Maryland

Auditors' 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 auditors' 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 SAT-7 North America and Subsidiary'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 SAT-7 North America and Subsidiary'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.

Capin Crouse LLP

Lawrenceville, Georgia
March 9, 2022

SAT-7 NORTH AMERICA AND SUBSIDIARY

Consolidated Statements of Financial Position

	December 31,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 5,867,535	\$ 3,297,066
Investments	2,556,068	-
Prepaid expenses and other assets	53,358	55,602
Contributions receivable	185,714	701,794
Property and equipment	133,315	36,543
	<u>\$ 8,795,990</u>	<u>\$ 4,091,005</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 69,594	\$ 18,244
Accrued expenses	99,926	108,792
Grant payable to SAT-7 International	2,871,712	1,843,039
Total liabilities	<u>3,041,232</u>	<u>1,970,075</u>
Net assets:		
Without restrictions	5,702,518	2,090,204
With donor restrictions	52,240	30,726
Total net assets	<u>5,754,758</u>	<u>2,120,930</u>
Total Liabilities and Net Assets	<u>\$ 8,795,990</u>	<u>\$ 4,091,005</u>

See notes to consolidated financial statements

SAT-7 NORTH AMERICA AND SUBSIDIARY

Consolidated Statements of Activities

	Year Ended December 31,					
	2021			2020		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions:						
Cash, non-cash, and new contributions receivable	\$ 2,735,529	\$ 11,364,060	\$ 14,099,589	\$ 614,593	\$ 8,665,225	\$ 9,279,818
Investment income	289,347	-	289,347	7,588	-	7,588
Other income	2,686	-	2,686	1,726	-	1,726
	3,027,562	11,364,060	14,391,622	623,907	8,665,225	9,289,132
RECLASSIFICATIONS:						
Satisfaction of purpose restrictions	8,559,236	(8,559,236)	-	6,503,224	(6,503,224)	-
Administrative assessments	2,783,310	(2,783,310)	-	2,159,906	(2,159,906)	-
	11,342,546	(11,342,546)	-	8,663,130	(8,663,130)	-
EXPENSES:						
Program services	8,623,061	-	8,623,061	6,752,360	-	6,752,360
Supporting activities:						
Management and general	641,587	-	641,587	606,528	-	606,528
Fund-raising	1,493,146	-	1,493,146	1,218,548	-	1,218,548
	10,757,794	-	10,757,794	8,577,436	-	8,577,436
Change in Net Assets	3,612,314	21,514	3,633,828	709,601	2,095	711,696
Net Assets, Beginning of Year	2,090,204	30,726	2,120,930	1,380,603	28,631	1,409,234
Net Assets, End of Year	\$ 5,702,518	\$ 52,240	\$ 5,754,758	\$ 2,090,204	\$ 30,726	\$ 2,120,930

See notes to consolidated financial statements

SAT-7 NORTH AMERICA AND SUBSIDIARY

Consolidated Statements of Functional Expenses

	Year Ended December 31,							
	2021				2020			
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Program funding to SAT-7 International	\$ 7,592,295	\$ -	\$ -	\$ 7,592,295	\$ 5,725,194	\$ -	\$ -	\$ 5,725,194
Salaries and related expenses:								
Management salaries	68,092	107,231	152,200	327,523	66,750	105,118	149,201	321,069
Other salaries and wages	315,834	258,754	319,947	894,535	321,824	258,666	321,201	901,691
Fringe benefits and related taxes	126,648	84,504	113,737	324,889	106,002	104,157	112,530	322,689
	510,574	450,489	585,884	1,546,947	494,576	467,941	582,932	1,545,449
Fund-raising and development (including new donor acquisition)	-	-	603,481	603,481	-	-	353,685	353,685
Other expenses:								
Professional fees	4,232	82,729	2,075	89,036	1,329	45,417	652	47,398
Board management	-	780	-	780	-	199	-	199
Communications	8,386	5,797	7,763	21,946	9,593	5,655	7,977	23,225
Conferences, travel, and meetings	188,154	49,629	121,734	359,517	223,215	35,663	120,962	379,840
Contributions to other organizations	-	-	-	-	10,000	-	-	10,000
Depreciation and amortization	5,804	2,329	3,817	11,950	6,317	2,535	4,154	13,006
Insurance	4,839	1,942	3,182	9,963	4,341	1,742	2,855	8,938
Printing, mailing, and postage	235,338	12,857	101,315	349,510	185,902	5,501	73,258	264,661
Occupancy	19,815	7,951	13,031	40,797	28,131	11,288	18,499	57,918
Software and office items	53,624	27,084	50,864	131,572	63,762	30,587	53,574	147,923
	520,192	191,098	303,781	1,015,071	532,590	138,587	281,931	953,108
Total expenses	\$ 8,623,061	\$ 641,587	\$ 1,493,146	\$ 10,757,794	\$ 6,752,360	\$ 606,528	\$ 1,218,548	\$ 8,577,436

See notes to consolidated financial statements

SAT-7 NORTH AMERICA AND SUBSIDIARY

Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,633,828	\$ 711,696
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	23,133	17,847
Write-off of uncollectible contributions receivable	27,300	-
Non-cash gift of investments	(2,556,068)	-
Change in:		
Prepaid expenses and other assets	2,244	(8,039)
Contributions receivable	488,780	(513,820)
Accounts payable	51,350	10,983
Accrued expenses	(8,866)	27,028
Grant payable to SAT-7 International	1,028,673	278,897
Net Cash Provided by Operating Activities	2,690,374	524,592
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(119,905)	(7,426)
Net Cash Used by Investing Activities	(119,905)	(7,426)
Net Change in Cash and Cash Equivalents	2,570,469	517,166
Cash and Cash Equivalents, Beginning of Year	3,297,066	2,779,900
Cash and Cash Equivalents, End of Year	\$ 5,867,535	\$ 3,297,066

See notes to consolidated financial statements

SAT-7 NORTH AMERICA AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

1. NATURE OF ORGANIZATION:

SAT-7 North America (SAT-7) is a not-for-profit Pennsylvania Corporation exempt from income taxes under section 501(c)(3) of the United States Internal Revenue Code (Code). SAT-7 is not considered to be a private foundation under section 509 of the Code. The organization is affiliated, in mission, with SAT-7 International, an organization providing Christian television broadcasts to people in the Middle East and North Africa. SAT-7 provides resource development and ministry and managerial support throughout the United States in support of the mission of SAT-7 International.

Headquartered in Easton, Maryland, SAT-7 is funded through contributions and grants from over 10,000 individuals, foundations, and church organizations throughout North America. SAT-7 is a member of the Evangelical Council for Financial Accountability and Missio Nexus.

SAT-7 Education & Development (SAT-7 E&D) is a not-for-profit Maryland Corporation exempt from income taxes under section 501(c)(3) of the United States Internal Revenue Code (Code). SAT-7 E&D is not considered to be a private foundation under section 509 of the Code. SAT-7 E&D became a controlled subsidiary of SAT-7 in 2017, through SAT-7's abilities to appoint 60% of its directors and to ratify, alter, or repeal any amendments to its articles of incorporation or bylaws. SAT-7 E&D supports educational media projects that encourage social development, particularly among the people in North Africa and the Middle East. During the year ended December 31, 2021, SAT-7 E&D voluntarily terminated its existence.

The consolidated information presented in the notes will be referred to as SAT-7.

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The consolidated financial statements have been prepared on the accrual basis of accounting. The preparation of consolidated 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 and disclosures. Actual amounts could differ from these estimates. The significant accounting policies followed are described below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of checking and savings accounts. These accounts may, from time to time, exceed federally insured limits; however, SAT-7 has not experienced any losses on these accounts and does not believe it is exposed to any significant risk. At December 31, 2021 and 2020, respectively, \$499,555 and \$687,655 related to contributions received after year-end, but dated and postmarked prior to year-end, are included in cash and cash equivalents.

INVESTMENTS

Investments, consisting of limited partnership interests donated during 2021, are reported at fair value using estimates developed by management.

SAT-7 NORTH AMERICA AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT

Expenditures exceeding \$1,000 for property, equipment, and items that substantially increase the useful lives of existing assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years.

GRANT PAYABLE TO SAT-7 INTERNATIONAL

See related party footnote for more information.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by classes of net assets according to the presence or absence of donor-imposed stipulations. The net asset classes are as follows:

Without restrictions net assets are those currently available for ministry purposes under the direction of the board of directors, those designated by the board for a specific use, and those invested in property and equipment.

With donor restrictions net assets are those contributed with donor stipulations for specific operating purposes or programs. They are not currently available for ministry use until commitments regarding their use have been fulfilled. When a purpose restriction is satisfied, restricted net assets are reclassified to those without restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Net assets with donor restrictions are available for staff support and programs.

SUPPORT, REVENUES, AND EXPENSES

Support is recognized when contributions are made, which may be when cash is received, unconditional promises to give are made, or ownership of other assets is transferred. During 2021, two donors contributed 29% of total contributions. During 2020, two donors contributed 10% of total contributions. Revenue is recognized when earned. Expenses are recorded when costs are incurred. SAT-7 reports gifts of materials and equipment as support without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, SAT-7 reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

SAT-7 NORTH AMERICA AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

DONATED SERVICES

SAT-7 recognizes donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended herein, SAT-7 did not record any donated services.

Significant contributions of personnel and time are provided to SAT-7 by individuals as a means of accomplishing its goals. Without these contributions, the ministry would not be as effective. It is SAT-7's policy not to record these contributions in the consolidated financial statements because they do not meet the criteria of skilled services required to be recorded under existing technical standards.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited based on estimated time of personnel and usage of services and supplies. All SAT-7 expenses are allocated based on specifically identifiable criteria. Therefore, there are no joint cost allocations to disclose.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the consolidated financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the consolidated statements of activities. As of December 31, 2021, SAT-7 had no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements. SAT-7 files information tax returns in the U.S. and various states. SAT-7 is generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2018.

SAT-7 NORTH AMERICA AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

3. **LIQUIDITY:**

As part of SAT-7's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects SAT-7's financial assets that are available to meet general expenditures within one year of the consolidated statement of financial position date:

Financial assets available to meet general expenditures over the next 12 months:

	December 31,	
	2021	2020
Cash and cash equivalents	\$ 5,867,535	\$ 3,297,066
Contributions receivable:		
Due in less than one year	195,500	568,318
Less allowance for uncollectability	(8,400)	(8,400)
Less amount designated by the board for endowment included in cash and cash equivalents	(1,370,365)	(1,068,249)
	\$ 4,684,270	\$ 2,788,735

4. **RELATED PARTY TRANSACTIONS:**

As stated in Note 1, SAT-7 is affiliated, in mission, with SAT-7 International, an organization providing Christian television broadcasts to people in the Middle East and North Africa. SAT-7 International is headquartered in Cyprus, where it develops, produces, and broadcasts television programs, via satellite, into regions of North Africa and the Middle East. SAT-7 provides resource development and ministry and managerial support throughout the United States in support of the mission of SAT-7 International through a joint ministries agreement (JMA). The JMA defines the relationship between SAT-7 International and SAT-7. The JMA gives SAT-7 International the ability to suspend or eliminate SAT-7's use of the name "SAT-7," including SAT-7 International's intellectual property related to the logo and brand. The president of SAT-7 International is an ex-officio, non-voting member of the SAT-7 board of directors. As noted, SAT-7 provides resource development and ministry and managerial support to SAT-7 International. SAT-7 provided the following for the years shown:

	Year ending December 31,	
	2021	2020
Grants expense to SAT-7 International	\$ 7,219,910	\$ 5,417,593
Expenses paid by SAT-7 on behalf of SAT-7 International	372,385	307,601
Program funding to SAT-7 International per the consolidated statement of functional expenses	\$ 7,592,295	\$ 5,725,194

SAT-7 NORTH AMERICA AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

4. RELATED PARTY TRANSACTIONS, continued:

Grant payable to SAT-7 International represents a promise made prior to year-end to distribute funds to SAT-7 International during the subsequent fiscal year. This promise is communicated directly to SAT-7 International by SAT-7 management and board members.

5. INVESTMENTS:

Contributions of financial assets that are reported in these financial statements as investments were recorded at fair value on the date of donation using estimates developed by management. These assets are initially recognized and carried as "other investments" in accordance with Section 958-325, subparagraphs 25, 30, and 35, of the *Financial Accounting Standards Board Codification*. Any subsequent declines in the value of these investments shall be recognized if their aggregate fair value is less than their carrying amount; recoveries of aggregate fair value in subsequent periods shall be recorded in those periods subject only to the limitation that the carrying amount shall not exceed the original cost.

Valuation techniques : Fair values for limited partnership interests are based on the fair value of the underlying rental real estate property, less mortgage loans and operating liabilities against the property and a discount for lack of liquidity. While management believes this valuation method is reasonable, it is possible that material fluctuations will occur in the near term. The values determined using this method are reviewed for impairment each year.

Investments consists of:

	December 31,	
	2021	2020
Limited partnership interest in rental real estate:		
Property 1	\$ 2,198,669	\$ -
Property 2	357,399	-
	<u>\$ 2,556,068</u>	<u>\$ -</u>

SAT-7 NORTH AMERICA AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

6. CONTRIBUTIONS RECEIVABLE:

SAT-7 regularly receives promises and intentions to give from its constituents. Promises to give are due to be collected in subsequent fiscal years and are reported as contributions receivable in the consolidated statements of financial position as an asset and recognized as restricted contributions in the consolidated statements of activities. The promises to give are reflected at the present value of estimated future cash flows using a discount rate of 1%.

Due to the unknown factors which may affect individual donors' future cash flows, it is reasonably possible that the estimated future cash flows of contributions receivable could increase or decrease by a material amount in the near term. Management believes that the asset value reflected in the consolidated statements of financial position approximates fair value.

Contributions receivable are expected to mature as follows:

	December 31,	
	2021	2020
Amounts due in:		
Less than one year	\$ 195,500	\$ 568,318
One year to five years	-	143,707
More than five years	-	-
	<u>195,500</u>	<u>712,025</u>
Less discount for present value of future cash flows	(1,386)	(1,831)
Less allowance for uncollectability	<u>(8,400)</u>	<u>(8,400)</u>
	<u>\$ 185,714</u>	<u>\$ 701,794</u>

At December 31, 2021, three pledges comprised 95% of the contributions receivable balance. At December 31, 2020, three pledges comprised 83% of the contributions receivable balance.

SAT-7 NORTH AMERICA AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

7. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	December 31,	
	2021	2020
Office and computer equipment	\$ 118,769	\$ 117,070
Computer software	228,472	110,266
Office furniture	17,716	17,716
Leasehold improvements	6,738	6,738
	371,695	251,790
Accumulated depreciation	(238,380)	(215,247)
	\$ 133,315	\$ 36,543

8. NET ASSETS:

Net assets consist of:

	December 31,	
	2020	2020
Without restrictions:		
Undesignated	\$ 1,642,770	\$ 985,412
Board designated for:		
Endowment	3,926,433	1,068,249
Net investment in property and equipment	133,315	36,543
	5,702,518	2,090,204
Donor restricted for staff support and programs	52,240	30,726
	\$ 5,754,758	\$ 2,120,930
Activity in the board designated endowment:		
Opening balance	\$ 1,068,249	\$ 560,173
Designation of new gifts	2,680,829	504,756
Appropriated for use	(112,920)	-
Investment income:		
Distributions from limited partnership interest (Note 5)	281,304	-
Interest and dividend income	6,208	557
Net realized and unrealized gains	2,763	2,763
	\$ 3,926,433	\$ 1,068,249

SAT-7 NORTH AMERICA AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

8. NET ASSETS, continued:

Assets funding the board designated endowment are held in cash and cash equivalents and investments. The board has not approved a formal spending policy for these funds, but rather makes appropriations as it deems necessary.

9. RETIREMENT PLAN:

SAT-7 sponsors a 401(k) retirement program covering all employees. SAT-7 matches employee contributions up to 5%. Employees are eligible for the match immediately, with vesting occurring 20% per year for each year of service. SAT-7 contributed \$54,875 and \$52,480 to the plan during 2021 and 2020, respectively.

10. LEASE COMMITMENTS:

SAT-7 leases office space on a one-year term expiring March 31, 2023, with minimum monthly rent of \$2,366. These terms were negotiated during 2021. In addition to the minimum rental expense, SAT-7 must also pay its pro-rata share of property taxes and common area maintenance charges. Total rental expense under this lease during 2021 and 2020, respectively, was \$34,597 and \$50,744.

SAT-7 also leases photocopiers and postage machines under noncancellable operating leases that expire through 2024. Total minimum monthly payments under these three leases are approximately \$1,110. Total rental expense under these leases during 2021 and 2020, respectively, was \$13,329 and \$12,915.

The future minimum rental payments required under operating leases are as follows:

Year ending December 31,

2022	\$	39,747
2023		14,296
2024		<u>5,400</u>
	\$	<u><u>59,443</u></u>

SAT-7 NORTH AMERICA AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

11. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of SAT-7 for future periods. As part of the response to the impact of COVID-19, SAT-7 applied for a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. SAT-7 was approved for a loan in the amount of \$249,467. Official loan forgiveness was received in November 2020. As a result, \$249,467 is included in contributions with donor restrictions in the statement of activities for the year ended December 31, 2020 (this amount has also been reclassified in the satisfaction of purpose restrictions line item from with donor restrictions to without donor restrictions).

In December 2020, the Consolidated Appropriations Act (CAA) was passed into law. The CAA created the ability for eligible organizations to receive an additional PPP type loan. In 2021, SAT-7 applied for and received a second PPP type loan in the amount of \$230,819. This amount was forgiven during 2021 and is included in contributions with donor restrictions for the year ended December 31, 2021 (this amount has also been reclassified in the satisfaction of purpose restrictions line item from with donor restrictions to without donor restrictions).

12. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the date of this report, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**INDEPENDENT AUDITORS' REPORT
ON CONSOLIDATING INFORMATION**

Board of Directors
SAT-7 North America and Subsidiary
Easton, Maryland

We have audited the consolidated financial statements of SAT-7 North America and Subsidiary as of and for the years ended December 31, 2021 and 2020, and our report thereon, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on the following pages is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Lawrenceville, Georgia
March 9, 2022

SAT-7 NORTH AMERICA AND SUBSIDIARY

Consolidating Statements of Financial Position

	December 31,							
	2021				2020			
	SAT-7 NA	SAT-7 E&D	Eliminations	Total	SAT-7 NA	SAT-7 E&D	Eliminations	Total
ASSETS:								
Cash and cash equivalents	\$ 5,867,535	\$ -	\$ -	\$ 5,867,535	\$ 3,295,972	\$ 1,094	\$ -	\$ 3,297,066
Other investments	2,556,068	-	-	2,556,068	-	-	-	-
Prepaid expenses and other assets	53,358	-	-	53,358	55,602	-	-	55,602
Contributions receivable	185,714	-	-	185,714	701,794	-	-	701,794
Property and equipment	133,315	-	-	133,315	36,543	-	-	36,543
	<u>\$ 8,795,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,795,990</u>	<u>\$ 4,089,911</u>	<u>\$ 1,094</u>	<u>\$ -</u>	<u>\$ 4,091,005</u>
LIABILITIES AND NET ASSETS:								
Liabilities:								
Accounts payable	\$ 69,594	\$ -	\$ -	\$ 69,594	\$ 18,244	\$ -	\$ -	\$ 18,244
Accrued expenses	99,926	-	-	99,926	108,792	-	-	108,792
Grant payable to SAT-7 International	2,871,712	-	-	2,871,712	1,843,039	-	-	1,843,039
	<u>3,041,232</u>	<u>-</u>	<u>-</u>	<u>3,041,232</u>	<u>1,970,075</u>	<u>-</u>	<u>-</u>	<u>1,970,075</u>
Net assets:								
Without restrictions	5,702,518	-	-	5,702,518	2,089,110	1,094	-	2,090,204
With donor restrictions	52,240	-	-	52,240	30,726	-	-	30,726
	<u>5,754,758</u>	<u>-</u>	<u>-</u>	<u>5,754,758</u>	<u>2,119,836</u>	<u>1,094</u>	<u>-</u>	<u>2,120,930</u>
Total Liabilities and Net Assets	<u>\$ 8,795,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,795,990</u>	<u>\$ 4,089,911</u>	<u>\$ 1,094</u>	<u>\$ -</u>	<u>\$ 4,091,005</u>

See notes to consolidated financial statements

SAT-7 NORTH AMERICA AND SUBSIDIARY

Consolidating Statements of Activities

	Year Ended December 31, 2021									
	SAT-7 NA			SAT-7 E&D			Eliminations	Total		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	Without Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:										
Contributions:										
Cash, non-cash, and new contributions receivable	\$ 2,735,529	\$ 11,364,060	\$ 14,099,589	\$ -	\$ -	\$ -	\$ -	\$ 2,735,529	\$ 11,364,060	\$ 14,099,589
Investment income	289,347	-	289,347	-	-	-	-	289,347	-	289,347
Other income	2,660	-	2,660	26	-	26	-	2,686	-	2,686
	<u>3,027,536</u>	<u>11,364,060</u>	<u>14,391,596</u>	<u>26</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>3,027,562</u>	<u>11,364,060</u>	<u>14,391,622</u>
RECLASSIFICATIONS:										
Satisfaction of purpose restrictions	8,559,236	(8,559,236)	-	-	-	-	-	8,559,236	(8,559,236)	-
Administrative assessments	2,783,310	(2,783,310)	-	-	-	-	-	2,783,310	(2,783,310)	-
	<u>11,342,546</u>	<u>(11,342,546)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,342,546</u>	<u>(11,342,546)</u>	<u>-</u>
EXPENSES:										
Program services	8,623,061	-	8,623,061	-	-	-	-	8,623,061	-	8,623,061
Supporting activities:										
Management and general	640,467	-	640,467	1,120	-	1,120	-	641,587	-	641,587
Fund-raising	1,493,146	-	1,493,146	-	-	-	-	1,493,146	-	1,493,146
	<u>10,756,674</u>	<u>-</u>	<u>10,756,674</u>	<u>1,120</u>	<u>-</u>	<u>1,120</u>	<u>-</u>	<u>10,757,794</u>	<u>-</u>	<u>10,757,794</u>
Change in Net Assets	3,613,408	21,514	3,634,922	(1,094)	-	(1,094)	-	3,612,314	21,514	3,633,828
Net Assets, Beginning of Year	<u>2,089,110</u>	<u>30,726</u>	<u>2,119,836</u>	<u>1,094</u>	<u>-</u>	<u>1,094</u>	<u>-</u>	<u>2,090,204</u>	<u>30,726</u>	<u>2,120,930</u>
Net Assets, End of Year	<u>\$ 5,702,518</u>	<u>\$ 52,240</u>	<u>\$ 5,754,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,702,518</u>	<u>\$ 52,240</u>	<u>\$ 5,754,758</u>

See notes to consolidated financial statements

SAT-7 NORTH AMERICA AND SUBSIDIARY

Consolidating Statements of Activities

	Year Ended December 31, 2020									
	SAT-7 NA			SAT-7 E&D			Eliminations	Total		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	Without Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:										
Contributions:										
Cash, non-cash, and new contributions receivable	\$ 665,593	\$ 8,639,625	\$ 9,305,218	\$ -	\$ 25,600	\$ 25,600	\$ (51,000)	\$ 614,593	\$ 8,665,225	\$ 9,279,818
Investment income	7,588	-	7,588	-	-	-	-	7,588	-	7,588
Other income	9,170	-	9,170	54	-	54	(7,498)	1,726	-	1,726
	<u>682,351</u>	<u>8,639,625</u>	<u>9,321,976</u>	<u>54</u>	<u>25,600</u>	<u>25,654</u>	<u>(58,498)</u>	<u>623,907</u>	<u>8,665,225</u>	<u>9,289,132</u>
RECLASSIFICATIONS:										
Satisfaction of purpose restrictions	6,451,424	(6,451,424)	-	51,800	(51,800)	-	-	6,503,224	(6,503,224)	-
Administrative assessments	2,159,906	(2,159,906)	-	-	-	-	-	2,159,906	(2,159,906)	-
	<u>8,611,330</u>	<u>(8,611,330)</u>	<u>-</u>	<u>51,800</u>	<u>(51,800)</u>	<u>-</u>	<u>-</u>	<u>8,663,130</u>	<u>(8,663,130)</u>	<u>-</u>
EXPENSES:										
Program services	6,752,360	-	6,752,360	51,000	-	51,000	(51,000)	6,752,360	-	6,752,360
Supporting activities:										
Management and general	605,933	-	605,933	8,093	-	8,093	(7,498)	606,528	-	606,528
Fund-raising	1,218,548	-	1,218,548	-	-	-	-	1,218,548	-	1,218,548
	<u>8,576,841</u>	<u>-</u>	<u>8,576,841</u>	<u>59,093</u>	<u>-</u>	<u>59,093</u>	<u>(58,498)</u>	<u>8,577,436</u>	<u>-</u>	<u>8,577,436</u>
Change in Net Assets	716,840	28,295	745,135	(7,239)	(26,200)	(33,439)	-	709,601	2,095	711,696
Net Assets, Beginning of Year	<u>1,372,270</u>	<u>2,431</u>	<u>1,374,701</u>	<u>8,333</u>	<u>26,200</u>	<u>34,533</u>	<u>-</u>	<u>1,380,603</u>	<u>28,631</u>	<u>1,409,234</u>
Net Assets, End of Year	<u>\$ 2,089,110</u>	<u>\$ 30,726</u>	<u>\$ 2,119,836</u>	<u>\$ 1,094</u>	<u>\$ -</u>	<u>\$ 1,094</u>	<u>\$ -</u>	<u>\$ 2,090,204</u>	<u>\$ 30,726</u>	<u>\$ 2,120,930</u>

See notes to consolidated financial statements