

# SAT-7 NORTH AMERICA AND SUBSIDIARY

Consolidated Financial Statements  
With Independent Auditors' Report

December 31, 2022 and 2021

# 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 consolidated financial statements of SAT-7 North America and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SAT-7 North America and Subsidiary as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis For Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements*

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

In preparing the consolidated 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 consolidated 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 Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 2, 2023

# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Consolidated Statements of Financial Position

	December 31,	
	2022	2021
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 9,590,419	\$ 5,867,535
Other investments	1,138,568	2,556,068
Prepaid expenses and other assets	79,090	53,358
Contributions receivable	227,952	185,714
Property and equipment	236,647	133,315
	\$ 11,272,676	\$ 8,795,990
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable	\$ 88,507	\$ 69,594
Accrued expenses	105,740	99,926
SAT-7 International liabilities:		
Grant payable	2,688,726	2,871,712
Amounts held	1,304,298	-
Operating lease obligations	107,152	-
Total liabilities	4,294,423	3,041,232
Net assets:		
Without restrictions	6,929,970	5,702,518
With donor restrictions	48,283	52,240
Total net assets	6,978,253	5,754,758
Total Liabilities and Net Assets	\$ 11,272,676	\$ 8,795,990

See notes to consolidated financial statements

## SAT-7 NORTH AMERICA AND SUBSIDIARY

### Consolidated Statements of Activities

	Year Ended December 31,					
	2022			2021		
	Without Restrictions	With Donor Restrictions	Total	Without Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions:						
Cash, non-cash, and new contributions receivable	\$ 1,185,116	\$ 11,682,384	\$ 12,867,500	\$ 2,735,529	\$ 11,364,060	\$ 14,099,589
Investment income	235,532	-	235,532	289,347	-	289,347
Other income	5,226	-	5,226	2,686	-	2,686
	<u>1,425,874</u>	<u>11,682,384</u>	<u>13,108,258</u>	<u>3,027,562</u>	<u>11,364,060</u>	<u>14,391,622</u>
<b>RECLASSIFICATIONS:</b>						
Satisfaction of purpose restrictions	8,958,417	(8,958,417)	-	8,559,236	(8,559,236)	-
Administrative assessments	2,727,924	(2,727,924)	-	2,783,310	(2,783,310)	-
	<u>11,686,341</u>	<u>(11,686,341)</u>	<u>-</u>	<u>11,342,546</u>	<u>(11,342,546)</u>	<u>-</u>
<b>EXPENSES:</b>						
Program services	9,188,208	-	9,188,208	8,623,061	-	8,623,061
Supporting activities:						
Management and general	948,661	-	948,661	641,587	-	641,587
Fund-raising	1,747,894	-	1,747,894	1,493,146	-	1,493,146
	<u>11,884,763</u>	<u>-</u>	<u>11,884,763</u>	<u>10,757,794</u>	<u>-</u>	<u>10,757,794</u>
Change in Net Assets	1,227,452	(3,957)	1,223,495	3,612,314	21,514	3,633,828
Net Assets, Beginning of Year	<u>5,702,518</u>	<u>52,240</u>	<u>5,754,758</u>	<u>2,090,204</u>	<u>30,726</u>	<u>2,120,930</u>
Net Assets, End of Year	<u>\$ 6,929,970</u>	<u>\$ 48,283</u>	<u>\$ 6,978,253</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

### Consolidated Statements of Functional Expenses

	Year Ended December 31,							
	2022				2021			
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Program funding to SAT-7 Int'l	\$ 7,956,581	\$ -	\$ -	\$ 7,956,581	\$ 7,592,295	\$ -	\$ -	\$ 7,592,295
Salaries and related expenses:								
Management salaries	79,526	156,691	110,906	347,123	68,092	107,231	152,200	327,523
Other salaries and wages	325,702	393,761	343,769	1,063,232	315,834	258,754	319,947	894,535
Fringe benefits and related taxes	129,271	141,638	121,747	392,656	126,648	84,504	113,737	324,889
	534,499	692,090	576,422	1,803,011	510,574	450,489	585,884	1,546,947
Fund-raising and development (including new donor acquisition)	-	-	717,572	717,572	-	-	603,481	603,481
Other expenses:								
Professional fees	3,185	67,479	1,245	71,909	4,232	82,729	2,075	89,036
Board management	-	4,371	-	4,371	-	780	-	780
Communications	8,111	8,315	7,084	23,510	8,386	5,797	7,763	21,946
Conferences, travel, and meetings	248,590	92,576	233,199	574,365	188,154	49,629	121,734	359,517
Contributions to other organizations	20,000	-	-	20,000	-	-	-	-
Depreciation and amortization	5,588	3,509	26,660	35,757	5,804	2,329	15,000	23,133
Insurance	4,809	3,019	2,598	10,426	4,839	1,942	3,182	9,963
Printing, mailing, and postage	327,401	21,084	134,044	482,529	235,338	12,857	101,315	349,510
Occupancy	9,485	5,956	5,125	20,566	19,815	7,951	13,031	40,797
Software and office items	69,959	50,262	43,945	164,166	53,624	27,084	39,681	120,389
	697,128	256,571	453,900	1,407,599	520,192	191,098	303,781	1,015,071
<b>Total Expenses</b>	<b>\$ 9,188,208</b>	<b>\$ 948,661</b>	<b>\$ 1,747,894</b>	<b>\$ 11,884,763</b>	<b>\$ 8,623,061</b>	<b>\$ 641,587</b>	<b>\$ 1,493,146</b>	<b>\$ 10,757,794</b>

See notes to consolidated financial statements

# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Consolidated Statements of Cash Flows

	Year Ended December 31,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,223,495	\$ 3,633,828
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	35,757	23,133
Write-off of uncollectible contributions receivable	-	27,300
Non-cash gift of other investments	-	(2,556,068)
Non-cash effect of change in accounting principle	9,143	-
Change in:		
Prepaid expenses and other assets	(25,732)	2,244
Contributions receivable	(42,238)	488,780
Accounts payable	18,913	51,350
Accrued expenses	5,814	(8,866)
Grant payable to SAT-7 International	(182,986)	1,028,673
Amounts held for SAT-7 International	1,304,298	-
Net Cash Provided by Operating Activities	2,346,464	2,690,374
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds received from other investments distribution	1,417,500	-
Purchase of property and equipment	(41,080)	(119,905)
Net Cash Provided (Used) by Investing Activities	1,376,420	(119,905)
Net Change in Cash and Cash Equivalents	3,722,884	2,570,469
Cash and Cash Equivalents, Beginning of Year	5,867,535	3,297,066
Cash and Cash Equivalents, End of Year	\$ 9,590,419	\$ 5,867,535
<b>SUPPLEMENTAL DISCLOSURE AND NON-CASH TRANSACTIONS:</b>		
Right of use assets obtained in exchange for operating lease obligations	\$ 116,295	\$ -

See notes to consolidated financial statements



# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 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 and digital 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 13,000 individuals, foundations, and church organizations throughout North America. SAT-7 is a member of the Evangelical Council for Financial Accountability, the Better Business Bureau, 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, 2022 and 2021, respectively, \$487,174 and \$499,555 related to contributions received after year-end, but dated and postmarked prior to year-end, are included in cash and cash equivalents.

#### OTHER INVESTMENTS

Other 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, 2022 and 2021

### 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.

Included in property and equipment are operating lease right of use assets. SAT-7 adopted Accounting Standards Update (ASU) 2016-02 and its related amendments as of January 1, 2022, which resulted in the recognition of operating lease right of use assets totaling \$116,295 as of December 31, 2022, as well as operating lease liability totaling \$107,152. SAT-7 elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of January 1, 2022 without restating prior year amounts. Additional lease disclosures can be found later in these notes.

#### 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.

# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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 2022, two donors contributed 16% of total contributions. During 2021, two donors contributed 29% 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.

#### 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.

# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### RECENTLY ADOPTED ACCOUNTING STANDARD

In 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02 *Leases* (Topic 842 of the ASC). The amendments in this update require organizations that lease assets to recognize on the consolidated statements of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. SAT-7 adopted this update for the year ended December 31, 2022.

SAT-7 elected to adopt the transition relief provisions from ASU2018-11, *Leases* (Topic 842): *Targeted Improvements* and recorded the impact of adoption as of January 1, 2022, without restating any prior-year amounts. SAT-7 also elected the practical expedient to not separate lease and non-lease components and the accounting policy election to exclude short-term leases with lease terms of 12 months or less. Additional lease disclosures can be found later in these notes. The effect of the adjustment to the opening balance of net assets totaled \$9,143. As it was deemed immaterial, the net asset difference was adjusted through occupancy expense on the consolidated statements of activities and functional expenses. This amount is reported as a non-cash effect of change in accounting principle on the consolidated statements of cash flows.

### 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,	
	2022	2021
Cash and cash equivalents	\$ 9,590,419	\$ 5,867,535
Other investments	1,138,568	2,556,068
Contributions receivable:		
Due in less than one year	236,500	195,500
Less allowance for uncollectability	(8,400)	(8,400)
Less:		
Board-designated reserve	(3,897,094)	(3,926,433)
Amounts held for SAT-7 International	(1,304,298)	-
	<u>\$ 5,755,695</u>	<u>\$ 4,684,270</u>

# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 4. RELATED PARTY TRANSACTIONS:

As stated in Note 1, SAT-7 is affiliated, in mission, with SAT-7 International, an organization providing Christian media broadcasts to people in the Middle East and North Africa. SAT-7 International is headquartered in Cyprus, where it develops, produces, and broadcasts television and digital programs, via satellite and online, 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,	
	2022	2021
Grants expense to SAT-7 International	\$ 7,613,413	\$ 7,219,910
Expenses paid by SAT-7 on behalf of SAT-7 International	343,168	372,385
Program funding to SAT-7 International per the consolidated statement of functional expenses	\$ 7,956,581	\$ 7,592,295

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. OTHER 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.

# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

5. OTHER INVESTMENTS, continued:

Other investments consists of:

	December 31,	
	2022	2021
Limited partnership interest in rental real estate:		
Property 1	\$ 781,169	\$ 2,198,669
Property 2	357,399	357,399
	\$ 1,138,568	\$ 2,556,068

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,	
	2022	2021
Amounts due in:		
Less than one year	\$ 236,500	\$ 195,500
One year to five years	-	-
More than five years	-	-
	236,500	195,500
Less discount for present value of future cash flows	(148)	(1,386)
Less allowance for uncollectability	(8,400)	(8,400)
	\$ 227,952	\$ 185,714

At December 31, 2022 and 2021, three pledges comprised 95% of the contributions receivable balance.

# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

7. PROPERTY AND EQUIPMENT:

Property and equipment consists of:

	December 31,	
	2022	2021
Office and computer equipment	\$ 129,418	\$ 118,769
Computer software	228,472	228,472
Office furniture	17,716	17,716
Operating lease right of use assets	116,295	-
Leasehold improvements	18,883	6,738
	510,784	371,695
Accumulated depreciation	(274,137)	(238,380)
	\$ 236,647	\$ 133,315

8. NET ASSETS:

Net assets consist of:

	December 31,	
	2022	2021
Without restrictions:		
Undesignated	\$ 2,796,229	\$ 1,642,770
Board-designated reserve	3,897,094	3,926,433
Net investment in property and equipment	236,647	133,315
	6,929,970	5,702,518
Donor-restricted for staff support and programs	48,283	52,240
	\$ 6,978,253	\$ 5,754,758

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 \$64,439 and \$54,875 to the plan during 2022 and 2021, respectively.

# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

10. LEASE COMMITMENTS:

SAT-7 leases office space on a three-year term expiring December 31, 2025, with a three-year renewal through December 31, 2028. Management believes renewal is likely. During the lease term, including the renewal period, monthly rent ranges from \$1,336 to \$1,549. SAT-7 previously leased office space through a lease that expired December 31, 2022. Total expenses incurred under the operating lease for the years ended December 31, 2022 and 2021, respectively, was \$24,535 and \$34,597.

SAT-7 leases a paper folder on a lease through September 2024 at a rate of \$600 per month. Total expenses incurred under the operating lease for the years ended December 31, 2022 and 2021, respectively, was \$7,200.

Operating lease right of use assets and liabilities are as follows:

Operating lease right of use assets:

Office space	\$ 103,695
Paper folder	12,600
	\$ 116,295

Operating lease liabilities:

Office space	\$ 94,552
Paper folder	12,600
	\$ 107,152

Weighted average discount rate 3%

Future minimum lease payments required under the operating leases above:

Year ending December 31,

2023	\$ 23,231
2024	21,912
2025	17,007
2026	17,518
2027	18,043
2028	18,584
	116,295
Less imputed interest	(9,143)
	\$ 107,152



# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2022 and 2021

### 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, 2022 and 2021, 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 2, 2023

## SAT-7 NORTH AMERICA AND SUBSIDIARY

### Consolidating Statements of Financial Position

	December 31,							
	2022				2021			
	SAT-7 NA	SAT-7 E&D	Eliminations	Total	SAT-7 NA	SAT-7 E&D	Eliminations	Total
<b>ASSETS:</b>								
Cash and cash equivalents	\$ 9,590,419	\$ -	\$ -	\$ 9,590,419	\$ 5,867,535	\$ -	\$ -	\$ 5,867,535
Other investments	1,138,568	-	-	1,138,568	2,556,068	-	-	2,556,068
Prepaid expenses and other assets	79,090	-	-	79,090	53,358	-	-	53,358
Contributions receivable	227,952	-	-	227,952	185,714	-	-	185,714
Property and equipment	236,647	-	-	236,647	133,315	-	-	133,315
	<u>\$ 11,272,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,272,676</u>	<u>\$ 8,795,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,795,990</u>
<b>LIABILITIES AND NET ASSETS:</b>								
Liabilities:								
Accounts payable	\$ 88,507	\$ -	\$ -	\$ 88,507	\$ 69,594	\$ -	\$ -	\$ 69,594
Accrued expenses	105,740	-	-	105,740	99,926	-	-	99,926
SAT-7 International liabilities:								
Grants payable	2,688,726	-	-	2,688,726	2,871,712	-	-	2,871,712
Amounts held	1,304,298	-	-	1,304,298	-	-	-	-
Operating lease obligations	107,152	-	-	107,152	-	-	-	-
	<u>4,294,423</u>	<u>-</u>	<u>-</u>	<u>4,294,423</u>	<u>3,041,232</u>	<u>-</u>	<u>-</u>	<u>3,041,232</u>
Net assets:								
Without restrictions	6,929,970	-	-	6,929,970	5,702,518	-	-	5,702,518
With donor restrictions	48,283	-	-	48,283	52,240	-	-	52,240
	<u>6,978,253</u>	<u>-</u>	<u>-</u>	<u>6,978,253</u>	<u>5,754,758</u>	<u>-</u>	<u>-</u>	<u>5,754,758</u>
Total Liabilities and Net Assets	<u>\$ 11,272,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,272,676</u>	<u>\$ 8,795,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,795,990</u>

See notes to consolidated financial statements

# SAT-7 NORTH AMERICA AND SUBSIDIARY

## Consolidating Statements of Activities

	Year Ended December 31, 2022									
	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
<b>SUPPORT AND REVENUE:</b>										
Contributions:										
Cash, non-cash, and new contributions receivable	\$ 1,185,116	\$ 11,682,384	\$ 12,867,500	\$ -	\$ -	\$ -	\$ -	\$ 1,185,116	\$ 11,682,384	\$ 12,867,500
Investment income	235,532	-	235,532	-	-	-	-	235,532	-	235,532
Other income	5,226	-	5,226	-	-	-	-	5,226	-	5,226
	<u>1,425,874</u>	<u>11,682,384</u>	<u>13,108,258</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,425,874</u>	<u>11,682,384</u>	<u>13,108,258</u>
<b>RECLASSIFICATIONS:</b>										
Satisfaction of purpose restrictions	8,958,417	(8,958,417)	-	-	-	-	-	8,958,417	(8,958,417)	-
Administrative assessments	2,727,924	(2,727,924)	-	-	-	-	-	2,727,924	(2,727,924)	-
	<u>11,686,341</u>	<u>(11,686,341)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,686,341</u>	<u>(11,686,341)</u>	<u>-</u>
<b>EXPENSES:</b>										
Program services	9,188,208	-	9,188,208	-	-	-	-	9,188,208	-	9,188,208
Supporting activities:										
Management and general	948,661	-	948,661	-	-	-	-	948,661	-	948,661
Fund-raising	1,747,894	-	1,747,894	-	-	-	-	1,747,894	-	1,747,894
	<u>11,884,763</u>	<u>-</u>	<u>11,884,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,884,763</u>	<u>-</u>	<u>11,884,763</u>
Change in Net Assets	1,227,452	(3,957)	1,223,495	-	-	-	-	1,227,452	(3,957)	1,223,495
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 6,929,970</u>	<u>\$ 48,283</u>	<u>\$ 6,978,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,929,970</u>	<u>\$ 48,283</u>	<u>\$ 6,978,253</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
<b>SUPPORT AND REVENUE:</b>										
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>
<b>RECLASSIFICATIONS:</b>										
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>
<b>EXPENSES:</b>										
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	2,089,110	30,726	2,119,836	1,094	-	1,094	-	2,090,204	30,726	2,120,930
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