

SOCIETY OF ENVIRONMENTAL
JOURNALISTS, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

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O'CONNELL & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

July 31, 2019

To the Board of Directors
Society of Environmental Journalists, Inc.
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Society of Environmental Journalists, Inc. which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of Society of Environmental Journalists, Inc. as of December 31, 2018 and 2017, 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.



SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 720,240	\$ 543,700
Certificates of deposit	45,740	49,982
Investments	286,159	358,401
Grants receivable	276,600	406,004
Prepaid expenses	8,262	19,016
Security deposits	-	10,005
Fixed assets, net	<u>596</u>	<u>1,604</u>
TOTAL ASSETS	<u><u>\$1,337,597</u></u>	<u><u>\$1,388,712</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 12,978	\$ 7,772
Prepaid dues	<u>7,974</u>	<u>4,845</u>
Total Liabilities	<u>20,952</u>	<u>12,617</u>
Net Assets		
Without Donor Restriction	422,749	413,077
With Donor Restriction	<u>893,896</u>	<u>963,018</u>
Total Net Assets	<u>1,316,645</u>	<u>1,376,095</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,337,597</u></u>	<u><u>\$1,388,712</u></u>

The accompanying notes are an integral part of these financial statements.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE						
Grants and contributions	\$ 263,060	\$ 581,540	\$ 844,600	\$ 209,217	\$ 489,757	\$ 698,974
Conference support and revenues	447,494	-	447,494	333,414	-	333,414
Membership fees	47,788	-	47,788	48,814	-	48,814
Mailing list rentals	13,411	-	13,411	13,695	-	13,695
Subscription sales	-	-	-	-	-	-
Investment (loss) income	(6,045)	(16,009)	(22,054)	17,385	34,401	51,786
Awards revenue	26,150	-	26,150	22,920	-	22,920
Miscellaneous income	4,571	-	4,571	7,909	-	7,909
Endowment transfer	13,205	(13,205)	-	13,005	(13,005)	-
Satisfaction of program restrictions	621,448	(621,448)	-	615,779	(615,779)	-
Satisfaction of time restrictions	-	-	-	83,500	(83,500)	-
TOTAL SUPPORT AND REVENUE	<u>1,431,082</u>	<u>(69,122)</u>	<u>1,361,960</u>	<u>1,365,638</u>	<u>(188,126)</u>	<u>1,177,512</u>
EXPENSES						
Program services	1,230,113	-	1,230,113	1,062,303	-	1,062,303
Supporting services						
General and administrative	129,810	-	129,810	136,033	-	136,033
Development	61,487	-	61,487	95,782	-	95,782
TOTAL EXPENSES	<u>1,421,410</u>	<u>-</u>	<u>1,421,410</u>	<u>1,294,118</u>	<u>-</u>	<u>1,294,118</u>
(DECREASE) INCREASE IN NET ASSETS	9,672	(69,122)	(59,450)	71,520	(188,126)	(116,606)
NET ASSETS - Beginning of Year	<u>413,077</u>	<u>963,018</u>	<u>1,376,095</u>	<u>341,557</u>	<u>1,151,144</u>	<u>1,492,701</u>
NET ASSETS - End of Year	<u>\$ 422,749</u>	<u>\$ 893,896</u>	<u>\$ 1,316,645</u>	<u>\$ 413,077</u>	<u>\$ 963,018</u>	<u>\$ 1,376,095</u>

The accompanying notes are an integral part of these financial statements.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services					Supporting Services			Total
	Conference	Fund for Environmental Journalism	Regional/ Fellowship/ Diversity/ and Awards	Membership and Database	Publications	Total Program Services	General and Administrative	Development	
Personnel Expenses									
Payroll	\$ 92,529	\$ 17,423	\$ 35,123	\$ 28,216	\$ 1,803	\$ 175,094	\$ 57,861	\$ 42,897	\$ 275,852
Payroll taxes	8,087	1,523	3,070	2,466	158	15,304	4,172	3,749	23,225
Employee benefits	24,865	4,682	9,438	7,582	484	47,051	12,769	11,528	71,348
Pension	1,744	328	662	532	34	3,300	895	808	5,003
Total Personnel Expenses	127,225	23,956	48,293	38,796	2,479	240,749	75,697	58,982	375,428
Awards	-	557,290	16,350	-	-	573,640	-	-	573,640
Bank and credit card fees	-	-	-	-	-	-	8,029	-	8,029
Consultants	17,452	-	-	-	151,700	169,152	22,031	-	191,183
Depreciation	-	-	-	-	-	-	1,009	-	1,009
Facilities, catering, and audio visual services	122,136	-	-	-	-	122,136	-	-	122,136
Insurance	2,510	473	953	765	49	4,750	441	398	5,589
Marketing and advertising	358	-	-	-	-	358	-	-	358
Membership mailing list	-	-	-	4,670	-	4,670	-	-	4,670
Office supplies	1,495	258	519	417	27	2,716	1,988	217	4,921
Payroll fees	-	-	-	-	-	-	1,523	-	1,523
Postage, shipping and copying	686	55	358	89	6	1,194	51	46	1,291
Printing and other expenses	15,537	-	-	-	-	15,537	-	-	15,537
Professional fees	-	-	-	-	-	-	7,871	-	7,871
Registration services	8,630	-	-	-	-	8,630	-	-	8,630
Rent and utilities	1,834	345	696	559	36	3,470	322	291	4,083
Repairs and maintenance	-	-	-	-	-	-	5,558	-	5,558
Telephone and online fees	4,486	385	775	623	40	6,309	522	324	7,155
Transportation and tour fees	31,781	-	-	-	-	31,781	-	-	31,781
Travel - Board meetings	7,755	1,460	2,610	2,365	151	14,341	1,361	1,229	16,931
Travel - Conferences	30,364	-	-	-	-	30,364	-	-	30,364
Travel - Fellowships	316	-	-	-	-	316	-	-	316
Website maintenance	-	-	-	-	-	-	3,407	-	3,407
	<u>\$ 372,565</u>	<u>\$ 584,222</u>	<u>\$ 70,554</u>	<u>\$ 48,284</u>	<u>\$ 154,488</u>	<u>\$ 1,230,113</u>	<u>\$ 129,810</u>	<u>\$ 61,487</u>	<u>\$ 1,421,410</u>

The accompanying notes are an integral part of these financial statements.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services					Supporting Services			
	Conference	Fund for Environmental Journalism	Regional/ Fellowship/ Diversity/ and Awards	Membership and Database	Publications	Total Program Services	General and Administrative	Development	Total
Personnel Expenses									
Payroll	\$ 62,021	\$ 14,800	\$ 37,427	\$ 34,572	\$ 8,171	\$ 156,991	\$ 50,318	\$ 69,634	\$ 276,943
Payroll taxes	4,983	1,189	3,007	2,777	656	12,612	4,043	5,594	22,249
Employee benefits	4,184	6,328	2,478	7,196	62	20,248	11,602	12,718	44,568
Pension	1,096	553	740	1,037	109	3,535	1,372	1,214	6,121
Total Personnel Expenses	72,284	22,870	43,652	45,582	8,998	193,386	67,335	89,160	349,881
Awards	-	234,390	1,631	-	-	236,021	-	-	236,021
Bank and credit card fees	-	-	-	-	-	-	8,996	-	8,996
Board and staff development	-	-	-	-	-	-	-	-	-
Consultants	112,683	-	25,260	-	118,580	256,523	32,922	-	289,445
Depreciation	-	-	-	-	-	-	1,604	-	1,604
Facilities, catering, and audio visual services	166,148	-	-	-	-	166,148	-	-	166,148
Freedom of information initiatives	-	-	-	-	-	-	-	-	-
Insurance	1,734	414	1,046	967	228	4,389	325	450	5,164
Marketing and advertising	324	-	-	-	-	324	-	-	324
Membership mailing list	-	-	-	4,448	-	4,448	-	-	4,448
Office supplies	1,118	185	467	431	102	2,303	549	201	3,053
Payroll fees	-	-	-	-	-	-	1,416	-	1,416
Postage, shipping and copying	1,227	116	353	271	401	2,368	91	126	2,585
Printing and other expenses	12,826	-	-	-	-	12,826	-	-	12,826
Professional fees	-	-	-	-	-	-	10,006	-	10,006
Regional conference	-	-	40,395	-	-	40,395	-	-	40,395
Registration services	7,000	-	-	-	-	7,000	-	-	7,000
Rent and utilities	6,221	1,484	3,754	3,468	820	15,747	1,166	1,613	18,526
Repairs and maintenance	-	-	-	-	-	-	5,177	-	5,177
Telephone and online fees	3,409	582	1,473	1,361	322	7,147	457	633	8,237
Transportation and tour fees	26,308	-	-	-	-	26,308	-	-	26,308
Travel - Board meetings	13,881	3,312	8,377	7,738	1,829	35,137	2,601	3,599	41,337
Travel - Conferences	17,797	-	-	-	-	17,797	-	-	17,797
Travel - Fellowships	34,036	-	-	-	-	34,036	-	-	34,036
Website maintenance	-	-	-	-	-	-	3,388	-	3,388
	<u>\$ 476,996</u>	<u>\$ 263,353</u>	<u>\$ 126,408</u>	<u>\$ 64,266</u>	<u>\$ 131,280</u>	<u>\$ 1,062,303</u>	<u>\$ 136,033</u>	<u>\$ 95,782</u>	<u>\$ 1,294,118</u>

The accompanying notes are an integral part of these financial statements.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2018</u>	<u>2017</u>
(Decrease) Increase in net assets	\$ (59,450)	\$ (116,606)
Adjustment to reconcile change in net assets to net cash provided (used) by operations:		
Depreciation and amortization	1,009	1,604
Unrealized gain on investments	51,004	(7,760)
Realized (gain) loss from sale of investments	3,231	(852)
Permanently restricted contributions	-	(1,718)
Changes in operating assets and liabilities		
Decrease (Increase)		
Grant receivable	129,404	(147,785)
Other receivables	-	-
Prepaid expenses	10,754	(15,934)
Security deposits	10,005	-
Increase (Decrease)		
Accounts payable and accrued expenses	5,206	5,382
Prepaid dues	3,129	(3,385)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>154,292</u>	<u>(287,054)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in certificates of deposits	4,242	346,069
Purchase of fixed assets	-	(1,649)
Purchase of investments	(30,112)	(388,986)
Proceeds from sale of investments	48,118	350,852
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>22,248</u>	<u>306,286</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES		
Permanently restricted contributions	-	1,718
 NET INCREASE IN CASH AND CASH EQUIVALENTS	176,540	20,950
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>543,700</u>	<u>522,750</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 720,240</u>	<u>\$ 543,700</u>
 SUPPLEMENTAL INFORMATION		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Interest Capitalized	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

The Society of Environmental Journalists, Inc. (the Organization) is a not-for-profit organization, incorporated in Washington D.C. The Organization's mission is to advance public understanding of environmental issues by improving the quality, accuracy and visibility of environmental news reporting. The Organization's programs include an annual conference, a comprehensive website, print and electronic publications, regional events, diversity program, and environmental journalism awards. The purpose of the Organization is to build a stronger, better educated, and more closely connected network of journalists and editors in all media who cover environment related issues, and through that network, to improve and increase news coverage of critically important environmental issues through programs and services designed by and for journalists. The Organization is independent and nonpartisan. The Organization's revenues come primarily through grants and its annual conference.

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; accordingly, there is no income tax applicable to its activities.

1 Summary of Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Accrual Basis -- The financial statements of the Organization have been prepared on the accrual basis.

Cash and Cash Equivalents -- The Organization considers cash and highly liquid investments that are both readily convertible to known amounts of cash and of an original maturity of three months or less to be cash and cash equivalents.

Investments -- Investments are reported in the financial statements at fair value.

Grants Receivable -- The Organization considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

In-Kind Donations -- The Organization's policy is to record in-kind donations at their fair value.

Contributions -- The Organization records contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair market value of the assets received and are classified as either without donor restriction or with donor restriction, depending on whether the donor has imposed a restriction on the use of such

Advertising -- The Organization follows the policy of charging the costs of advertising to expense as incurred.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1 Summary of Significant Accounting Policies (Continued)

Fixed Assets -- Fixed assets are recorded at cost. Furniture and equipment with a unit cost of \$500 or more are capitalized. These assets are reported net of accumulated depreciation. Furniture and equipment are depreciated over estimated useful lives of 5-10 years.

Net Assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period when 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 on the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements -- Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

1 Summary of Significant Accounting Policies (Continued)

The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term as the financial instrument. Alternative investments' fair value are based on their net asset value per unit as reported by their managers.

Level 3 - Inputs to the valuation methodology are unobservable.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and liabilities that are measured at fair value are based on one or more of the three valuation techniques that follow:

Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost).

Income approach - Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques and option-pricing models).

Income Taxes -- The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

2 Liquidity

The table below represents financial assets available for general expenditures within one year at December 31, 2018:

Financial assets at year end:	2018
Cash and cash equivalents	\$ 720,240
Certificate of deposits	45,740
Investments	286,159
Grants receivable	<u>276,600</u>
Total financial assets	\$ 1,330,757

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

2 Liquidity (Continued)

Total financial assets (Carried forward)	\$ 1,330,757
Less amounts not available to be used within one year:	
Endowment funds with liquidity horizons greater than one year	\$ 252,871
Financial assets not available to be used within one year	\$ 252,871
Financial assets available to meet general expenditures within one year	<u>\$ 1,077,886</u>

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

3 Concentration of Risk

The Organization had deposits and investments in major financial institutions which exceeded Federal Depository Insurance Corporation limits. These financial institutions have strong credit ratings and management believes that credit risk related to these deposits and investments is minimal.

4 Grants Receivable

The Organization has grants receivable of \$276,600 and \$406,004 as of December 31, 2018 and 2017. Management expects to collect all outstanding grants receivable.

5 Investments

Cash and certificates of deposits included in investment accounts are separately stated on the statement of financial position.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments as of December 31, 2018 and 2017:

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

5 Investments (Continued)

	Investments at Fair Values as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ -	\$ 226,382	\$ -	\$226,382
EFT& Close End Funds	-	59,777	-	59,777
Total assets at fair value	\$ -	\$ 286,159	\$ -	\$286,159

	Investments at Fair Values as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ -	\$ 296,993	\$ -	\$296,993
EFT& Close End Funds	-	61,087	-	61,087
Equities	321	-	-	321
Total assets at fair value	\$ 321	\$ 358,080	\$ -	\$358,401

Investment income consists of the following:

	2018	2017
Interest and dividends	\$ 32,181	\$ 43,174
Unrealized income on investments	(51,004)	7,760
Realized gain (loss) on investments	(3,231)	852
	\$ (22,054)	\$ 51,786

Investment fees are included separately on the statement of activities and totaled \$139 and \$152 for the years ended December 31, 2018 and 2017, respectively.

6 Fixed Assets

Below is a summary of fixed assets as of December 31, 2018 and 2017:

	2018	2017
Computer equipment	\$ 7,977	\$ 7,977
Office equipment	3,771	3,771
	11,748	11,748
Less accumulated depreciation	(11,152)	(10,144)
	\$ 596	\$ 1,604

Depreciation expense was \$1,009 and \$1,604 and for the years ended December 31, 2018 and 2017, respectively.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

7 Net Assets with Donor Restrictions

Net assets with donor restriction are available for the following purposes as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Fund for Environmental Journalism	\$ 321,281	\$ 516,003
Annual Conference	195,000	32,477
Working Capital Funds	103,144	101,700
Awards	21,600	21,600
Fellowships	-	10,124
	<u>\$ 641,025</u>	<u>\$ 681,904</u>
 Endowments		
Subject to endowment spending policy	<u>\$ 252,871</u>	<u>\$ 281,114</u>
 Total Net Assets with Donor Restrictions	<u><u>\$ 893,896</u></u>	<u><u>\$ 963,018</u></u>

Net assets were reduced from donor restriction by incurring expenses satisfying the restricted purpose or by occurrences of other events specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Purpose Restriction Accomplished		
Fund for Environmental Journalists	\$ 547,598	\$ 299,162
Annual Conference	32,477	315,250
Awards	21,600	-
Fellowships	19,773	1,367
	<u>\$ 621,448</u>	<u>\$ 615,779</u>
 Time Restriction Accomplished	<u><u>\$ -</u></u>	<u><u>\$ 83,500</u></u>

8 Endowment and Board Designated Funds

The Organization's endowment fund consists of a single donor-restricted endowment fund to support general operations. As required by accounting standards generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

8 Endowment and Board Designated Funds (Continued)

The Board of Directors of the Organization has interpreted Washington D.C. law as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent of explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) enhancements or diminishments of the fund from investment income, loss, and spending allowance.

The Organization's endowment and board designated net assets had the following activity for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Endowment net assets, beginning of year	<u>\$ 281,114</u>	<u>\$ 258,405</u>
Investment (loss) income	(17,453)	33,996
Contributions to endowment fund	2,415	1,718
Spending allowance	<u>(13,205)</u>	<u>(13,005)</u>
Changes in net assets	<u>(28,243)</u>	<u>22,709</u>
Endowment net assets, end of year	<u><u>\$ 252,871</u></u>	<u><u>\$ 281,114</u></u>

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity.

Strategies Employed for Achieving Objectives

The overall financial goal of the endowment is to maintain or enhance its market value while providing the Organization's operating budget with a relatively predictable and growing stream of revenue. The Organization expects the current spending policy to allow its endowment to continue to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The rationale is to obtain the best possible expected return, given the level of risk assumed. The investment policies of the Organization will be carried out by means of investment strategies that reflect continuous evaluation of changing investment environments, manager judgment regarding the allocation of the assets among different kinds of asset classes, identification of appropriate investment vehicles and the making of specific investment decisions.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

9 Pension Plan

The Organization sponsors a Simple IRA plan for its employees. All full-time employees with at least one year of service are eligible to participate. The Organization contributes 3% of eligible employees' gross salaries to the plan. Contributions to the plans were \$5,002 and \$6,120 for the years ended December 31, 2018 and 2017, respectively.

10 Operating Leases

The Organization entered into various non-cancellable leases for office and storage space. The leases qualify as operating leases and payments are charged to expense as they are incurred. Lease expense was \$9,111 and \$16,469 for the years ended December 31, 2018 and 2017, respectively. The office space lease expired on July 31, 2017. Upon the expiration of the lease, management began working remotely.

11 Compensated Absences

Employees of the Organization are entitled to paid time off depending on length of services and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when paid to employees.

12 Commitment

The Organization has committed to filling a number of rooms at their 2019 annual conference. Room rentals are paid for by conference attendees, and the Organization is only committed to pay for rooms not filled. Management anticipates all rooms will be filled.

13 Subsequent Event

The Organization has evaluated all subsequent events through July 31, 2019, the date the financial statements were available to be issued.