

SOCIETY OF ENVIRONMENTAL
JOURNALISTS, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENDITURES - 2016	4
STATEMENT OF FUNCTIONAL EXPENDITURES - 2015	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 14

O'CONNELL & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

SUITE 1100
165 TOWNSHIP LINE ROAD
JENKINTOWN, PA 19046

INDEPENDENT AUDITOR'S REPORT

July 10, 2017

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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 522,750	\$ 381,879
Certificates of deposit	396,051	309,896
Investments	311,654	289,518
Grant receivable	258,219	-
Other receivables	-	500
Prepaid expenses	3,082	5,475
Security deposits	10,005	10,005
Fixed assets, net	<u>1,560</u>	<u>3,118</u>
TOTAL ASSETS	<u><u>\$1,503,321</u></u>	<u><u>\$1,000,391</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,390	\$ 39,949
Prepaid dues	<u>8,230</u>	<u>6,592</u>
Total Liabilities	<u>10,620</u>	<u>46,541</u>
Net Assets		
Unrestricted	341,557	344,000
Temporarily restricted	892,739	357,081
Permanently restricted	<u>258,405</u>	<u>252,769</u>
Total Net Assets	<u>1,492,701</u>	<u>953,850</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$1,503,321</u></u>	<u><u>\$1,000,391</u></u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Grants and contributions	\$ 168,055	\$1,041,490	\$ 2,747	\$1,212,292	\$ 93,215	\$ 303,063	\$ 1,850	\$ 398,128
Conference support and revenues	387,152	-	-	387,152	351,543	-	-	351,543
Membership fees	52,417	-	-	52,417	49,830	-	-	49,830
Mailing list rentals	12,008	-	-	12,008	12,038	-	-	12,038
Subscription sales	1,157	-	-	1,157	4,771	-	-	4,771
Investment income (loss)	10,802	262	16,083	27,147	(1,775)	255	(5,192)	(6,712)
Awards revenue	19,489	-	-	19,489	17,804	-	-	17,804
Miscellaneous income	3,854	-	-	3,854	10,138	-	-	10,138
Endowment transfer	13,194	-	(13,194)	-	13,041	-	(13,041)	-
Satisfaction of program restrictions	452,094	(452,094)	-	-	571,427	(571,427)	-	-
Satisfaction of time restrictions	54,000	(54,000)	-	-	51,444	(51,444)	-	-
TOTAL SUPPORT AND REVENUE	<u>1,174,222</u>	<u>535,658</u>	<u>5,636</u>	<u>1,715,516</u>	<u>1,173,476</u>	<u>(319,553)</u>	<u>(16,383)</u>	<u>837,540</u>
EXPENSES								
Program services	1,039,328	-	-	1,039,328	1,009,860	-	-	1,009,860
Supporting services								
General and administrative	84,550	-	-	84,550	88,220	-	-	88,220
Fundraising	52,787	-	-	52,787	53,017	-	-	53,017
TOTAL EXPENSES	<u>1,176,665</u>	<u>-</u>	<u>-</u>	<u>1,176,665</u>	<u>1,151,097</u>	<u>-</u>	<u>-</u>	<u>1,151,097</u>
(DECREASE) INCREASE IN NET ASSETS	(2,443)	535,658	5,636	538,851	22,379	(319,553)	(16,383)	(313,557)
NET ASSETS - Beginning of Year	<u>344,000</u>	<u>357,081</u>	<u>252,769</u>	<u>953,850</u>	<u>321,621</u>	<u>676,634</u>	<u>269,152</u>	<u>1,267,407</u>
NET ASSETS - End of Year	<u>\$ 341,557</u>	<u>\$ 892,739</u>	<u>\$ 258,405</u>	<u>\$1,492,701</u>	<u>\$ 344,000</u>	<u>\$ 357,081</u>	<u>\$ 252,769</u>	<u>\$ 953,850</u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Program Services				Supporting Services				
	Conference	Regional/ Fellowship/ Diversity/ and Awards	Membership and Database	Publications	Total Program Services	General and Administrative	Fundraising	Total	2015
Personnel Expenses									
Payroll	\$ 50,702	\$ 31,030	\$ 48,869	\$ 11,902	\$ 142,503	\$ 28,934	\$ 34,186	\$ 205,623	\$ 212,999
Payroll taxes	4,037	2,471	3,891	948	11,347	2,724	2,722	16,793	18,157
Employee benefits	8,756	6,042	8,183	1,357	24,338	5,584	9,499	39,421	40,603
Pension	782	521	78	130	1,511	182	912	2,605	2,841
Total Personnel Expenses	<u>64,277</u>	<u>40,064</u>	<u>61,021</u>	<u>14,337</u>	<u>179,699</u>	<u>37,424</u>	<u>47,319</u>	<u>264,442</u>	<u>274,600</u>
Awards	-	341,994	-	-	341,994	-	-	341,994	354,653
Bank and credit card fees	-	-	-	-	-	13,068	-	13,068	13,702
Board and staff development	977	598	942	229	2,746	222	262	3,230	395
Consultants	100,552	1,620	362	95,501	198,035	11,904	-	209,939	193,039
Depreciation	-	-	-	-	-	1,558	-	1,558	1,669
Facilities, catering, and audio visual services	138,592	-	-	-	138,592	-	-	138,592	97,315
Freedom of information initiatives	-	-	-	36,016	36,016	-	-	36,016	36,805
Insurance	2,009	1,229	1,937	472	5,647	457	540	6,644	4,385
Marketing and advertising	201	-	-	-	201	-	-	201	5,840
Membership mailing list	-	-	5,436	-	5,436	-	-	5,436	191
Office supplies	1,087	666	1,048	255	3,056	744	292	4,092	7,654
Postage, shipping and copying	1,803	306	466	2,223	4,798	110	130	5,038	4,289
Printing and other expenses	13,603	-	-	6,450	20,053	-	-	20,053	20,151
Professional fees	-	-	-	-	-	9,919	-	9,919	7,662
Regional conference	-	342	-	-	342	-	-	342	947
Registration services	11,134	-	-	-	11,134	-	-	11,134	9,385
Rent and utilities	10,798	6,608	10,407	2,534	30,347	2,455	2,901	35,703	34,345
Repairs and maintenance	-	-	-	-	-	-	-	-	384
Telephone and online fees	3,471	879	1,385	337	6,072	326	386	6,784	8,012
Transportation and tour fees	29,950	-	-	-	29,950	-	-	29,950	19,692
Travel - Board meetings	3,561	2,180	3,433	836	10,010	810	957	11,777	21,076
Travel - Conferences	15,200	-	-	-	15,200	-	-	15,200	30,598
Website maintenance	-	-	-	-	-	5,553	-	5,553	4,308
	<u>\$ 397,215</u>	<u>\$ 396,486</u>	<u>\$ 86,437</u>	<u>\$ 159,190</u>	<u>\$ 1,039,328</u>	<u>\$ 84,550</u>	<u>\$ 52,787</u>	<u>\$ 1,176,665</u>	<u>\$ 1,151,097</u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>				<u>Supporting Services</u>			
	<u>Conference</u>	<u>Regional/ Fellowship/ Diversity/ and Awards</u>	<u>Membership and Database</u>	<u>Publications</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Personnel Expenses								
Payroll	\$ 49,348	\$ 28,337	\$ 46,679	\$ 11,389	\$ 135,753	\$ 40,048	\$ 37,198	\$ 212,999
Payroll taxes	3,834	2,201	3,626	885	10,546	4,721	2,890	18,157
Employee benefits	9,407	5,402	8,898	2,171	25,878	7,634	7,091	40,603
Pension	658	378	623	152	1,811	534	496	2,841
Total Personnel Expenses	63,247	36,318	59,826	14,597	173,988	52,937	47,675	274,600
Awards	-	354,653	-	-	354,653	-	-	354,653
Bank and credit card fees	-	-	-	-	-	13,702	-	13,702
Board and staff development	122	70	115	28	335	31	29	395
Consultants	71,932	8,176	5,556	107,375	193,039	-	-	193,039
Depreciation	-	-	-	-	-	1,669	-	1,669
Facilities, catering, and audio visual services	96,240	1,075	-	-	97,315	-	-	97,315
Freedom of information initiatives	-	-	-	36,805	36,805	-	-	36,805
Insurance	1,355	778	1,281	313	3,727	341	317	4,385
Marketing and advertising	5,219	-	-	-	5,219	621	-	5,840
Membership mailing list	-	-	191	-	191	-	-	191
Office supplies	1,880	1,080	1,777	434	5,171	2,044	439	7,654
Postage, shipping and copying	824	473	779	1,813	3,889	207	193	4,289
Printing and other expenses	10,045	-	-	10,106	20,151	-	-	20,151
Professional fees	-	-	-	-	-	7,662	-	7,662
Regional conference	-	947	-	-	947	-	-	947
Registration services	9,385	-	-	-	9,385	-	-	9,385
Rent and utilities	10,612	6,096	10,035	2,450	29,193	2,671	2,481	34,345
Repairs and maintenance	119	68	112	27	326	30	28	384
Telephone and online fees	4,663	865	1,346	447	7,321	358	333	8,012
Transportation and tour fees	19,692	-	-	-	19,692	-	-	19,692
Travel - Board meetings	6,512	3,741	6,158	1,504	17,915	1,639	1,522	21,076
Travel - Conferences	30,598	-	-	-	30,598	-	-	30,598
Website maintenance	-	-	-	-	-	4,308	-	4,308
	<u>\$ 332,445</u>	<u>\$ 414,340</u>	<u>\$ 87,176</u>	<u>\$ 175,899</u>	<u>\$ 1,009,860</u>	<u>\$ 88,220</u>	<u>\$ 53,017</u>	<u>\$ 1,151,097</u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2016</u>	<u>2015</u>
Increase (Decrease) in net assets	\$ 538,851	\$(313,557)
Adjustment to reconcile change in net assets to net cash provided (used) by operations:		
Depreciation and amortization	1,558	1,669
Unrealized (gain) loss on investments	(4,519)	23,855
Realized (gain) from sale of investments	4,048	3,364
Permanently restricted contributions	(2,747)	(1,850)
Changes in operating assets and liabilities		
Decrease (Increase)		
Grant receivable	(258,219)	-
Other receivables	500	(500)
Prepaid expenses	2,393	(2,051)
Increase (Decrease)		
Accounts payable and accrued expenses	(37,559)	20,600
Deferred revenue	1,638	(1,737)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>245,944</u>	<u>(270,207)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in certificates of deposits	(86,155)	(139,445)
Purchase of fixed assets	-	(2,754)
Purchase of investments	(605,080)	(263,592)
Proceeds from sale of investments	583,415	312,728
NET CASH USED BY INVESTING ACTIVITIES	<u>(107,820)</u>	<u>(93,063)</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES		
Permanently restricted contributions	<u>2,747</u>	<u>1,850</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	140,871	(361,420)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>381,879</u>	<u>743,299</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 522,750</u>	<u>\$ 381,879</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

YEARS ENDED DECEMBER 31, 2016 AND 2015

Organization and Nature of Activities

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 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 permanently restricted, temporarily restricted or unrestricted, depending on whether the donor has imposed a restriction on the use of such assets.

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

YEARS ENDED DECEMBER 31, 2016 AND 2015

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. Depreciation is calculated by various methods over the various useful lives of the assets.

Permanently Restricted -- Permanently Restricted Funds represent gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or for a specified period. The Organization has adopted a total return investment policy in accordance with D.C. law. The Board of Directors of the Organization have elected to make 5% distributions from the permanently restricted fund for the years ended December 31, 2016 and 2015, respectively.

Board Designated Funds -- The Board of Trustees of the Organization have designated funds to function as endowments.

Temporarily Restricted -- Gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets and the restrictions are not satisfied in the same reporting period in which the contributions are received. When the restrictions are satisfied in the same reporting period in which the contributions are received, the contributions and expenses are reflected as unrestricted.

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.

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.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

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 adopted the accounting standard related to the recognition and measurement of uncertain tax positions. The adoption of this standard had no financial statement effect for the Organization. The Organization is no longer subject to federal and state tax examinations for the years prior to 2013.

2 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.

3 Grant Receivable

The Organization received a \$390,286 grant from a private foundation to fund two positions and create a "Coastal Desk" at a commercial newspaper in New Orleans, LA. The grant is not conditional upon performance by the Organization, but a measurement of impact at the grantor's sole discretion. The Organization believes it is reasonable to estimate that the grantor will be satisfied with the impact and therefore has recorded the entire grant amount as of December 31, 2016. The grant receivable is reported at its net present value utilizing a discount rate of 3%. Grants are expected to be received as follows:

Year ended December 31, 2017	\$ 65,029
Year ended December 31, 2018	<u>198,986</u>
Gross grant receivable	264,015
Less present value discount	<u>(5,796)</u>
	<u>\$ 258,219</u>

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

4 Investments

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

The following table sets forth by level, within the fair value hierarchy, the Organization's investments as of December 31, 2016 and 2015:

	<u>Investments at Fair Values as of December 31, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Mutual Funds	\$ 249,687	\$ -	\$ -	\$ 249,687
Exchange Traded & Closed-End Funds	60,964	-	-	60,964
Equities	<u>1,003</u>	<u>-</u>	<u>-</u>	<u>1,003</u>
Total assets at fair value	<u>\$ 311,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,654</u>

	<u>Investments at Fair Values as of December 31, 2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Mutual Funds	\$ 245,693	\$ -	\$ -	\$ 245,693
Exchange Traded & Closed-End Funds	<u>43,825</u>	<u>-</u>	<u>-</u>	<u>43,825</u>
Total assets at fair value	<u>\$ 289,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 289,518</u>

Investment income (loss) consists of the following:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 26,676	\$ 20,507
Unrealized income (loss) on investments	4,519	(23,855)
Realized (loss) on investments	<u>(4,048)</u>	<u>(3,364)</u>
	<u>\$ 27,147</u>	<u>\$ (6,712)</u>

Investment fees were included separately on the Statement of Activities and totaled \$414 and \$350 for the years ended December 31, 2016 and 2015, respectively.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

5 Fixed Assets

Below is a summary of fixed assets as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Computer equipment	\$ 37,834	\$ 37,834
Office equipment	18,109	18,109
Furniture and fixtures	<u>45,185</u>	<u>45,185</u>
	101,128	101,128
Less accumulated depreciation	<u>(99,568)</u>	<u>(98,010)</u>
	<u>\$ 1,560</u>	<u>\$ 3,118</u>

Depreciation expense was \$1,558 and \$1,669 and for the years ended December 31, 2016 and 2015, respectively.

6 Temporarily Restricted

Temporarily restricted net assets are available for the following purpose as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Annual Conference	\$ 347,727	\$ 161,500
Working Capital Funds	101,296	101,034
Fund for Environmental Journalism	360,216	57,047
General Operations	<u>83,500</u>	<u>37,500</u>
	<u>\$ 892,739</u>	<u>\$ 357,081</u>

7 Satisfaction of Program Restriction

Temporarily restricted net assets were reduced by incurring expenses satisfying the restricted purpose or by occurrences of other events specified by donors.

	<u>2016</u>	<u>2015</u>
Program Restriction Accomplished		
Annual Conference	\$ 88,773	\$ 81,428
Fund for Environmental Journalism	363,321	464,999
Climate and Energy Issues	<u>-</u>	<u>25,000</u>
	<u>\$ 452,094</u>	<u>\$ 571,427</u>
Time Restriction Accomplished		
General operations	<u>\$ 54,000</u>	<u>\$ 51,444</u>

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

8 Endowment and Board Designated Funds

The Organization's endowment fund consists of a single donor-restricted endowment funds 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.

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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Endowment net assets, beginning of year	\$ 252,769	\$ 269,152
Investment income	16,083	(5,192)
Contributions to endowment fund	2,747	1,850
Spending allowance	<u>(13,194)</u>	<u>(13,041)</u>
Changes in net assets	<u>5,636</u>	<u>(16,383)</u>
Endowment net assets, end of year	<u>\$ 258,405</u>	<u>\$ 252,769</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.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

8 Endowment and Board Designated Funds (Continued)

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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year a percentage of its endowment fund's fair value based upon the prior three fiscal years market values of the permanently restricted net assets.

Expenditures from the board designated net assets are released as approved by the Organization's Board of Directors. The earnings on the permanently restricted net assets are released from restricted funds and are used in accordance with donor stipulations as per donor agreements.

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 \$2,605 and \$2,841 for the years ended December 31, 2016 and 2015, respectively.

10 Operating Leases

The Organization entered into a various non-cancellable leases for office and storage space and office equipment. The leases qualify as operating leases and payments are charged to expense as they are incurred. Lease expense was \$31,400 and \$30,695 for the years ended December 31, 2016 and 2015, respectively. The office space lease is set to expire on July 31, 2017.

Future minimum lease payments under existing leases are as follows:

	Office Space
2017	<u>\$ 18,038</u>

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

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 and to minimum banquet food and beverage revenues at their 2017 annual conference. Rooms and banquet food and beverages are paid for by conference attendees, and the Organization is only committed to pay for rooms not filled and minimum banquet food and beverage revenue not met. Management anticipates all rooms will be filled and banquet food and beverage minimums will be met by conference attendees.

13 Reclassification

Certain prior year amounts have been reclassified to conform with the current year's presentation.

14 Subsequent Event

The Organization has evaluated all subsequent events through July 10, 2017, the date the financial statements were available to be issued.