

SOCIETY OF ENVIRONMENTAL
JOURNALISTS, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENDITURES - 2013	4
STATEMENT OF FUNCTIONAL EXPENDITURES - 2012	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 15

INDEPENDENT AUDITOR'S REPORT

July 26, 2014

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, 2013 and 2012, 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

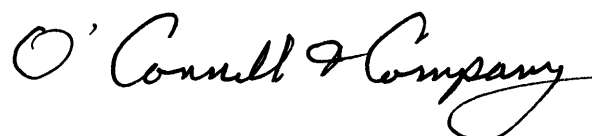
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, 2013 and 2012, 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, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 516,197	\$ 386,756
Investments	64,693	85,958
Grants receivable	125,000	150,000
Other receivable	-	15,590
Investment income receivable	-	220
Prepaid expenses	5,475	475
Website - net	5,000	20,000
Security deposits	<u>10,005</u>	<u>10,005</u>
	726,370	669,004
Assets Whose Use is Limited		
Certificates of deposit	20,136	29,600
Investments	<u>291,106</u>	<u>255,442</u>
Total Assets Whose Use is Limited	311,242	285,042
Fixed Assets, net	<u>2,705</u>	<u>2,848</u>
TOTAL ASSETS	<u>\$1,040,317</u>	<u>\$ 956,894</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 26,873	\$ 45,223
Prepaid dues	<u>7,384</u>	<u>7,109</u>
Total Liabilities	<u>34,257</u>	<u>52,332</u>
Net Assets		
Unrestricted	251,291	351,142
Temporarily restricted	485,027	309,878
Permanently restricted	<u>269,742</u>	<u>243,542</u>
Total Net Assets	<u>1,006,060</u>	<u>904,562</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,040,317</u>	<u>\$ 956,894</u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Grants and contributions	\$ 146,353	\$ 357,900	\$ 2,255	\$ 506,508	\$ 214,733	\$ 367,000	\$ 3,626	\$ 585,359
Conference support and revenues	310,594	-	-	310,594	329,550	-	-	329,550
Membership fees	47,550	-	-	47,550	43,001	-	-	43,001
Mailing list rentals	15,900	-	-	15,900	25,416	-	-	25,416
Subscription sales	5,096	-	-	5,096	21,831	-	-	21,831
Investment income	17,400	527	36,026	53,953	12,625	-	21,745	34,370
Miscellaneous income	4,028	-	-	4,028	14,910	-	-	14,910
Endowment transfer	12,081	-	(12,081)	-	11,681	-	(11,681)	-
Assets released from restrictions	-	-	-	-	12,500	-	(12,500)	-
Satisfaction of program restrictions	154,778	(154,778)	-	-	163,122	(163,122)	-	-
Satisfaction of time restrictions	28,500	(28,500)	-	-	63,666	(63,666)	-	-
TOTAL SUPPORT AND REVENUE	<u>742,280</u>	<u>175,149</u>	<u>26,200</u>	<u>943,629</u>	<u>913,035</u>	<u>140,212</u>	<u>1,190</u>	<u>1,054,437</u>
EXPENSES								
Program services	691,356	-	-	691,356	727,574	-	-	727,574
Supporting services								
General and administrative	87,399	-	-	87,399	96,515	-	-	96,515
Fundraising	63,376	-	-	63,376	60,216	-	-	60,216
TOTAL EXPENSES	<u>842,131</u>	<u>-</u>	<u>-</u>	<u>842,131</u>	<u>884,305</u>	<u>-</u>	<u>-</u>	<u>884,305</u>
CHANGE IN NET ASSETS	(99,851)	175,149	26,200	101,498	28,730	140,212	1,190	170,132
NET ASSETS - Beginning of Year	<u>351,142</u>	<u>309,878</u>	<u>243,542</u>	<u>904,562</u>	<u>322,412</u>	<u>169,666</u>	<u>242,352</u>	<u>734,430</u>
NET ASSETS - End of Year	<u>\$ 251,291</u>	<u>\$ 485,027</u>	<u>\$ 269,742</u>	<u>\$1,006,060</u>	<u>\$ 351,142</u>	<u>\$ 309,878</u>	<u>\$ 243,542</u>	<u>\$ 904,562</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, 2013

	Program Services				Supporting Services			Total
	Conference	Regional/ Fellowship/ Diversity/ and Awards	Membership and Database	Publications	Total Program Services	General and Administrative	Fundraising	
Personnel Expenses								
Payroll	\$ 33,681	\$ 22,279	\$ 19,685	\$ 13,927	\$ 89,572	\$ 28,330	\$ 42,306	\$ 160,208
Payroll taxes	2,806	1,856	1,640	1,160	7,462	2,360	3,525	13,347
Employee benefits	9,225	5,615	5,872	3,690	24,402	3,609	11,236	39,247
Pension	874	532	556	350	2,312	342	1,065	3,719
Total Personnel Expenses	46,586	30,282	27,753	19,127	123,748	34,641	58,132	216,521
Amortization Expense	-	-	-	-	-	15,000	-	15,000
Awards	-	35,732	-	-	35,732	-	-	35,732
Bank and credit card fees	-	-	-	-	-	10,972	-	10,972
Consultants	104,582	8,511	9,125	58,690	180,908	-	-	180,908
Depreciation	-	-	-	-	-	1,813	-	1,813
Facilities, catering, and audio visual services	76,540	-	-	-	76,540	-	-	76,540
Freedom of information initiatives	-	-	-	28,755	28,755	-	-	28,755
Insurance	1,384	916	809	572	3,681	261	389	4,331
Marketing and advertising	8,694	-	-	-	8,694	6,727	-	15,421
Membership mailing list	-	-	750	-	750	-	-	750
Office supplies	2,838	1,487	1,313	929	6,567	1,125	631	8,323
Postage, shipping and copying	907	692	531	1,613	3,743	171	-	3,914
Printing and other expenses	2,799	-	-	18,906	21,705	-	-	21,705
Regional conference	-	47,326	-	-	47,326	-	-	47,326
Registration services	18,624	-	-	-	18,624	-	-	18,624
Rent and utilities	10,295	6,813	6,019	4,256	27,383	1,938	2,895	32,216
Telephone and online fees	7,593	923	488	345	9,349	157	235	9,741
Transportation and tour fees	13,452	-	-	-	13,452	-	-	13,452
Travel - Board meetings	3,891	2,941	2,275	1,609	10,716	732	1,094	12,542
Travel - Conferences	21,335	-	-	-	21,335	-	-	21,335
Website maintenance	13,500	2,700	-	36,148	52,348	13,862	-	66,210
	<u>\$ 333,020</u>	<u>\$ 138,323</u>	<u>\$ 49,063</u>	<u>\$ 170,950</u>	<u>\$ 691,356</u>	<u>\$ 87,399</u>	<u>\$ 63,376</u>	<u>\$ 842,131</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, 2012

	<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>	
Personnel Expenses								
Payroll	\$ 32,900	\$ 21,157	\$ 20,768	\$ 13,479	\$ 88,304	\$ 35,353	\$ 40,338	\$ 163,995
Payroll taxes	2,040	1,312	1,288	836	5,476	5,399	2,501	13,376
Employee benefits	9,119	5,864	5,756	3,736	24,475	10,807	11,181	46,463
Pension	763	491	482	313	2,049	820	936	3,805
Total Personnel Expenses	44,822	28,824	28,294	18,364	120,304	52,379	54,956	227,639
Amortization Expense	-	-	-	-	-	15,000	-	15,000
Awards	-	28,546	-	-	28,546	-	-	28,546
Bank and credit card fees	-	-	-	-	-	11,251	-	11,251
Consultants	120,355	13,530	10,173	48,575	192,633	-	-	192,633
Depreciation	-	-	-	-	-	1,303	-	1,303
Facilities, catering, and audio visual services	68,440	-	-	-	68,440	-	-	68,440
Freedom of information initiatives	-	-	-	29,547	29,547	-	-	29,547
Insurance	1,323	851	835	542	3,551	293	334	4,178
Marketing and advertising	1,205	-	-	-	1,205	7,564	-	8,769
Membership mailing list	-	-	3,624	-	3,624	-	-	3,624
Office supplies	2,404	1,546	1,517	985	6,452	1,397	607	8,456
Postage, shipping and copying	1,328	1,011	838	1,479	4,656	294	-	4,950
Printing and other expenses	15,097	73	-	16,024	31,194	-	-	31,194
Regional Conference	-	75,791	-	-	75,791	-	-	75,791
Registration services	17,572	-	-	-	17,572	-	-	17,572
Rent and utilities	10,028	6,449	6,330	4,109	26,916	2,219	2,531	31,666
Telephone and online fees	5,236	954	842	547	7,579	295	337	8,211
Transportation and tour fees	22,597	-	-	-	22,597	-	-	22,597
Travel - Board meetings	5,750	3,698	3,630	2,356	15,434	1,273	1,451	18,158
Travel - Conferences	20,166	-	-	-	20,166	-	-	20,166
Website maintenance	13,500	2,700	-	35,167	51,367	3,247	-	54,614
	<u>\$ 349,823</u>	<u>\$ 163,973</u>	<u>\$ 56,083</u>	<u>\$ 157,695</u>	<u>\$ 727,574</u>	<u>\$ 96,515</u>	<u>\$ 60,216</u>	<u>\$ 884,305</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, 2013 AND 2012

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2013</u>	<u>2012</u>
Change in net assets	\$ 101,498	\$ 170,132
Adjustment to reconcile change in net assets to net cash provided by operations		
Depreciation and amortization	16,813	16,303
Unrealized gain on investments	(46,892)	(26,046)
Realized loss (gain) from sale of investments	932	(63)
Permanently restricted contributions	(2,255)	(3,626)
Changes in operating assets and liabilities		
Decrease (Increase)		
Grants receivable	25,000	(135,000)
Other receivables	15,590	(11,595)
Investment income receivable	220	542
Prepaid expenses	(5,000)	-
Increase (Decrease)		
Accounts payable and accrued expenses	(18,350)	27,034
Deferred revenue	275	(1,576)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>87,831</u>	<u>36,105</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in certificates of deposits	9,464	30,905
Purchase of fixed assets	(1,670)	(1,748)
Purchase of investments	(701,215)	(216,413)
Proceeds from sale of investments	<u>732,776</u>	<u>169,477</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>39,355</u>	<u>(17,779)</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES		
Permanently restricted contributions	<u>2,255</u>	<u>3,626</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	129,441	21,952
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>386,756</u>	<u>364,804</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 516,197</u>	<u>\$ 386,756</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, 2013 AND 2012

Organization and Nature of Activities

The Society of Environmental Journalists, Inc.'s (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 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, 2013 AND 2012

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 on 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 the Directors of the Organization have elected to make 5% distributions from the permanently restricted fund for the years ended December 31, 2013 and 2012, 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.

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 of 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.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

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).

Use of Estimates -- The preparation of financial statements in conformity with general 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.

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 2010.

2 Prior Period Adjustment

During the year ended December 31, 2013, the Organization determined that \$19,936 of unpaid 2012 Annual Conference expenses were not recorded during the year ended December 31, 2012. Annual Conference expense and accounts payable has been restated on the financial statements for the year ended December 31, 2012.

During the year ended December 31, 2013, the Organization determined that restricted contributions of \$25,000 were recognized as unrestricted contributions in fiscal year ending December 31, 2012. The financial statements for the year ended December 31, 2012 have been restated.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

2 Prior Period Adjustment (Continued)

The financial statements for the year ended December 31, 2012 have been restated as set forth below:

	As Previously Reported	As Restated	Increase (Decrease)
Accounts payable	\$ 25,287	\$ 45,223	\$ 19,936
Annual conference expense	329,887	349,823	19,936
Grants and contributions - unrestricted	239,733	214,733	(25,000)
Grants and contributions - temporarily restricted	342,000	367,000	25,000
Net Assets - unrestricted	396,078	351,142	(44,936)
Net Assets - temporarily restricted	284,878	309,878	25,000

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 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, 2013 and 2012:

	<u>Assets at Fair Values as of December 31, 2013</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bond Mutual Funds	\$ 92,266	\$ -	\$ -	\$ 92,266
Equity Mutual Funds	262,913	-	-	262,913
Equities	620	-	-	620
Total assets at fair value	<u>\$ 355,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 355,799</u>

	<u>Assets at Fair Values as of December 31, 2012</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Bond Mutual Funds	\$ 112,219	\$ -	\$ -	\$ 112,219
Equity Mutual Funds	228,456	-	-	228,456
Equities	725	-	-	725
Total assets at fair value	<u>\$ 341,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,400</u>

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

4 Investments (Continued)

Investment income consists of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 7,993	\$ 8,261
Unrealized gain on investments	46,892	26,046
Realized (loss) gain on investments	<u>(932)</u>	<u>63</u>
	<u>\$ 53,953</u>	<u>\$ 34,370</u>

Investments fees were \$790 and \$300 for the years ended December 31, 2013 and 2012, respectively.

5 Grants Receivable

The Organization has grants receivable of \$125,000 as of December 31, 2013. Grants are expected to be collected during fiscal year 2014.

6 Fixed Assets

Below is a summary of fixed assets as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 34,847	\$ 34,847
Office equipment	17,256	15,586
Furniture and fixtures	<u>45,185</u>	<u>45,185</u>
	97,288	95,618
Less accumulated depreciation	<u>(94,583)</u>	<u>(92,770)</u>
	<u>\$ 2,705</u>	<u>\$ 2,848</u>

Depreciation expense was \$1,813 and \$1,303 and for the years ended December 31, 2013 and 2012, respectively.

7 Endowment and Board Designated Funds

The Organization's endowment funds include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (board designated funds). As required by accounting standards generally accepted in the United States of America, net assets associated with endowments funds, including board designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

7 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, 2013 and 2012:

	2013		
	Board Designated	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 41,500	\$ 243,542	\$ 285,042
Investment income	1,685	36,026	37,711
Contributions to endowment fund	-	2,255	2,255
Spending allowance	(1,685)	(12,081)	(13,766)
Changes in net assets	-	26,200	26,200
Endowment net assets, end of year	<u>\$ 41,500</u>	<u>\$ 269,742</u>	<u>\$ 311,242</u>
	2012		
	Board Designated	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 41,500	\$ 242,352	\$ 283,852
Investment income	1,306	21,745	23,051
Contributions to endowment fund	-	3,626	3,626
Spending allowance	-	(12,500)	(12,500)
Changes in net assets	(1,306)	(11,681)	(12,987)
Endowment net assets, end of year	<u>-</u>	<u>1,190</u>	<u>1,190</u>
	<u>\$ 41,500</u>	<u>\$ 243,542</u>	<u>\$ 285,042</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.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

7 Endowment and Board Designated Funds (Continued)

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 grow at an average of 4% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held 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.

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.

8 Operating Leases

The Organization entered into various non-cancelable 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 \$32,269 and \$31,182 for the years ended December 31, 2013 and 2012, respectively.

Future minimum lease payments under existing leases are as follows:

	<u>Equipment</u>	<u>Office Space</u>
2014	\$ 1,212	\$ 17,508
2015	1,212	-
2016	808	-
	<u>\$ 3,232</u>	<u>\$ 17,508</u>

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

9 Temporarily Restricted

Temporarily restricted net assets are available for the following purpose as of December 31, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Annual Conference	\$ 135,000	\$ -
Working Capital Funds	100,527	100,000
Gulf Coast	75,000	-
Freedom of Information WatchDog	50,000	100,000
Fund for Environmental Journalism	37,500	25,000
General Operations	37,000	10,500
Marine Issues	25,000	-
Feasibility Study	25,000	-
IJNR Collaboration	-	50,000
Diversity program	-	14,378
Health Issues	-	10,000
	<u>\$ 485,027</u>	<u>\$ 309,878</u>

10 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>2013</u>	<u>2012</u>
Program Restriction Accomplished		
Freedom of Information WatchDog	\$ 50,000	\$ 25,000
IJNR Collaboration	50,000	-
Annual Conference	17,900	50,000
Diversity program	14,378	622
Fund for Environmental Journalism	12,500	15,000
Health Issues	10,000	15,000
Marine Issues	-	10,000
Organization Effectiveness	-	45,000
Feasibility Study	-	2,500
	<u>\$ 154,778</u>	<u>\$ 163,122</u>
Time Restriction Accomplished		
General operations	<u>\$ 28,500</u>	<u>\$ 63,666</u>

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012

11 Pension Plan

The Organization implemented a Simple IRA plan during the year ended December 31, 2010. 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 \$3,719 and \$3,805 for the years ended December 31, 2013 and 2012, respectively.

12 Compensated Absences

Employees of the Organization are entitled to paid vacations, sick days and other 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.

13 Reclassification

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

14 Commitment

The Organization has committed to filling a number of rooms and to minimum banquet food and beverage revenues at future annual conferences in 2014 and 2015. 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.

15 Subsequent Event

The Organization has evaluated all subsequent events through July 26, 2014, the date the financial statements were available to be issued.