

SOCIETY OF ENVIRONMENTAL
JOURNALISTS, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

C O N T E N T S

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	2
STATEMENTS OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES - 2019	4
STATEMENT OF FUNCTIONAL EXPENSES - 2018	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7 - 17

INDEPENDENT AUDITOR'S REPORT

September 25, 2020

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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$1,540,016	\$ 720,240
Certificates of deposit	-	45,740
Investments	537,340	286,159
Accounts receivable	73,706	-
Grants receivable	318,600	368,200
Prepaid expenses	8,262	8,262
Fixed assets, net	<u>46</u>	<u>596</u>
TOTAL ASSETS	<u><u>\$2,477,970</u></u>	<u><u>\$1,429,197</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 8,841	\$ 12,978
Prepaid dues	<u>7,099</u>	<u>7,974</u>
Total Liabilities	<u><u>15,940</u></u>	<u><u>20,952</u></u>
Net Assets		
Without Donor Restrictions	765,521	397,749
With Donor Restrictions		
Purpose restrictions	950,479	757,625
Time restrictions	469,333	-
Perpetual in nature	<u>276,697</u>	<u>252,871</u>
Total With Donor Restrictions	<u><u>1,696,509</u></u>	<u><u>1,010,496</u></u>
Total Net Assets	<u><u>2,462,030</u></u>	<u><u>1,408,245</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$2,477,970</u></u>	<u><u>\$1,429,197</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, 2019 AND 2018

	2019			2018		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE						
Grants and contributions	\$ 508,861	\$ 1,444,919	\$ 1,953,780	\$ 238,060	\$ 503,140	\$ 741,200
Conference support and revenues	337,290	100,000	437,290	367,494	195,000	562,494
Membership fees	61,310	-	61,310	47,788	-	47,788
Mailing list rentals	22,370	-	22,370	13,411	-	13,411
Investment income (loss)	25,922	37,855	63,777	(6,184)	(16,009)	(22,193)
Awards revenue	27,552	-	27,552	26,150	-	26,150
Miscellaneous income	3,345	-	3,345	4,571	-	4,571
In-kind donations	80,000	-	80,000	80,000	-	80,000
Endowment transfer	13,207	(13,207)	-	13,205	(13,205)	-
Satisfaction of program restrictions	830,887	(830,887)	-	621,448	(621,448)	-
Satisfaction of time restrictions	52,667	(52,667)	-	-	-	-
TOTAL SUPPORT AND REVENUE	<u>1,963,411</u>	<u>686,013</u>	<u>2,649,424</u>	<u>1,405,943</u>	<u>47,478</u>	<u>1,453,421</u>
EXPENSES						
Program services	1,391,164	-	1,391,164	1,230,113	-	1,230,113
Supporting services						
General and administrative	126,037	-	126,037	129,671	-	129,671
Development	78,438	-	78,438	61,487	-	61,487
TOTAL EXPENSES	<u>1,595,639</u>	<u>-</u>	<u>1,595,639</u>	<u>1,421,271</u>	<u>-</u>	<u>1,421,271</u>
INCREASE (DECREASE) IN NET ASSETS	367,772	686,013	1,053,785	(15,328)	47,478	32,150
NET ASSETS - Beginning of Year	<u>397,749</u>	<u>1,010,496</u>	<u>1,408,245</u>	<u>413,077</u>	<u>963,018</u>	<u>1,376,095</u>
NET ASSETS - End of Year	<u>\$ 765,521</u>	<u>\$ 1,696,509</u>	<u>\$ 2,462,030</u>	<u>\$ 397,749</u>	<u>\$ 1,010,496</u>	<u>\$ 1,408,245</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, 2019

	Program Services					Supporting Services			Total	2018 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	\$ 98,543	\$ 21,172	\$ 39,968	\$ 37,731	\$ 11,000	\$ 208,414	\$ 45,464	\$ 59,465	\$ 313,343	\$ 275,852
Payroll taxes	8,220	1,766	3,334	3,147	917	17,384	3,792	4,960	26,136	23,225
Employee benefits	14,001	3,008	5,679	5,361	1,563	29,612	10,428	8,449	48,489	71,348
Pension	2,508	539	1,017	960	280	5,304	1,157	1,514	7,975	5,003
Total Personnel Expenses	123,272	26,485	49,998	47,199	13,760	260,714	60,841	74,388	395,943	375,428
Awards	-	712,195	16,476	-	-	728,671	-	-	728,671	573,640
Bank and credit card fees	-	-	-	-	-	-	6,685	-	6,685	7,890
Consultants	12,512	-	-	-	147,900	160,412	33,781	-	194,193	191,183
Depreciation	-	-	-	-	-	-	550	-	550	1,009
Facilities, catering, and audio visual services	96,474	-	-	-	-	96,474	-	-	96,474	122,136
Insurance	2,749	591	1,115	1,052	307	5,814	444	581	6,839	5,589
Marketing and advertising	9,561	-	1,145	-	-	10,706	-	-	10,706	358
Membership mailing list	-	-	-	-	-	-	-	-	-	4,670
Office supplies	6,637	1,353	2,556	2,413	704	13,663	1,386	1,333	16,382	4,921
Payroll fees	-	-	-	-	-	-	2,460	-	2,460	1,523
Postage, shipping and copying	1,598	45	254	80	23	2,000	34	44	2,078	1,291
Printing	7,558	-	-	-	-	7,558	-	-	7,558	15,537
Professional fees	-	-	-	-	-	-	14,858	-	14,858	7,871
Registration services	11,818	-	-	-	-	11,818	-	-	11,818	8,630
Rent and utilities	1,304	280	529	499	146	2,758	211	276	3,245	4,083
Repairs and maintenance	-	-	-	-	-	-	1,368	-	1,368	5,558
Telephone and online fees	2,275	489	923	871	254	4,812	368	481	5,661	7,155
Transportation and tour fees	18,879	-	-	-	-	18,879	-	-	18,879	31,781
Travel - Board meetings	6,311	1,356	10,935	2,416	704	21,722	1,021	1,335	24,078	16,931
Travel - Conferences	26,274	-	-	-	-	26,274	-	-	26,274	30,364
Travel - Fellowships	18,889	-	-	-	-	18,889	-	-	18,889	316
Website maintenance	-	-	-	-	-	-	2,030	-	2,030	3,407
	<u>\$ 346,111</u>	<u>\$ 742,794</u>	<u>\$ 83,931</u>	<u>\$ 54,530</u>	<u>\$ 163,798</u>	<u>\$ 1,391,164</u>	<u>\$ 126,037</u>	<u>\$ 78,438</u>	<u>\$ 1,595,639</u>	<u>\$ 1,421,271</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	-	-	-	-	-	-	7,890	-	7,890
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	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>\$ 129,671</u>	<u>\$ 61,487</u>	<u>\$ 1,421,271</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$1,053,785	\$ 32,150
Adjustment to reconcile change in net assets to net cash provided (used) by operations:		
Depreciation and amortization	550	1,009
Unrealized (loss) gain on investments	(45,240)	51,004
Realized loss from sale of investments	-	3,231
Permanently restricted contributions	(1,025)	(2,415)
Changes in operating assets and liabilities		
(Increase) Decrease		
Accounts receivable	(73,706)	-
Grant receivable	49,600	37,804
Prepaid expenses	-	10,754
Security deposits	-	10,005
(Decrease) Increase		
Accounts payable and accrued expenses	(4,137)	5,206
Prepaid dues	(875)	3,129
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>978,952</u>	<u>151,877</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in certificates of deposits	45,740	4,242
Purchase of investments	(515,790)	(30,112)
Proceeds from sale of investments	309,849	48,118
NET CASH (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(160,201)</u>	<u>22,248</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
Permanently restricted contributions	<u>1,025</u>	<u>2,415</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	819,776	176,540
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>720,240</u>	<u>543,700</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$1,540,016</u>	<u>\$ 720,240</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, 2019 AND 2018

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.

Certificates of Deposit -- Certificates of deposit include certificates of deposits with original maturities greater than three months.

Accounts Receivable -- Accounts receivable is stated at the amount the Organization expects to collect from outstanding balances. The Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Management considers all accounts receivable to be collectible and, therefore, has not established a provision for uncollectible accounts for the year ended December 31, 2019.

Grants Receivable -- Grants receivable, less an appropriate allowance, are reported at their net present value. 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.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1 Summary of Significant Accounting Policies (Continued)

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

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 by the straight line method over the estimated useful lives of 5-10 years.

Deferred Revenue -- Deferred revenue represents membership fee payments received prior to the start of the membership term to which they apply and is reported on the statement of financial position as "Prepaid dues". The following table depicts activities for deferred revenue related to membership fee revenues.

	Balance at December 31, 2018	Cash received in advance of performance	Deferred revenue recognized during the year ended December 31, 2019	Balance at December 31, 2019
Prepaid dues	\$ 7,974	\$ 9,990	\$ (10,865)	\$ 7,099

The balance of deferred revenue at December 31, 2019, less any refunds issued, will be recognized as revenue over the membership terms beginning on or after January 1, 2020.

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

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 present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

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.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1 Summary of Significant Accounting Policies (Continued)

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.

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.

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

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1 Summary of Significant Accounting Policies (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).

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 Prior Period Adjustments

During the year ended December 31, 2019, management determined that it had not recognized grants promised in a prior period and collected during the year ended December 31, 2019. During the year ended December 31, 2018, the Organization received promises to give totaling \$91,600, which were collected during the year ended December 31, 2019. These gifts should have been reported as grants receivable on the statement of financial position and as grants and contributions from foundations in the statement of activities as of and for the year ended December 31, 2018. The statement of financial position and the statement of activities as of and for the year ended December 31, 2018 have been restated as set forth in the table below.

During the year ended December 31, 2019, management determined it had made an error in a prior year when reporting donations with donor restrictions. The Organization received donations with donor restrictions totaling \$25,000 during the year ending December 31, 2018 that were reported as donations without donor restrictions. The statement of financial position and the statement of activities as of and for the year ended December 31, 2018 have been restated as set forth below.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

2 Prior Period Adjustments (Continued)

	As Corrected	As Previously Stated	Prior Period Adjustment
<i>Statement of Financial Position</i>			
As of December 31, 2018			
Grants receivable	\$ 368,200	\$ 276,600	\$ 91,600
Net Assets - Without Donor Restrictions	397,749	422,749	(25,000)
Net Assets - With Donor Restrictions			
Purpose restrictions	757,625	641,025	116,600
 <i>Statement of Activities</i>			
Year Ended December 31, 2018			
<i>Without Donor Restrictions</i>			
Grants and contributions	238,060	263,060	(25,000)
<i>With Donor Restrictions</i>			
Grants and contributions	503,140	386,540	116,600

3 Liquidity

The table below represents financial assets available for general expenditures within one year at December 31, 2019 and 2018:

Financial assets at year end:	2019	2018
Cash and cash equivalents	\$ 1,540,016	\$ 720,240
Certificates of deposit	-	45,740
Investments	537,340	286,159
Accounts receivable	73,706	-
Grants receivable	318,600	368,200
Total financial assets	\$ 2,469,662	\$1,420,339
 Less amounts not available to be used within one year:		
Endowment funds with liquidity horizons greater than one year	276,697	252,871
 Financial assets available to meet general expenditures within one year	 \$ 2,192,965	 \$1,167,468

The Organization has donor-restricted assets that are not available for general expenditure within one year in the normal course of operations. These assets limited to use, which are more fully described in Note 10, are not available for general expenditure within the next year.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

3 Liquidity (Continued)

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.

4 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.

5 Certificates of Deposit

The Organization had certificates of deposit valued at \$-0- and \$45,740 as of December 31, 2019 and 2018, respectively. The certificates earned interest at rates between 1.80% and 2.29%. The certificates of deposit held at December 31, 2018 matured during the year ended December 31, 2019.

6 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, 2019 and 2018:

	Investments at Fair Values as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 155,528	\$ -	\$ -	\$ 155,528
EFT's and CEF's	381,812	-	-	381,812
Total assets at fair value	<u>\$ 537,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 537,340</u>

	Investments at Fair Values as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equity mutual funds	\$ 226,382	\$ -	\$ -	\$ 226,382
EFT's and CEF's	59,777	-	-	59,777
Total assets at fair value	<u>\$ 286,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 286,159</u>

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

6 Investments (Continued)

Investment income consists of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 22,188	\$ 32,181
Unrealized income on investments	45,240	(51,004)
Realized gain (loss) on investments	-	(3,231)
Investment fees	<u>(3,651)</u>	<u>(139)</u>
	<u>\$ 63,777</u>	<u>\$ (22,193)</u>

7 Grants Receivable

The Organization has grants receivable of \$318,600 and \$368,200 as of December 31, 2019 and 2018. Management expects to collect all outstanding grants receivable during the year ending December 31, 2020.

8 Fixed Assets

Below is a summary of fixed assets as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Computer equipment	\$ 7,977	\$ 7,977
Office equipment	<u>3,771</u>	<u>3,771</u>
	11,748	11,748
Less accumulated depreciation	<u>(11,702)</u>	<u>(11,152)</u>
	<u>\$ 46</u>	<u>\$ 596</u>

9 Net Assets with Donor Restrictions

Net assets with donor restriction are available for the following purposes as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Fund for environmental journalism	\$ 711,388	\$ 416,281
Annual conference	100,000	195,000
Working capital funds	104,991	103,144
Awards	21,600	43,200
Strategic planning	<u>12,500</u>	<u>-</u>
	950,479	757,625

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

9 Net Assets with Donor Restrictions (Continued)

Total subject to expenditure for specified purpose (Carried forward)	950,479	757,625
Subject to expenditure for specified time:		
Operations	469,333	-
Endowments		
Subject to endowment spending policy	<u>276,697</u>	<u>252,871</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,696,509</u>	<u>\$ 1,010,496</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>2019</u>	<u>2018</u>
Purpose Restriction Accomplished		
Fund for environmental journalism	\$ 596,787	\$ 547,598
Annual conference	195,000	32,477
Awards	21,600	21,600
Strategic planning	17,500	-
Fellowships	-	19,773
	<u>\$ 830,887</u>	<u>\$ 621,448</u>
Time Restriction Elapsed	<u>\$ 52,667</u>	<u>\$ -</u>

10 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, 2019 AND 2018

10 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 assets had the following activity for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Endowment net assets, beginning of year	\$ 252,871	\$ 281,114
Investment income (loss)	36,008	(17,453)
Contributions	1,025	2,415
Spending allowance	<u>(13,207)</u>	<u>(13,205)</u>
Changes in net assets	<u>23,826</u>	<u>(28,243)</u>
Endowment net assets, end of year	<u>\$ 276,697</u>	<u>\$ 252,871</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.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

11 In-Kind Donations

During the years ended December 31, 2019 and 2018, the Organization received in-kind donations for the annual conference. The in-kind donations have been valued at their fair market value.

	<u>2019</u>	<u>2018</u>
In-Kind Donations		
Conference		
Facilities, catering, and audio visual services	\$ 64,482	\$ 80,000
Transportation and tour fees	11,712	-
Registration services	<u>3,806</u>	<u>-</u>
Total In-Kind Donations	<u>\$ 80,000</u>	<u>\$ 80,000</u>

12 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 \$7,975 and \$5,003 for the years ended December 31, 2019 and 2018, respectively.

13 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.

14 Reclassification

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

15 Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact the change in net assets. Other financial impact could occur though such potential impact is unknown at this time.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

16 Subsequent Event

The Organization has evaluated all subsequent events through September 25, 2020, the date the financial statements were available to be issued.