
SOCIETY OF PROFESSIONAL JOURNALISTS

FINANCIAL STATEMENTS

Together with Independent Auditors' Report

JULY 31, 2017 AND 2016

GR  NWALT ^{CPAs}

We Deliver Peace of Mind



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Society of Professional Journalists:

We have audited the accompanying financial statements of Society of Professional Journalists (the Society), which comprise the statement of financial position as of July 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditors' 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 position of the Society as of July 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Society's fiscal year 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Greenwald CPAs, Inc.

January 29, 2018

SOCIETY OF PROFESSIONAL JOURNALISTS
STATEMENTS OF FINANCIAL POSITION
JULY 31, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 662,932	\$ 781,377
Due from Sigma Delta Chi Foundation	35,507	-
Accounts receivable	107,384	108,195
Grants receivable	200,000	100,000
Prepaid expenses	69,046	61,608
Investments	550,597	420,970
Other assets	500	500
Property and equipment, net	<u>360,247</u>	<u>377,909</u>
<i>Total assets</i>	<u>\$ 1,986,213</u>	<u>\$ 1,850,559</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
LIABILITIES		
Due to Sigma Delta Chi Foundation	\$ -	\$ 67,149
Accounts payable	245,576	98,657
Accrued payroll and taxes	50,532	57,625
Due to chapters	16,095	15,679
Deferred revenue	<u>287,315</u>	<u>218,242</u>
<i>Total liabilities</i>	<u>599,518</u>	<u>457,352</u>
 COMMITMENTS (NOTES 7 AND 10) 		
NET ASSETS		
Unrestricted	966,079	1,123,229
Board designated endowment (Note 4)	<u>81,578</u>	<u>30,000</u>
<i>Total unrestricted net assets</i>	1,047,657	1,153,229
Temporarily restricted	321,890	234,598
Permanently restricted	<u>17,148</u>	<u>5,380</u>
<i>Total net assets</i>	<u>1,386,695</u>	<u>1,393,207</u>
<i>Total liabilities and net assets</i>	<u>\$ 1,986,213</u>	<u>\$ 1,850,559</u>

See accompanying notes to financial statements.

SOCIETY OF PROFESSIONAL JOURNALISTS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2017

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JULY 31, 2016

	2017			2016	
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	TOTAL
REVENUE, GAINS, AND OTHER SUPPORT					
Grants and contributions	\$ 115,304	\$ 154,603	\$ 11,768	\$ 281,675	\$ 169,804
Membership dues	400,443	-	-	400,443	386,266
Fees	315,441	-	-	315,441	363,064
Advertising	24,696	-	-	24,696	42,373
In-kind legal and accounting services	13,874	-	-	13,874	18,658
Merchandise sales	2,100	-	-	2,100	2,675
Credit card royalties	21,338	-	-	21,338	20,494
Lease management	-	-	-	-	25,333
Association management	115,653	-	-	115,653	142,205
Interest and dividends	16,302	-	-	16,302	16,632
Realized loss on investments	-	-	-	-	(3,080)
Unrealized gain/(loss) on investments	25,851	-	-	25,851	(2,389)
Other	-	-	-	-	420
Net assets released from restrictions	67,311	(67,311)	-	-	-
<i>Total revenue, gains, and other support</i>	<u>1,118,313</u>	<u>87,292</u>	<u>11,768</u>	<u>1,217,373</u>	<u>1,182,455</u>
EXPENSES					
Program services	1,000,208	-	-	1,000,208	1,010,578
Management and general, excluding in-kind legal and accounting services	209,803	-	-	209,803	162,667
In-kind legal and accounting services	13,874	-	-	13,874	18,658
<i>Total expenses</i>	<u>1,223,885</u>	<u>-</u>	<u>-</u>	<u>1,223,885</u>	<u>1,191,903</u>
CHANGE IN NET ASSETS	(105,572)	87,292	11,768	(6,512)	(9,448)
NET ASSETS, BEGINNING OF YEAR	<u>1,153,229</u>	<u>234,598</u>	<u>5,380</u>	<u>1,393,207</u>	<u>1,402,655</u>
NET ASSETS, END OF YEAR	<u>\$ 1,047,657</u>	<u>\$ 321,890</u>	<u>\$ 17,148</u>	<u>\$ 1,386,695</u>	<u>\$ 1,393,207</u>

SOCIETY OF PROFESSIONAL JOURNALISTS

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JULY 31, 2017

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JULY 31, 2016

	Program Services							First Amendment Fund	Total Program Services	Management and General	2017 Total	2016 Total
	Association Management	Convention	Communication	Awards	Membership	Legal Defense	Leadership Training					
Salaries and wages	\$ 59,830	\$ 61,617	\$ 115,310	\$ 41,178	\$ 121,730	\$ -	\$ 7,777	\$ -	\$ 407,442	\$ 74,369	\$ 481,811	\$ 461,229
Benefits	2,882	2,668	4,614	2,466	4,710	-	311	-	17,651	6,123	23,774	33,328
Payroll taxes	5,397	5,393	9,720	3,576	10,876	-	680	-	35,642	8,653	44,295	43,050
<i>Total payroll costs</i>	68,109	69,678	129,644	47,220	137,316	-	8,768	-	460,735	89,145	549,880	537,607
Advertising and marketing	580	560	654	381	7,604	-	63	-	9,842	1,663	11,505	5,673
Professional services	804	76,982	11,310	6,407	5,536	463	4,016	432	105,950	4,117	110,067	115,598
Bank fees and interest expense	3,304	3,664	3,721	2,169	4,625	-	358	-	17,841	13,920	31,761	30,274
Board related expenditures	5,990	5,774	6,747	3,932	8,458	-	649	-	31,550	25,206	56,756	61,164
Repairs and maintenance	3,195	3,080	3,615	2,098	4,559	-	346	-	16,893	7,060	23,953	21,456
Equipment rental	4,004	3,860	4,510	2,703	5,654	32	434	32	21,229	1,053	22,282	9,598
Facilities rental	127	122	143	2,733	179	-	23,717	-	27,021	151	27,172	23,823
Depreciation	-	-	-	-	-	-	-	-	-	28,388	28,388	29,433
Insurance	5,428	7,850	9,291	7,818	8,243	-	1,224	-	39,854	3,246	43,100	38,549
Office supplies	776	2,419	799	865	1,200	21	77	21	6,178	643	6,821	5,156
Dues and subscriptions	507	489	678	333	716	-	55	-	2,778	606	3,384	4,225
Employee travel	5,406	3,181	1,655	2,733	2,120	-	3,130	-	18,225	830	19,055	35,192
Printing and postage	472	6,586	214	14,430	9,579	538	21	25	31,865	4,404	36,269	39,557
Utilities	2,465	2,377	2,777	1,618	3,481	-	267	-	12,985	4,582	17,567	18,481
Contributions and awards	-	2,875	-	23,112	-	150	-	-	26,137	3,500	29,637	32,448
Legal and accounting	7,601	7,328	8,563	4,990	10,734	18,394	824	-	58,434	15,061	73,495	63,575
In-kind legal and accounting services	-	-	-	-	-	-	-	-	-	13,874	13,874	18,658
Events	2,013	36,524	1,704	34,044	2,238	28	34,729	28	111,308	4,076	115,384	99,595
Lease management	-	-	-	-	-	-	-	-	-	403	403	1,059
Miscellaneous	277	229	268	156	335	92	26	-	1,383	1,749	3,132	782
<i>Total functional expenses</i>	<u>\$ 111,058</u>	<u>\$ 233,578</u>	<u>\$ 186,293</u>	<u>\$ 157,742</u>	<u>\$ 212,577</u>	<u>\$ 19,718</u>	<u>\$ 78,704</u>	<u>\$ 538</u>	<u>\$ 1,000,208</u>	<u>\$ 223,677</u>	<u>\$ 1,223,885</u>	<u>\$ 1,191,903</u>

CHANGE IN CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members and others	\$ 1,109,806	\$ 1,122,418
Cash paid to suppliers and employees	(1,141,819)	(1,141,317)
Investment income	16,302	16,632
	<u>16,302</u>	<u>16,632</u>
<i>Net cash and cash equivalents used in operating activities</i>	<u>(15,711)</u>	<u>(2,267)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(10,726)	(10,506)
Sales and maturities of investments	-	162,082
Purchases of investments	(103,776)	(105,000)
	<u>(103,776)</u>	<u>(105,000)</u>
<i>Net cash and cash equivalents provided by (used in) investing activities</i>	<u>(114,502)</u>	<u>46,576</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received for First Amendment Forever Fund	11,768	5,380
	<u>11,768</u>	<u>5,380</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(118,445)	49,689
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>781,377</u>	<u>731,688</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 662,932</u>	<u>\$ 781,377</u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH AND
 CASH EQUIVALENTS USED IN OPERATING ACTIVITIES**

	<u>2017</u>	<u>2016</u>
CHANGE IN NET ASSETS	<u>\$ (6,512)</u>	<u>\$ (9,448)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Depreciation expense	28,388	29,433
Realized loss on investments	-	3,080
Unrealized (gain) loss on investments	(25,851)	2,389
Cash received for First Amendment Forever Fund	(11,768)	(5,380)
<i>(Increase) decrease in operating assets:</i>		
Due from Sigma Delta Chi Foundation	(35,507)	10,821
Accounts receivable	811	(2,973)
Grants receivable	(100,000)	6,381
Prepaid expenses	(7,438)	12,708
<i>Increase (decrease) in operating liabilities:</i>		
Due to Sigma Delta Chi Foundation	(67,149)	67,149
Accounts payable	146,919	(95,589)
Accrued payroll and taxes	(7,093)	11,515
Due to chapters	416	1,243
Deferred revenue	69,073	(33,596)
<i>Total adjustments</i>	<u>(9,199)</u>	<u>7,181</u>
NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	<u><u>\$ (15,711)</u></u>	<u><u>\$ (2,267)</u></u>

SOCIETY OF PROFESSIONAL JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

The Society of Professional Journalists (the Society) was founded in 1909 and was incorporated in March 1958 under the laws of the State of Illinois. The Society is a national professional organization for journalists, the purpose of which is to aid, encourage, and promote a free press, high professional standards, and ethical behavior in the practice of journalism. The Society's primary services include leadership training, an annual conference and publications to members. Beginning in fiscal year 2012, the Society provided association management services, such as bookkeeping, convention planning, and member services, to fellow journalism associations. The Society's primary sources of support include membership dues and fees, association management, and grants and contributions.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FINANCIAL STATEMENT PRESENTATION AND SUMMARIZED COMPARATIVE INFORMATION

Under Accounting Standards for the Preparation of Financial Statements of Not-For-Profit Organizations, the Society is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Society is required to present a statement of cash flows. The Society has unrestricted, temporarily restricted, and permanently restricted net assets as of July 31, 2017 and 2016.

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the Society's financial statements as of and for the year ended July 31, 2016, from which the summarized information was derived.

CASH AND CASH EQUIVALENTS

The Society considers all liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents for the Society consist primarily of money market accounts. At July 31, 2017 and 2016, the Society had cash equivalents of \$108,176 and \$279,454, respectively. At July 31, 2017, the Society maintained cash balances in excess of federally insured limits of \$250,000.

SOCIETY OF PROFESSIONAL JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Accounting Standards for Fair Value Measurements, which defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. These standards also establish a three-level fair value hierarchy for disclosure that prioritizes valuations based on whether the significant inputs used to estimate fair value are observable, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to valuations primarily based on unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair values measured on a recurring basis at July 31 are as follows:

<u>2017</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Mutual funds – equities	\$ 422,829	\$ 422,829	\$ -	\$ -
Mutual funds – bondspg 9	<u>127,768</u>	<u>127,768</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 550,597</u>	<u>\$ 550,597</u>	<u>\$ -</u>	<u>\$ -</u>

<u>2016</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Mutual funds – bonds	\$ 420,970	\$ 420,970	\$ -	\$ -
Total investments	<u>\$ 420,970</u>	<u>\$ 420,970</u>	<u>\$ -</u>	<u>\$ -</u>

SOCIETY OF PROFESSIONAL JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS AND INVESTMENTS, CONTINUED

The cost basis for these investments was \$537,845 and \$434,069 as of July 31, 2017 and 2016, respectively.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. There have been no changes in the methodologies used to determine fair value since the prior year.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount billed. Accounts receivable are ordinarily due 30 days after the issuance of an invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances. Accounts receivable are considered fully collectible; therefore, no allowance for bad debts has been recorded.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Depreciation is recorded by using the straight-line method over the estimated useful lives of the assets ranging between 3 and 40 years.

NET ASSETS

The Society maintains the following classifications of net assets:

Unrestricted

These include revenue and expenses from the regular operations of the Society, the uses of which are at the discretion of management and the Board of Directors. At July 31, 2017 and 2016, the Board of Directors has set aside \$81,578 and \$30,000, respectively, for the purposes of building an endowment to preserve the capital investment of the Society and continue the mission of advocacy. See Note 4.

Temporarily Restricted

These include grant revenues used to meet expenses in accordance with restrictions specified by the donors or grantors. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. See Note 5.

Permanently Restricted

These consist of contributions held by the Society in which there are donor imposed restrictions limiting the use of the funds or its economic benefit that neither expire with the passage of time nor can be removed by satisfying a specific purpose. See Note 4.

SOCIETY OF PROFESSIONAL JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GRANTS AND CONTRIBUTIONS

In accordance with Not-for-Profit Revenue Recognition Accounting Standards, grants and contributions are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any donor restrictions.

Grants and contributions are recognized when the donor makes an unconditional promise to give to the Society and are recorded at their fair values as revenues and assets in the period promised.

MEMBERSHIP DUES

Membership dues are recognized as income over the applicable membership period, which is on a member anniversary basis. Therefore, membership dues collected in advance have been included in deferred revenue in the accompanying statement of financial position. Such deferred revenue will be substantially recognized during the next fiscal year.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contribution revenue recognized from contributed services consisted of legal and accounting services which have been reflected in the statements of activities as an expense and an offsetting amount of income. For the fiscal years 2017 and 2016, these contributed services amounted to \$13,874 and \$18,658, respectively.

EXPENSE ALLOCATION

Expenses have been classified as program services and management and general based on the actual direct expenditures and cost allocations based upon estimates of time spent by the Society personnel.

ADVERTISING EXPENSE

The Society incurred \$11,505 and \$5,673 in advertising expense for the fiscal years 2017 and 2016, respectively. These costs were expensed as incurred.

TAX STATUS

The Society is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. Contributions to the Society are not tax deductible. However, the Society has advertising income and association management fees that are subject to unrelated business income tax. There was no tax liability at July 31, 2017 and 2016.

SOCIETY OF PROFESSIONAL JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through January 29, 2018, which is the date the financial statements were available to be issued.

2. GRANTS RECEIVABLE

Grants receivable, due within one year at July 31, were unrestricted and temporarily restricted for specific purposes and are as follows:

	<u>2017</u>	<u>2016</u>
Google Training	\$ 200,000	\$ 100,000
SDX Foundation – National Convention	63,000	28,000
	<u>\$ 263,000</u>	<u>\$ 128,000</u>

3. PROPERTY AND EQUIPMENT

The Society's property and equipment as of July 31 are as follows:

	<u>2017</u>	<u>2016</u>
Land	\$ 10,915	\$ 10,915
Building	534,948	534,948
Furnishings and equipment	631,651	620,926
	1,177,514	1,166,789
Accumulated depreciation	(817,267)	(788,880)
	<u>\$ 360,247</u>	<u>\$ 377,909</u>

4. FIRST AMENDMENT FOREVER FUND (FOREVER FUND)

The Forever Fund is a permanent endowment for press advocacy. The principal amount of gifts made to the endowment will remain permanently intact, with any investment income earned on the principal to be used for advocacy and defense of press freedom. The Legal Defense Fund investment is temporarily restricted for the purpose of aiding journalists in defending the freedom of speech and press guaranteed by the First Amendment of the United States Constitution. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

SOCIETY OF PROFESSIONAL JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

4. FIRST AMENDMENT FOREVER FUND (FOREVER FUND), CONTINUED

INTERPRETATION OF RELEVANT LAW

The Board of Directors of the Society has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the historic dollar value of the original gift as of the gift date absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Society classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment. In accordance with SPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate Board designated endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Society and the endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society

Changes in Forever Fund Net Assets for the Years Ended July 31:

<u>2017</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Forever Fund net assets, beginning of year	\$ 30,000	\$ 73,259	\$ 5,380	\$ 108,639
Appreciation	-	19,367	-	19,367
Contributions	51,578	-	11,768	63,346
Appropriations of net assets for expenditures	-	(538)	-	(538)
Forever Fund net assets, end of year	\$ 81,578	\$ 92,088	\$ 17,148	\$ 190,814

SOCIETY OF PROFESSIONAL JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

4. FIRST AMENDMENT FOREVER FUND (FOREVER FUND), CONTINUED

<u>2016</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Forever Fund net assets, beginning of year	\$ 30,000	\$ 75,000	\$ -	\$ 105,000
Appreciation	-	1,541	-	1,541
Contributions	-	-	5,380	5,380
Appropriations of net assets for expenditures	-	(3,282)	-	(3,282)
Forever Fund net assets, end of year	\$ 30,000	\$ 73,259	\$ 5,380	\$ 108,639

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with Board designated endowment funds may fall below the level that the donor or SPMIFA requires the Society to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies would be reported in unrestricted net assets. There were no deficiencies of this nature as of July 31, 2017 or 2016.

RETURN OBJECTIVES AND RISK PARAMETERS

The Society has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its Board designated endowment while seeking to maintain the purchasing power of the endowment assets. Board designated endowment assets include future Board designations and any assets of donor-restricted funds that the Society must hold in perpetuity.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends) and capital appreciation realized and unrealized gain or loss.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Society has adopted a spending policy that allows the spending of earnings only for programs and services as deemed by the Board of Directors or donor restriction.

SOCIETY OF PROFESSIONAL JOURNALISTS
NOTES TO FINANCIAL STATEMENTS
JULY 31, 2017 AND 2016

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of July 31:

	<u>2017</u>	<u>2016</u>
Excellence in Journalism National Convention	\$ 129,750	\$ 74,335
Louisiana Chapter	357	-
Region 7	-	700
Diversity Leadership Program	4,004	4,004
Advocacy:		
Legal Defense Fund	95,691	82,300
Forever Fund	92,088	73,259
	<u>\$ 321,890</u>	<u>\$ 234,598</u>

6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the year ended July 31 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donor.

	<u>2017</u>	<u>2016</u>
Purpose restrictions accomplished:		
Louisiana Chapter	\$ 21	\$ -
Excellence in Journalism National Convention	46,333	154,167
Chapter Education Grants	-	396
Region 7	704	8,500
Diversity Leadership Program	-	5,316
Scripps Leadership Institute	-	51,000
Advocacy:		
Legal Defense Fund	19,715	10,786
Forever Fund	538	3,282
	<u>\$ 67,311</u>	<u>\$ 233,447</u>

SOCIETY OF PROFESSIONAL JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

7. LEASES

The Society leases a copier for monthly payments of \$273 through April 2021 and a mail machine for quarterly payments starting at \$402 for the first two payments and \$528 for the remainder of the lease through October 2017. Total rental expense and associated equipment fees for fiscal years 2017 and 2016 were \$22,282 and \$9,598, respectively.

The future minimum lease payments are as follows for the years ending July 31:

2018	\$	3,802
2019		3,274
2020		3,274
2021		2,456
		<hr/>
	\$	12,806
		<hr/> <hr/>

The Society will lease the first floor of their building beginning in 2018. The lease expires in 2023 and requires even monthly payments of \$3,852. There was no lease income for fiscal year 2017. In fiscal year 2016, there was lease income of \$50,666 that was shared equally between the Society and the Foundation (See Note 8). During fiscal year 2016, the tenant vacated the space.

The future minimum sublease receipts are as follows for the years ending July 31:

2018	\$	23,112
2019		46,224
2020		46,224
2021		46,224
2022		46,224
Thereafter		11,556
		<hr/>
	\$	219,564
		<hr/> <hr/>

8. RELATED PARTY TRANSACTIONS

The Society is closely associated with the Sigma Delta Chi Foundation (the Foundation). The Board of Directors of the Society elects some of the members of the Board of Directors of the Foundation and the two organizations have certain common board members. The Society provides employees and services to the Foundation for which the Society is reimbursed. The Foundation and the Society also share ownership of the Society's headquarters facilities. The Foundation contributed \$35,000 and \$30,850 to the Society during fiscal years 2017 and 2016, respectively, to further the Society's and the Foundation's exempt purposes. At July 31, 2017, the Foundation owed the Society \$35,507 for various expenses paid and services rendered on its behalf. At July 31, 2016, the Society owed the Foundation \$67,149 for contributions received by the Society for purposes of the Foundation's mission.

SOCIETY OF PROFESSIONAL JOURNALISTS

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2017 AND 2016

8. RELATED PARTY TRANSACTIONS, CONTINUED

For fiscal years 2017 and 2016, the Society recorded \$615,315 and \$464,200, respectively, in reimbursements from the Foundation.

9. EMPLOYEE BENEFITS

The Society has a 401(k) defined contribution plan for the benefit of substantially all of its employees, which allows for both employee and employer contributions. The Society's contribution is discretionary. The Society can match up to 6% of an eligible employee's compensation. The Society made contributions to the plan of \$23,774 and \$21,696 during fiscal years 2017 and 2016, respectively.

10. FUTURE COMMITMENTS

During fiscal year 2017, the Society entered into a three-year software licensing agreement through July 2020. Future commitments under this agreement are as follows for the years ending July 31:

2018	\$	10,024
2019		10,024
2020		10,024
		<hr/>
	\$	<u>30,072</u>

11. RECLASSIFICATIONS

Certain items in the fiscal year 2016 financial statements have been retroactively reclassified to conform to the fiscal year 2017 presentation. These reclassifications had no effect on net assets at July 31, 2016.