
SOCIETY OF PROFESSIONAL
JOURNALISTS FOUNDATION, INC.

Financial Statements

Together with Independent Auditors' Report

JULY 31, 2019 AND 2018

GREENWALT^{CPAs}

We Deliver Peace of Mind

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Society of Professional Journalists Foundation, Inc.:

We have audited the accompanying financial statements of Society of Professional Journalists Foundation, Inc. (the Foundation), which comprise the statement of financial position as of July 31, 2019, and the related statements of activities 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 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 Foundation as of July 31, 2019, 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 Foundation's fiscal year 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 4, 2019. In our opinion, with the exception of the restatement below, the summarized comparative information presented herein as of and for the year ended July 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Restatement

As discussed in Note 11 to the financial statements, the Foundation has adjusted its 2018 financial statements to record revenue related to contributions promised but not received in fiscal year 2018. Accordingly, amounts reported for amounts due from Society of Professional Journalists and contributions and grants have been restated in the fiscal year 2018 financial statements now presented, and an adjustment has been made to net assets as of July 31, 2018, to correct the error. Our opinion is not modified with respect to this matter.

Greenwald CPAs, Inc.

April 14, 2020

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 JULY 31, 2019 AND 2018

ASSETS

	<u>2019</u>	RESTATED <u>2018</u>
Cash and cash equivalents	\$ 316,029	\$ 884,248
Contributions receivable	8,431	22,920
Prepaid expenses	8,740	-
Investments	13,209,824	13,227,139
Beneficial interest in trust	25,000	25,000
Property and equipment, net	<u>265,828</u>	<u>273,557</u>
<i>Total assets</i>	<u><u>\$ 13,833,852</u></u>	<u><u>\$ 14,432,864</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 12,931	\$ 12,254
Due to Society of Professional Journalists	181,997	317,052
Grants payable	<u>11,000</u>	<u>-</u>
<i>Total liabilities</i>	<u>205,928</u>	<u>329,306</u>

NET ASSETS

Without donor restrictions:		
Undesignated	11,513,721	11,722,538
Board designated	<u>167,544</u>	<u>162,349</u>
<i>Total net assets without donor restrictions</i>	11,681,265	11,884,887
With donor restrictions	<u>1,946,659</u>	<u>2,218,671</u>
<i>Total net assets</i>	<u>13,627,924</u>	<u>14,103,558</u>
<i>Total liabilities and net assets</i>	<u><u>\$ 13,833,852</u></u>	<u><u>\$ 14,432,864</u></u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2019

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JULY 31, 2018

	<u>2019</u>			<u>RESTATED 2018</u>
	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>	
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions and grants	\$ 46,490	\$ 275,300	\$ 321,790	\$ 1,101,350
Investment income, net	517,341	62,729	580,070	519,616
Net unrealized and realized gains (losses)	956	(76,298)	(75,342)	674,679
Miscellaneous income	68,366	-	68,366	91,998
Net assets released from restrictions	533,743	(533,743)	-	-
	<u>1,166,896</u>	<u>(272,012)</u>	<u>894,884</u>	<u>2,387,643</u>
<i>Total revenue, gains, and other support</i>				
EXPENSES				
Archibald Scholarship Fund	-	-	-	3,667
Dallas Pro Chapter Scholarship Fund	-	-	-	2
Freedom of Information Fund	350	-	350	559
New England Chapter Scholarship	700	-	700	-
Professional Development Fund	25,881	-	25,881	22,265
Pulliam Editorial Fellowship Fund	76,878	-	76,878	85,065
Facebook Training Fund	151,744	-	151,744	99,664
*Google Training Fund	357,443	-	357,443	678,958
*Pulliam General Fund	756,522	-	756,522	489,550
Taishoff Fund	-	-	-	2,971
Terry Harper Memorial Fund	1,000	-	1,000	7,610
W.Eldrirdge Lowe Fund	-	-	-	1,076
	<u>1,370,518</u>	<u>-</u>	<u>1,370,518</u>	<u>1,391,387</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS	(203,622)	(272,012)	(475,634)	996,256
NET ASSETS, BEGINNING OF YEAR	<u>11,884,887</u>	<u>2,218,671</u>	<u>14,103,558</u>	<u>13,107,302</u>
NET ASSETS, END OF YEAR	<u>\$ 11,681,265</u>	<u>\$ 1,946,659</u>	<u>\$ 13,627,924</u>	<u>\$ 14,103,558</u>

*Shared employee expenses (Note 10)

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2019 AND 2018

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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>RESTATED 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, grants and other	\$ 1,564,785	\$ 1,190,428
Cash paid to suppliers and Society of Professional Journalists	(1,488,937)	(1,120,508)
Investment income	<u>(580,070)</u>	<u>519,616</u>
<i>Net cash and cash equivalents provided by (used in) operating activities</i>	<u>(504,222)</u>	<u>589,536</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(487,904)	(316,247)
Sales and maturities of investments	429,877	250,026
Purchases of property and equipment	<u>(5,970)</u>	<u>(14,359)</u>
<i>Net cash and cash equivalents used in investing activities</i>	<u>(63,997)</u>	<u>(80,580)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(568,219)	508,956
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>884,248</u>	<u>375,292</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 316,029</u>	<u>\$ 884,248</u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH AND
 CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES

	<u>2019</u>	<u>RESTATED 2018</u>
CHANGE IN NET ASSETS	\$ (475,634)	\$ 996,256
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation	13,699	13,327
Net unrealized and realized gain (loss) on investments	75,342	(674,679)
<i>(Increase) decrease in operating assets:</i>		
Contributions receivable	14,489	(2,920)
Prepaid expenses	(8,740)	4,606
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	677	106
Due to Society of Professional Journalists	(135,055)	281,545
Grants payable	11,000	(28,705)
<i>Total adjustments</i>	<u>(28,588)</u>	<u>(406,720)</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (504,222)</u>	<u>\$ 589,536</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

Society of Professional Journalists Foundation, Inc., formerly Sigma Delta Chi Foundation, (the Foundation) commenced operations in May 1961 and was incorporated in November 1962 under the laws of the State of Illinois. The Foundation's purpose is to aid, encourage and promote education and training in the field of journalism. The Foundation's primary sources of revenue include contributions, grants, and investment income.

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 (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended July 31, 2018, from which the summarized information was derived.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Foundation considers all liquid investments with an original maturity of three months or less to be cash equivalents. The Foundation's cash equivalents were \$188,476 and \$289,267 at July 31, 2019 and 2018, respectively.

Cash is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At July 31, 2018, the Foundation maintained cash in excess of amounts insured by the FDIC by approximately \$419,000.

FAIR VALUE MEASUREMENTS

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.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

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

<u>2019</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>
U.S. Government securities	\$ 14,757	\$ 14,757	\$ -	\$ -
Mutual Funds:				
Bonds	361,121	361,121	-	-
Equities	40,510	40,510	-	-
Total mutual funds	401,631	401,631	-	-
Common Stock	12,599,433	12,599,433	-	-
Other	194,003	194,003	-	-
Total investments	13,209,824	13,209,824	-	-
Beneficial interest in trust	25,000	-	25,000	-
Total assets measured at fair value	<u>\$ 13,234,824</u>	<u>13,209,824</u>	<u>\$ 25,000</u>	<u>\$ -</u>
<u>2018</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>
Corporate Bonds	\$ 13,740	\$ 13,740	\$ -	\$ -
Mutual Funds:				
Bonds	1,344,432	1,344,432	-	-
Equities	9,078,642	9,078,642	-	-
Total mutual funds	10,423,074	10,423,074	-	-
Common Stock	2,553,995	2,553,995	-	-
Other	236,330	236,330	-	-
Total investments	13,227,139	13,227,139	-	-
Beneficial interest in trust	25,000	-	25,000	-
Total assets measured at fair value	<u>\$ 13,252,139</u>	<u>\$ 13,227,139</u>	<u>\$ 25,000</u>	<u>\$ -</u>

The cost basis for these investments was \$8,945,921 and \$8,749,096 as of July 31, 2019 and 2018, respectively.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FAIR VALUE MEASUREMENTS, CONTINUED

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions. See Note 5. Fair value for beneficial interest in trust is determined as a percentage interest of total contributed shares held by the trust with underlying observable assets generated by market transactions. See Note 3. These valuation methods have not changed from the prior year.

PROPERTY AND EQUIPMENT

Expenditures for property and equipment which substantially increase the useful lives of existing assets are capitalized at cost, if purchased, or fair market value, if donated. The Foundation has a partial interest in the land, building, and building improvements it shares with the Society of Professional Journalists (the Society). See Note 6.

The Foundation capitalizes additions of property in excess of \$2,500. Depreciation is provided utilizing the straight-line method over the estimated useful lives of the depreciable assets. Repairs and maintenance costs are expensed in the period incurred.

NET ASSETS

The Foundation maintains the following classifications of net assets:

WITHOUT DONOR RESTRICTIONS

These are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These include revenues and expenses which may be used at the discretion of the management and Board of Directors to support the Foundation's purpose and operations. The Board has designated \$167,544 and \$162,349 of net assets for a scholarship fund at July 31, 2019 and 2018.

WITH DONOR RESTRICTIONS

These are net assets with donor restrictions include contributions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

A portion of net assets with donor restrictions has donor imposed restrictions limiting the use of the assets or its economic benefit that neither expire with the passage of time nor removed by satisfying a specific purpose.

Net assets with donor restrictions consisted of the following at July 31:

	<u>2019</u>	<u>2018</u>
Time and purpose restrictions (Note 7)	\$ 917,507	\$ 1,189,778
Perpetual restrictions (Note 8)	<u>1,029,152</u>	<u>1,028,893</u>
Total net assets with donor restrictions	<u>\$ 1,946,659</u>	<u>\$ 2,218,671</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

SUPPORT AND REVENUE

In accordance with the Not-for-Profit Revenue Recognition Accounting Standards, donations and grants are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor restrictions.

The Foundation reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues in the period promised and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions receivable are due within one year of July 31, 2019 and 2018.

EXPENSE ALLOCATION

The costs of providing various programs and services have been summarized on a fund basis in the statement of activities. Expenses are classified as program, management and general, and fundraising based on direct expenditures and costs allocations based on employee time. The Foundation had the following expense allocations for the year ended July 31, 2019:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 286,828	\$ 86,724	\$ 173,447	\$ 546,999
Professional services	113,707	149,890	-	263,597
Grants and awards	75,766	42,891	-	118,657
Management	41,667	-	-	41,667
Occupancy	-	16,007	-	16,007
Training	254,218	8,591	-	262,809
Insurance	-	7,191	-	7,191
Office expenses	1,274	54,342	-	55,616
Other	13,982	37,469	6,524	57,975
	<u>\$ 787,442</u>	<u>\$ 403,105</u>	<u>\$ 179,971</u>	<u>\$ 1,370,518</u>

TAX STATUS

The Foundation is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision is made for federal or state income taxes or income tax effects. The Foundation is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through April 14, 2020, which is the date the financial statements were available to be issued.

NEW ACCOUNTING PRONOUNCEMENT

Effective June 30, 2019, the Foundation has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification by reducing the three categories of unrestricted, temporarily restricted, and permanently restricted to two, net assets with and without donor restrictions. Also, the update required all not-for-profit entities to present the consolidated statement of functional expenses as a part of the basic financial statements or in the footnotes. In addition, the update requires a new disclosure regarding liquidity and the availability of resources. The Foundation has adjusted the presentation of these statements accordingly. With the exception of Note 2 and functional expense allocation in Note 1, the update has been applied retrospectively to all periods presented.

2. AVAILABLE RESOURCES AND LIQUIDITY

The Foundation strives to maintain sufficient liquidity to provide for all anticipated withdrawals or transfers and to invest in issues with sufficient marketability to provide for unexpected withdrawals.

For purposes of analyzing resources available to meet general expenditures over a 12 – month period, the Foundation considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table reflects the Foundation's financial assets available to meet cash needs within one year as of July 31, 2019:

Financial assets at year-end:	
Cash and cash equivalents	\$ 316,029
Contributions receivable	8,431
Investments	13,209,824
Beneficial interest in trust	25,000
Total financial assets	<u>13,559,284</u>
Less amounts not available to be used within one year:	
Net assets designated for purposes other than operations	(167,544)
Net assets with donor restrictions	(1,946,659)
Total amounts not available to be used within one year	<u>(2,114,203)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 11,445,081</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

3. BENEFICIAL INTEREST IN TRUST

The Foundation is the beneficiary of an irrevocable annuity trust. Fair value for the beneficial interest in trust is determined as a percentage of interest of total contributed shares held by the trust with underlying observable assets generated by market transactions. The fair value of the beneficial interest in the trust is \$25,000 at July 31, 2019 and 2018.

4. ENDOWMENT FUNDS

The Foundation's Endowment consist of donor-restricted contributions, to be held in perpetuity, that were made to provide a source of income for operations and to provide for grants to aid, encourage and promote education and training in the field of journalism. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Board of Directors of the Foundation 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 of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the original value of gifts donated to the perpetual endowment fund. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the perpetual endowment fund
- (2) The purposes of the Foundation and the perpetual 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 Foundation
- (7) The investment policies of the Foundation

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

4. ENDOWMENT FUNDS, CONTINUED

Changes in Endowment Net Assets for the Year Ended July 31, 2019:

<u>2019</u>	<u>Time and Purpose Restricted</u>	<u>Perpetually Restricted</u>	<u>Total</u>
Endowment net assets beginning of year	\$ 609,377	\$ 1,028,893	\$ 1,638,270
Contributions	-	-	-
Investment return:			
Income	60,240	-	60,240
Net appreciation (depreciation)	(76,576)	259	(76,317)
Total investment return	(16,336)	259	(16,077)
Appropriation of endowment net assets for expenditure	(23,858)	-	(23,858)
Endowment net assets, end of year	<u>\$ 569,183</u>	<u>\$ 1,029,152</u>	<u>\$ 1,598,335</u>

Changes in Endowment Net Assets for the Year Ended July 31, 2018:

<u>2018</u>	<u>Time and Purpose Restricted</u>	<u>Perpetually Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 546,329	\$ 984,570	\$ 1,530,899
Contributions	5,000	-	5,000
Investment return:			
Income	39,616	-	39,616
Net appreciation	42,915	44,323	87,238
Total investment return	82,531	44,323	126,854
Appropriation of endowment net assets for expenditure	(24,483)	-	(24,483)
Endowment net assets, end of year	<u>\$ 609,377</u>	<u>\$ 1,028,893</u>	<u>\$ 1,638,270</u>

FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies would be reported in net assets with donor restrictions. There were no deficiencies of this nature as of July 31, 2019 and 2018.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

4. ENDOWMENT FUNDS, CONTINUED

RETURN OBJECTIVES AND RISK PARAMETERS

The Foundation has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its Endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation had adopted a spending policy of up to 4.5% of the balance of invested assets based upon a rolling average of the previous four quarters.

For the Quill Endowment Fund, the Foundation has a policy whereby the interest earned on the endowment account is disbursed for possible appropriation by the Board. Once appropriated for a particular reason, the net assets are presented as without donor restriction.

5. INVESTMENTS

The following schedules summarize the investment return and its classification in the statements of activities for the years ended July 31:

<u>2019</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction- Time and Purpose</u>	<u>With Donor Restriction- Perpetual</u>	<u>Total</u>
Dividends and interest	\$ 517,341	\$ 62,729	\$ -	\$ 580,070
Net unrealized gain (loss) on investments	(124,579)	(89,811)	250	(214,140)
Net realized gain on investments	<u>125,535</u>	<u>13,254</u>	<u>9</u>	<u>138,798</u>
Total return on investments	<u>\$ 518,297</u>	<u>\$ (13,828)</u>	<u>\$ 259</u>	<u>\$ 504,728</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

5. INVESTMENTS, CONTINUED

<u>2018</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction- Time and Purpose</u>	<u>With Donor Restriction- Perpetual</u>	<u>Total</u>
Dividends and interest	\$ 477,224	\$ 42,392	\$ -	\$ 519,616
Net unrealized gain (loss) on investments	582,675	(59,954)	44,186	566,907
Net realized gain on investments	<u>1,678</u>	<u>105,957</u>	<u>137</u>	<u>107,772</u>
Total return on investments	<u>\$ 1,061,577</u>	<u>\$ 88,395</u>	<u>\$ 44,323</u>	<u>\$ 1,194,295</u>

6. PROPERTY AND EQUIPMENT

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

	<u>2019</u>	<u>2018</u>
Land	\$ 10,915	\$ 10,915
Furniture and equipment	14,359	14,359
Buildings and improvements	<u>441,424</u>	<u>435,454</u>
	466,698	460,728
Accumulated depreciation	<u>(200,870)</u>	<u>(187,171)</u>
	<u>\$ 265,828</u>	<u>\$ 273,557</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

7. NET ASSETS WITH DONOR RESTRICTIONS – TIME AND PURPOSE

Net assets with donor restrictions are available for the following purposes or periods as of July 31:

	<u>2019</u>	<u>2018</u>
Archibald Scholarship Fund	\$ 34,782	\$ 34,782
Dallas Pro Chapter Scholarship Fund	48,741	46,765
Freedom of Information Fund	245,419	214,276
New England Chapter Scholarship	14,732	14,601
Facebook Training Fund	88,596	240,339
Google Training Fund	135,788	218,230
Quill Endowment Fund	285,114	360,607
Taishoff Fund	39,335	35,178
Interest in Atkins Trust	25,000	25,000
Total	<u>\$ 917,507</u>	<u>\$ 1,189,778</u>

8. NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL

Net assets with perpetual donor restrictions as of July 31, the income from which is available to support:

	<u>2019</u>	<u>2018</u>
Freedom of Information Fund	\$ 475,370	\$ 475,142
Pulliam Editorial Fellowship Fund	241,000	241,000
Pulliam General Fund	7,300	7,300
Taishoff Fund	55,482	55,451
Quill Endowment Fund	250,000	250,000
Total	<u>\$ 1,029,152</u>	<u>\$ 1,028,893</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

9. NET ASSETS RELEASED FROM RESTRICTIONS

For the years ended July 31, the following net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors:

	<u>2019</u>	<u>2018</u>
Purpose restrictions accomplished:		
Archibald Scholarship Fund	\$ -	\$ 3,667
Dallas Pro Chapter Scholarship Fund	-	2
Freedom of Information Fund	350	559
New England Scholarship Fund	700	-
Pulliam Editorial Fellowship Fund	8,645	20,084
Facebook Training Fund	151,743	99,661
Google Training Fund	357,442	678,958
Pulliam General Fund	184	871
Quill Endowment Fund	14,679	-
Taishoff Fund	-	2,971
Terry Harper Memorial Fund	-	7,610
Total	<u>\$ 533,743</u>	<u>\$ 814,383</u>

10. RELATED PARTY TRANSACTIONS

The Foundation is closely associated with the Society. The Board of Directors of the Society elects some 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 and, as stated earlier, the Foundation also shares ownership of the Society's headquarter facilities.

The Foundation contributed \$- and \$43,000 to the Society during fiscal years 2019 and 2018, respectively, to further the Foundation's and Society's exempt purposes. At July 31, 2019 and 2018, the Foundation owed \$162,306 and \$239,052 for various expenses paid on its behalf. The Foundation had grants payable to the Society of \$19,691 and \$78,000 at July 31, 2019 and 2018, respectively. For fiscal years 2019 and 2018, the Foundation incurred \$786,908 and \$615,345, respectively, in reimbursable expenses to the Society.

The Society also began leasing the first floor of their building on November 1, 2018. The Society shares half of this revenue with the Foundation. The lease expires in 2022 and requires monthly payments of \$3,852. In fiscal years 2019 and 2018, the Foundation received lease income of \$21,122 and \$22,052, respectively.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2019 AND 2018

11. RESTATEMENT

During fiscal year 2019, the Foundation discovered the exclusion of contribution revenue promised as of July 31, 2018. These corrections resulted in the following restatement of due to Society of Professional Journalists, contributions and grants, and net assets as of July 31, 2018:

	<u>As Previously Reported</u>	<u>As Restated</u>	<u>Adjustment</u>
Due to Society of Professional Journalists	\$ 467,052	\$ 317,052	\$ (150,000)
Contributions and grants revenue	\$ 951,350	\$ 1,101,350	\$ 150,000
Net assets with donor restrictions	\$ 2,068,671	\$ 2,218,671	\$ 150,000
Total net assets	\$ 13,953,558	\$ 14,103,558	\$ 150,000



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Society of Professional Journalists Foundation, Inc.:

We have audited the financial statements of the Foundation as of and for the year ended July 31, 2019, and our report thereon dated April 14, 2020, which expressed an unmodified opinion on those financial statements, appears on page 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown in Exhibit I is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the statements of financial position of the Foundation as of July 31, 2018, and the related statements of activities and cash flows for the year ended July 31, 2018, (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. This audit was conducted for purposes of forming an opinion on the financial statements as a whole. The supplementary information shown in Exhibit I for this year is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the fiscal year 2018 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures including comparing and reconciling such information directly to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Exhibit I for fiscal year 2018 is fairly stated in all material respects in relation to the financial statements from which it has been derived.

April 14, 2020

Greenwalt CPAs, Inc.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.
STATEMENTS OF REVENUE AND EXPENSES BY FUND
FOR THE YEAR ENDED JULY 31, 2019
WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JULY 31, 2018

	ARCHIBALD SCHOLARSHIP FUND	DALLAS PRO CHAPTER SCHOLARSHIP FUND	FREEDOM OF INFORMATION FUND	NEW ENGLAND CHAPTER SCHOLARSHIP	PROFESSIONAL DEVELOPMENT FUND	PULLIAM EDITORIAL FELLOWSHIP FUND	FACEBOOK TRAINING FUND	GOOGLE TRAINING FUND	PULLIAM GENERAL FUND	QUILL ENDOWMENT FUND	TAISHOFF FUND	TERRY HARPER MEMORIAL FUND	W.ELDRIDGE LOWE FUND	2019 TOTAL	RESTATED 2018 TOTAL
REVENUE, GAINS, AND OTHER SUPPORT															
Contributions and grants	\$ -	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ 275,000	\$ 46,490	\$ -	\$ -	\$ -	\$ -	\$ 321,790	\$ 1,101,350
Investment income, net	5,908	2,181	31,493	585	41,292	100,362	-	-	371,876	14,679	4,157	6,181	1,356	580,070	519,616
Net unrealized and realized gains	43	16	229	4	300	(2,357)	-	-	2,692	(76,353)	29	45	10	(75,342)	674,679
Miscellaneous income	-	-	-	-	-	-	-	-	68,366	-	-	-	-	68,366	91,998
<i>Total revenue, gains, and other support</i>	<u>5,951</u>	<u>2,197</u>	<u>31,722</u>	<u>889</u>	<u>41,592</u>	<u>98,005</u>	<u>-</u>	<u>275,000</u>	<u>489,424</u>	<u>(61,674)</u>	<u>4,186</u>	<u>6,226</u>	<u>1,366</u>	<u>894,884</u>	<u>2,387,643</u>
EXPENSES															
Auditing and accounting	-	-	-	-	-	-	-	-	14,060	-	-	-	-	14,060	14,060
Awards	-	-	-	700	-	66	-	-	10,500	-	-	-	-	11,266	14,341
Bank fees	-	-	-	-	-	-	-	-	1,381	-	-	-	-	1,381	869
Board related expenditures	-	-	-	-	-	185	-	-	348	-	-	-	-	533	5,093
Building maintenance	-	-	-	-	-	-	-	-	12,157	-	-	-	-	12,157	9,975
Computer services and consulting	-	-	-	-	-	-	-	-	22,115	-	-	-	-	22,115	27,743
Consulting and honorarium	-	-	-	-	-	-	-	-	6,050	-	-	-	-	6,050	-
Depreciation	-	-	-	-	-	-	-	-	13,699	-	-	-	-	13,699	13,327
Dues/subscriptions	-	-	-	-	-	-	-	-	3,529	-	-	-	-	3,529	1,472
Equipment rental	-	-	-	-	-	-	-	-	2,524	-	-	-	-	2,524	2,796
Events, meals and banquets	-	-	-	-	-	-	-	4,523	1,984	-	-	-	-	6,507	19,456
Facilities rental	-	-	-	-	-	-	-	-	300	-	-	-	-	300	508
Freelance labor	-	-	-	-	-	-	-	-	17,899	-	-	-	-	17,899	21,950
Fundraising	-	-	-	-	-	-	-	-	6,524	-	-	-	-	6,524	7,139
Grants	-	-	-	-	-	75,000	-	-	32,391	-	-	-	-	107,391	131,487
Internet connectivity	-	-	-	-	-	-	-	-	1,285	-	-	-	-	1,285	765
Lease management	-	-	-	-	-	-	-	-	1,770	-	-	-	-	1,770	9,479
Legal	-	-	-	-	-	-	-	-	19,342	-	-	-	-	19,342	12,833
Liability insurance	-	-	-	-	-	-	-	-	6,778	-	-	-	-	6,778	5,420
Management expense	-	-	-	-	-	-	41,667	-	-	-	-	-	-	41,667	58,333
Marketing	-	-	-	-	-	-	-	-	2,432	-	-	-	-	2,432	367
Merchant/credit card fees	-	-	-	-	-	-	-	-	3,458	-	-	-	-	3,458	850
Miscellaneous	-	-	-	-	-	-	-	-	85	-	-	-	-	85	-
Office supplies	-	-	-	-	-	-	-	296	4,335	-	-	-	-	4,631	3,584
Outside services	-	-	-	-	-	1,500	-	112,207	63,493	-	-	-	-	177,200	190,358
Participant travel	-	-	350	-	-	-	50,634	65,684	8,590	-	-	1,000	-	126,258	179,415
Postage and shipping	-	-	-	-	-	15	107	744	13,202	-	-	-	-	14,068	10,969
Printing	-	-	-	-	-	112	-	-	19,450	-	-	-	-	19,562	24,151
Repairs and maintenance	-	-	-	-	-	-	-	-	3,550	-	-	-	-	3,550	-
Shared employee (Note 10)	-	-	-	-	25,881	-	7,836	88,939	424,340	-	-	-	-	546,996	319,227
Software maintenance and upgrades	-	-	-	-	-	-	-	-	10,935	-	-	-	-	10,935	5,476
Telephone	-	-	-	-	-	-	-	-	5,659	-	-	-	-	5,659	3,358
Trainer fees	-	-	-	-	-	-	51,500	85,050	5,750	-	-	-	-	142,300	284,553
Utilities	-	-	-	-	-	-	-	-	11,695	-	-	-	-	11,695	10,002
Website maintenance	-	-	-	-	-	-	-	-	4,499	-	-	-	-	4,499	1,602
Workers compensation insurance	-	-	-	-	-	-	-	-	413	-	-	-	-	413	429
<i>Total expenses</i>	<u>-</u>	<u>-</u>	<u>350</u>	<u>700</u>	<u>25,881</u>	<u>76,878</u>	<u>151,744</u>	<u>357,443</u>	<u>756,522</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,370,518</u>	<u>1,391,387</u>
CHANGE IN NET ASSETS BY FUND	<u>\$ 5,951</u>	<u>\$ 2,197</u>	<u>\$ 31,372</u>	<u>\$ 189</u>	<u>\$ 15,711</u>	<u>\$ 21,127</u>	<u>\$ (151,744)</u>	<u>\$ (82,443)</u>	<u>\$ (267,098)</u>	<u>\$ (61,674)</u>	<u>\$ 4,186</u>	<u>\$ 5,226</u>	<u>\$ 1,366</u>	<u>\$ (475,634)</u>	<u>\$ 996,256</u>