
SOCIETY OF PROFESSIONAL
JOURNALISTS FOUNDATION, INC.

FINANCIAL STATEMENTS

Together with Independent Auditors' Report

DECEMBER 31, 2020

GREENWALT^{CPAs}

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Greenwalt CPAs, Inc.
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Indianapolis, IN 46224
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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 statements of financial position as of December 31, 2020 and July 31, 2019, and the related statements of activities and cash flows for the 17-month period ended December 31, 2020, 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 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 audits 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 December 31, 2020 and July 31, 2019, and the changes in its net assets and its cash flows for the 17-month period ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Greenwalt CPAs, Inc.

November 9, 2021

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND JULY 31, 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 330,625	\$ 316,029
Contributions receivable	15,500	8,431
Prepaid expenses	-	8,740
Investments	14,583,090	13,209,824
Beneficial interest in trust	51,000	25,000
Property and equipment, net	<u>301,942</u>	<u>265,828</u>
<i>Total assets</i>	<u>\$ 15,282,157</u>	<u>\$ 13,833,852</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 1,603	\$ 12,931
Due to Society of Professional Journalists	466,176	181,997
Grants payable	<u>-</u>	<u>11,000</u>
<i>Total liabilities</i>	<u>467,779</u>	<u>205,928</u>

NET ASSETS

Without donor restrictions		
Undesignated	12,967,956	11,513,721
Board designated	<u>193,365</u>	<u>167,544</u>
<i>Total net assets without donor restrictions</i>	13,161,321	11,681,265
With donor restrictions	<u>1,653,057</u>	<u>1,946,659</u>
<i>Total net assets</i>	<u>14,814,378</u>	<u>13,627,924</u>
<i>Total liabilities and net assets</i>	<u>\$ 15,282,157</u>	<u>\$ 13,833,852</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

STATEMENT OF ACTIVITIES

FOR THE 17-MONTH PERIOD ENDED DECEMBER 31, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions and grants	\$ 296,343	\$ 372,500	\$ 668,843
Investment income, net	736,235	80,237	816,472
Net unrealized and realized gains	1,315,802	169,241	1,485,043
Miscellaneous income	115,767	-	115,767
Net assets released from restrictions	821,008	(821,008)	-
	<u>3,285,155</u>	<u>(199,030)</u>	<u>3,086,125</u>
<i>Total revenue, gains, and other support</i>			
EXPENSES			
New England Chapter Scholarship	1,400	-	1,400
Professional Development Fund	58,311	-	58,311
Pulliam Editorial Fellowship Fund	120,574	-	120,574
Facebook Training Fund	130,024	-	130,024
*Google Training Fund	33,574	-	33,574
*Pulliam General Fund	1,452,383	-	1,452,383
Taishoff Fund	3,593	-	3,593
Terry Harper Memorial Fund	5,240	-	5,240
	<u>1,805,099</u>	<u>-</u>	<u>1,805,099</u>
<i>Total expenses</i>			
CHANGE IN NET ASSETS	1,480,056	(199,030)	1,281,026
TRANSFER OF NET ASSETS	-	(94,572)	(94,572)
NET ASSETS, BEGINNING OF PERIOD	<u>11,681,265</u>	<u>1,946,659</u>	<u>13,627,924</u>
NET ASSETS, END OF PERIOD	<u>\$ 13,161,321</u>	<u>\$ 1,653,057</u>	<u>\$ 14,814,378</u>

*Shared employee expenses (Note 10)

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE 17-MONTH PERIOD ENDED DECEMBER 31, 2020

Page 1 of 2

INCREASE IN CASH AND CASH EQUIVALENTS

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributions, grants and other	\$ 2,384,485
Cash paid to suppliers and Society of Professional Journalists	(1,514,049)
Investment income, net	<u>(816,472)</u>

Net cash and cash equivalents provided by operating activities 53,964

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(566,267)
Sales and maturities of investments	678,044
Purchases of property and equipment	<u>(56,573)</u>

Net cash and cash equivalents provided by investing activities 55,204

CASH FLOWS FROM FINANCING ACTIVITIES

Transfer of net assets	<u>(94,572)</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS 14,596

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD 316,029

CASH AND CASH EQUIVALENTS, END OF PERIOD \$ 330,625

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

STATEMENT OF CASH FLOWS

FOR THE 17-MONTH PERIOD ENDED DECEMBER 31, 2020

Page 2 of 2

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

	<u>2020</u>
CHANGE IN NET ASSETS	\$ 1,281,026
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	
Depreciation	20,459
Net unrealized and realized gain on investments	(1,485,043)
Change in value of beneficial interest in trust	(26,000)
<i>(Increase) decrease in operating assets</i>	
Contributions receivable	(7,069)
Prepaid expenses	8,740
<i>Increase (decrease) in operating liabilities</i>	
Accounts payable	(11,328)
Due to Society of Professional Journalists	284,179
Grants payable	(11,000)
<i>Total adjustments</i>	<u>(1,227,062)</u>
NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES	<u>\$ 53,964</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND JULY 31, 2019

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.

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 \$103,973 and \$188,476 at December 31, 2020 and July 31, 2019, respectively.

FAIR VALUE MEASUREMENTS

The Accounting Standards for Fair Value Measurements define 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

DECEMBER 31, 2020 AND JULY 31, 2019

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

FAIR VALUE MEASUREMENTS, CONTINUED

Fair values measured on a recurring basis at December 31, 2020 and July 31, 2019, respectively, are as follows:

<u>December 31, 2020</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	\$ 15,776	\$ 15,776	\$ -	\$ -
Mutual funds				
Bonds	1,927,462	1,927,462	-	-
Equities	<u>9,072,809</u>	<u>9,072,809</u>	<u>-</u>	<u>-</u>
Total mutual funds	11,000,271	11,000,271	-	-
Common stock	3,316,374	3,316,374	-	-
Other	<u>250,669</u>	<u>250,669</u>	<u>-</u>	<u>-</u>
Total investments	14,583,090	14,583,090	-	-
Beneficial interest in trust	<u>51,000</u>	<u>-</u>	<u>51,000</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 14,634,090</u>	<u>\$ 14,583,090</u>	<u>\$ 51,000</u>	<u>\$ -</u>
<u>July 31, 2020</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	<u>40,510</u>	<u>40,510</u>	<u>-</u>	<u>-</u>
Total mutual funds	401,631	401,631	-	-
Common stock	12,599,433	12,599,433	-	-
Other	<u>194,003</u>	<u>194,003</u>	<u>-</u>	<u>-</u>
Total investments	13,209,824	13,209,824	-	-
Beneficial interest in trust	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 13,234,824</u>	<u>\$ 13,209,824</u>	<u>\$ 25,000</u>	<u>\$ -</u>

The cost basis for these investments was \$8,847,909 and \$8,945,921 as of December 31, 2020 and July 31, 2019, respectively.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND JULY 31, 2019

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

Additions of 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

Net assets without donor restrictions include 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 \$193,365 and \$167,544 of net assets for a scholarship fund at December 31, 2020 and July 31, 2019.

With Donor Restrictions

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 statement 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 can be removed by satisfying a specific purpose.

Net assets with donor restrictions consisted of the following:

	<u>December 31,</u> <u>2020</u>	<u>July 31,</u> <u>2019</u>
Time and purpose restrictions (Note 7)	\$ 780,624	\$ 917,507
Perpetual restrictions (Note 8)	<u>872,433</u>	<u>1,029,152</u>
Total net assets with donor restrictions	<u>\$ 1,653,057</u>	<u>\$ 1,946,659</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND JULY 31, 2019

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 statement 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 December 31, 2020 and July 31, 2019.

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 17-month period ended December 31, 2020:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 363,629	\$ 165,639	\$ 331,277	\$ 860,545
Professional services	3,000	141,272	-	144,272
Grants and awards	152,671	324,206	-	476,877
Management	65,000	-	-	65,000
Occupancy	-	22,798	-	22,798
Training	97,954	750	-	98,704
Insurance	-	7,613	-	7,613
Office expenses	2	69,295	-	69,297
Other	1,738	42,832	15,423	59,993
	<u>\$ 683,994</u>	<u>\$ 774,405</u>	<u>\$ 346,700</u>	<u>\$ 1,805,099</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

DECEMBER 31, 2020 AND JULY 31, 2019

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

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through November 9, 2021, which is the date the financial statements were available to be issued.

NEW ACCOUNTING PRONOUNCEMENT

The Foundation has adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as of August 1, 2019. The ASU provided clarified guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Foundation applied the update on a modified prospective basis to agreements that were either not completed as of the effective date or entered into as of the effective date. The application of the update had no impact on net assets as of July 31, 2019.

The Foundation has adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as of and for the period ended December 31, 2020. The ASU and all subsequently issued clarifying ASU's replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The update provides organizations with a single revenue recognition model for recognizing revenue with customers; specifically requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The provisions of Topic 606 were adopted for the year ended December 31, 2020 utilizing the modified retrospective method. There was no cumulative effect adjustment recorded to the opening balance of net assets as of July 31, 2019 and there was no change in how the Foundation currently recognizes and records revenue. The Foundation does not expect the adoption of the new revenue standard to have a significant impact to the change in net assets on an ongoing basis.

2. AVAILABLE RESOURCES AND LIQUIDITY

The Foundation strives to maintain sufficient liquidity to provide for all anticipated withdrawals or transfers and to invest in assets 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.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND JULY 31, 2019

2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

The following table reflects the Foundation's financial assets available to meet cash needs within one year of the statements of financial position date:

	<u>December 31,</u> <u>2020</u>	<u>July 31,</u> <u>2019</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 330,625	\$ 316,029
Contributions receivable	15,500	8,431
Investments	14,583,090	13,209,824
Beneficial interest in trust	<u>51,000</u>	<u>25,000</u>
Total financial assets	14,980,215	13,559,284
Less amounts not available to be used within one year		
Net assets designated for purposes other than operations	(193,365)	(167,544)
Net assets with donor restrictions	<u>(1,650,586)</u>	<u>(1,946,659)</u>
Total amounts not available to be used within one year	<u>(1,843,951)</u>	<u>(2,114,203)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 13,136,264</u>	<u>\$ 11,445,081</u>

3. BENEFICIAL INTEREST IN TRUST

The Foundation is the beneficiary of an irrevocable annuity trust. Fair value for the beneficial interest in the trust is determined as a percentage of interest of the 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 \$51,000 and \$25,000 at December 31, 2020 and July 31, 2019, respectively.

4. ENDOWMENT FUNDS

The Foundation's Endowment consists 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

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND JULY 31, 2019

4. ENDOWMENT FUNDS, CONTINUED

- (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

Changes in endowment net assets for the 17-month period ended December 31, 2020:

	<u>Time and Purpose Restricted</u>	<u>Perpetually Restricted</u>	<u>Total</u>
Endowment net assets beginning of period	\$ 569,183	\$ 1,029,152	\$ 1,598,335
Investment return			
Income	76,492	-	76,492
Net appreciation	71,917	93,281	165,198
Total investment return	148,409	93,281	241,690
Appropriation of endowment net assets for expenditure	(381,404)	(250,000)*	(631,404)
Endowment net assets, end of period	<u>\$ 336,188</u>	<u>\$ 872,433</u>	<u>\$ 1,208,621</u>

*See Note 8.

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 as net assets with donor restrictions. There were no deficiencies of this nature as of December 31, 2020 and July 31, 2019.

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.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND JULY 31, 2019

4. ENDOWMENT FUNDS, CONTINUED

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 17-month period ended December 31, 2020:

	<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	\$ 736,235	\$ 80,237	\$ -	\$ 816,472
Net unrealized gain on investments	1,261,411	75,627	89,047	1,426,085
Net realized gain on investments	<u>54,391</u>	<u>333</u>	<u>4,234</u>	<u>58,958</u>
Total return on investments	<u>\$ 2,052,037</u>	<u>\$ 156,197</u>	<u>\$ 93,281</u>	<u>\$ 2,301,515</u>

6. PROPERTY AND EQUIPMENT

The Foundation's property and equipment are as follows:

	<u>December 31, 2020</u>	<u>July 31, 2019</u>
Land	\$ 10,915	\$ 10,915
Furniture and equipment	52,959	14,359
Buildings and improvements	<u>459,396</u>	<u>441,424</u>
	523,270	466,698
Accumulated depreciation	<u>(221,328)</u>	<u>(200,870)</u>
	<u>\$ 301,942</u>	<u>\$ 265,828</u>

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND JULY 31, 2019

7. NET ASSETS WITH DONOR RESTRICTIONS – TIME AND PURPOSE

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

	December 31, <u>2020</u>	July 31, <u>2019</u>
Scholarships	\$ 107,614	\$ 98,255
Awards and fellowships	292,800	245,419
Facebook Training Fund	-	88,596
Google Training Fund	102,214	135,788
SPJ Ethics Response Program	185,000	-
Quill magazine	-	285,114
National conference scholarship	41,996	39,335
Future periods	<u>51,000</u>	<u>25,000</u>
Total	<u><u>\$ 780,624</u></u>	<u><u>\$ 917,507</u></u>

Effective in fiscal period 2020, the Facebook Training Fund with a balance of \$94,572 was transferred to the Society.

8. NET ASSETS WITH DONOR RESTRICTIONS – PERPETUAL

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

	December 31, <u>2020</u>	July 31, <u>2019</u>
Awards and fellowships	\$ 557,775	\$ 475,370
Editorial fellowships	241,000	241,000
Pulliam General Fund	7,300	7,300
National conference scholarships	66,358	55,482
Quill magazine	<u>-</u>	<u>250,000</u>
Total	<u><u>\$ 872,433</u></u>	<u><u>\$ 1,029,152</u></u>

During fiscal period 2020, the Quill Endowment Fund was liquidated. In accordance with the Society bylaws, this endowment was able to be dissolved upon voting approval at two consecutive conventions, which was achieved during the 2018 and 2019 conventions.

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND JULY 31, 2019

9. NET ASSETS RELEASED FROM RESTRICTIONS

For the 17-month period ended December 31, 2020, the following net assets were released from donor restrictions by satisfying the restricted purposes specified by donors or the passage of time:

Purpose restrictions accomplished	
Scholarships	\$ 1,400
Editorial fellowships	23,553
Facebook Training Fund	130,024
Google Training Fund	33,574
Pulliam General Fund	1,380
Quill magazine	602,484
National conference scholarship	3,593
Passage of time	<u>25,000</u>
Total	<u>\$ 821,008</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 \$229,971 to the Society during fiscal year 2020 to further the Foundation's and Society's exempt purposes. At December 31, 2020 and July 31, 2019, the Foundation owed \$298,691 and \$162,306 for various expenses paid on its behalf. The Foundation had grants payable to the Society of \$167,485 and \$19,691 at December 31, 2020 and July 31, 2019, respectively. For 17-month period ended December 31, 2020, the Foundation incurred \$846,910 in reimbursable expenses to the Society.

The Society leases the first floor of their building. The Society shares half of this revenue with the Foundation. The lease expires in 2022 and requires monthly payments of \$3,852. In fiscal year 2020, the Foundation received lease income of \$32,742.

11. RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared a worldwide pandemic due to the outbreak of a novel strain of coronavirus, called COVID-19. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Foundation's investments, employees and vendors all of which are uncertain and cannot be predicted. As the Foundation's investments are approximately 95.4% of their total assets, this results in a risk of a decline in investment value by way of unforeseen market activity. At the date of this report, the extent to which COVID-19 may impact the Foundation's financial condition or results of operations is uncertain.



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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 17-month period ended December 31, 2020, and our report thereon dated November 9, 2021, 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.

Greenwalt CPAs, Inc.

November 9, 2021

SOCIETY OF PROFESSIONAL JOURNALISTS FOUNDATION, INC.
 STATEMENTS OF REVENUE AND EXPENSES BY FUND
 FOR THE 17-MONTH PERIOD ENDED DECEMBER 31, 2020

	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	ETHICS RESPONSE PROGRAM	TAISHOFF FUND	TERRY HARPER MEMORIAL FUND	W.ELDRIDGE LOWE FUND	ATKINS TRUST FUND	TOTAL
REVENUE, GAINS, AND OTHER SUPPORT																
Contributions and grants	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ 136,000	\$ -	\$ 117,843	\$ -	\$ 185,000	\$ -	\$ -	\$ -	\$ 229,500	\$ 668,843
Investment income, net	8,888	3,281	47,382	881	62,124	136,202	-	-	530,854	9,267	-	6,254	9,299	2,040	-	816,472
Net unrealized and realized gains	15,459	5,706	82,403	1,532	108,044	105,307	-	-	1,075,417	60,576	-	10,876	16,175	3,548	-	1,485,043
Miscellaneous income	-	-	-	-	-	-	-	-	115,767	-	-	-	-	-	-	115,767
<i>Total revenue, gains, and other support</i>	<u>24,347</u>	<u>8,987</u>	<u>129,785</u>	<u>2,913</u>	<u>170,168</u>	<u>241,509</u>	<u>136,000</u>	<u>-</u>	<u>1,839,881</u>	<u>69,843</u>	<u>185,000</u>	<u>17,130</u>	<u>25,474</u>	<u>5,588</u>	<u>229,500</u>	<u>3,086,125</u>
EXPENSES																
Auditing and accounting	-	-	-	-	-	-	-	-	16,610	-	-	-	-	-	-	16,610
Awards	-	-	-	1,400	-	-	-	-	22,488	-	-	-	-	-	-	23,888
Bank fees	-	-	-	-	-	-	-	-	2,339	-	-	-	-	-	-	2,339
Board related expenditures	-	-	-	-	-	1,111	-	-	354	-	-	-	-	-	-	1,465
Building maintenance	-	-	-	-	-	-	-	-	16,241	-	-	-	-	-	-	16,241
Computer services and consulting	-	-	-	-	-	-	-	-	42,179	-	-	-	-	-	-	42,179
Consulting and honorarium	-	-	-	-	-	-	-	-	8,503	-	-	-	-	-	-	8,503
Depreciation	-	-	-	-	-	-	-	-	20,459	-	-	-	-	-	-	20,459
Dues/subscriptions	-	-	-	-	-	-	-	-	11,481	-	-	-	-	-	-	11,481
Equipment rental	-	-	-	-	-	-	-	-	3,132	-	-	-	-	-	-	3,132
Events, meals and banquets	-	-	-	-	-	-	-	-	3,307	-	-	-	-	-	-	3,307
Facilities rental	-	-	-	-	-	-	-	-	4,250	-	-	-	-	-	-	4,250
Freelance labor	-	-	-	-	-	-	-	-	17,818	-	-	-	-	-	-	17,818
Fundraising	-	-	-	-	-	-	-	-	15,423	-	-	-	-	-	-	15,423
Grants	-	-	-	-	25,960	116,478	-	-	301,718	-	-	3,593	5,240	-	-	452,989
Internet connectivity	-	-	-	-	-	-	-	-	2,186	-	-	-	-	-	-	2,186
Lease management	-	-	-	-	-	-	-	-	511	-	-	-	-	-	-	511
Legal	-	-	-	-	-	-	-	-	22,254	-	-	-	-	-	-	22,254
Liability insurance	-	-	-	-	-	-	-	-	7,102	-	-	-	-	-	-	7,102
Management expense	-	-	-	-	-	-	65,000	-	-	-	-	-	-	-	-	65,000
Marketing	-	-	-	-	-	-	-	-	680	-	-	-	-	-	-	680
Merchant/credit card fees	-	-	-	-	-	-	-	-	3,852	-	-	-	-	-	-	3,852
Miscellaneous	-	-	-	-	-	-	-	-	(1,859)	-	-	-	-	-	-	(1,859)
Office supplies	-	-	-	-	-	(169)	-	-	8,608	-	-	-	-	-	-	8,439
Outside services	-	-	-	-	-	3,000	-	-	28,108	-	-	-	-	-	-	31,108
Participant travel	-	-	-	-	-	-	37,137	16,380	749	-	-	-	-	-	-	54,266
Postage and shipping	-	-	-	-	-	-	-	17	10,937	-	-	-	-	-	-	10,954
Printing	-	-	-	-	-	154	-	-	31,359	-	-	-	-	-	-	31,513
Repairs and maintenance	-	-	-	-	-	-	-	-	2,308	-	-	-	-	-	-	2,308
Shared employee (Note 10)	-	-	-	-	32,351	-	449	177	813,933	-	-	-	-	-	-	846,910
Software maintenance and upgrades	-	-	-	-	-	-	-	-	7,156	-	-	-	-	-	-	7,156
Telephone	-	-	-	-	-	-	-	-	7,603	-	-	-	-	-	-	7,603
Trainer fees	-	-	-	-	-	-	27,438	17,000	2,781	-	-	-	-	-	-	47,219
Travel	-	-	-	-	-	-	-	-	47	-	-	-	-	-	-	47
Utilities	-	-	-	-	-	-	-	-	12,648	-	-	-	-	-	-	12,648
<i>Total expenses</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>58,311</u>	<u>120,574</u>	<u>130,024</u>	<u>33,574</u>	<u>1,452,383</u>	<u>-</u>	<u>-</u>	<u>3,593</u>	<u>5,240</u>	<u>-</u>	<u>-</u>	<u>1,805,099</u>
CHANGE IN NET ASSETS BY FUND	<u>\$ 24,347</u>	<u>\$ 8,987</u>	<u>\$ 129,785</u>	<u>\$ 1,513</u>	<u>\$ 111,857</u>	<u>\$ 120,935</u>	<u>\$ 5,976</u>	<u>\$ (33,574)</u>	<u>\$ 387,498</u>	<u>\$ 69,843</u>	<u>\$ 185,000</u>	<u>\$ 13,537</u>	<u>\$ 20,234</u>	<u>\$ 5,588</u>	<u>\$ 229,500</u>	<u>\$ 1,281,026</u>