

STUDENT PRESS LAW CENTER, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2017 AND 2016

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Independent Auditor's Report

To the Board of Directors of
Student Press Law Center, Inc.
Washington, DC

We have audited the accompanying financial statements of Student Press Law Center, Inc. a nonprofit organization, which comprise the statements of financial position as of December 31, 2017 and 2016, 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Student Press Law Center, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

James Maurice & McQuade PA

Washington, DC
July 18, 2018

STUDENT PRESS LAW CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 188,367	\$ 257,450
Accounts receivable	3,103	4,520
Grants and contributions receivable	256,001	75,000
Prepaid expenses	6,383	8,246
Inventory	2,232	2,856
Total Current Assets	456,086	348,072
OTHER ASSETS		
Property and equipment, net	5,292	6,913
Investments	3,464,992	3,142,850
Total Other Assets	3,470,284	3,149,763
TOTAL ASSETS	\$ 3,926,370	\$ 3,497,835
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 13,713	\$ 6,914
Accrued expenses	12,021	1,540
Total Liabilities	25,734	8,454
NET ASSETS		
Unrestricted	185,644	268,531
Temporarily restricted	969,404	475,262
Permanently restricted	2,745,588	2,745,588
Total Net Assets	3,900,636	3,489,381
TOTAL LIABILITIES AND NET ASSETS	\$ 3,926,370	\$ 3,497,835

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

STUDENT PRESS LAW CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 233,268	\$ 366,672	\$ -	\$ 599,940
Publications	33,001	-	-	33,001
Membership revenue	3,800	-	-	3,800
Interest and dividends	-	98,366	-	98,366
Inkind	7,500	-	-	7,500
Other income	316	-	-	316
Net assets released from restrictions	327,634	(327,634)	-	-
Total Revenue and Support	<u>605,519</u>	<u>137,404</u>	<u>-</u>	<u>742,923</u>
EXPENSES				
Program Services:				
Education and advocacy	522,943	-	-	522,943
Support Services:				
General and administrative	109,465	-	-	109,465
Fundraising	55,998	-	-	55,998
Total Support Services	<u>165,463</u>	<u>-</u>	<u>-</u>	<u>165,463</u>
Total Expenses	<u>688,406</u>	<u>-</u>	<u>-</u>	<u>688,406</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(82,887)	137,404	-	54,517
OTHER CHANGES				
Net appreciation in fair value of investments	<u>-</u>	<u>356,738</u>	<u>-</u>	<u>356,738</u>
CHANGE IN NET ASSETS	(82,887)	494,142	-	411,255
NET ASSETS, beginning of year	<u>268,531</u>	<u>475,262</u>	<u>2,745,588</u>	<u>3,489,381</u>
NET ASSETS, end of year	<u>\$ 185,644</u>	<u>\$ 969,404</u>	<u>\$ 2,745,588</u>	<u>\$ 3,900,636</u>

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

STUDENT PRESS LAW CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 234,761	\$ 252,000	\$ -	\$ 486,761
Publications	35,256	-	-	35,256
Membership revenue	5,965	-	-	5,965
Interest and dividends	-	89,832	-	89,832
Other income	1,783	-	-	1,783
Net assets released from restrictions	306,355	(306,355)	-	-
Total Revenue and Support	<u>584,120</u>	<u>35,477</u>	<u>-</u>	<u>619,597</u>
EXPENSES				
Program Services:				
Education and advocacy	427,828	-	-	427,828
Support Services:				
General and administrative	79,838	-	-	79,838
Fundraising	26,089	-	-	26,089
Total Support Services	<u>105,927</u>	<u>-</u>	<u>-</u>	<u>105,927</u>
Total Expenses	<u>533,755</u>	<u>-</u>	<u>-</u>	<u>533,755</u>
CHANGE IN NET ASSETS FROM OPERATIONS	50,365	35,477	-	85,842
OTHER CHANGES				
Net appreciation in fair value of investments	<u>-</u>	<u>159,349</u>	<u>-</u>	<u>159,349</u>
CHANGE IN NET ASSETS	50,365	194,826	-	245,191
NET ASSETS, beginning of year	<u>218,166</u>	<u>280,436</u>	<u>2,745,588</u>	<u>3,244,190</u>
NET ASSETS, end of year	<u><u>\$ 268,531</u></u>	<u><u>\$ 475,262</u></u>	<u><u>\$ 2,745,588</u></u>	<u><u>\$ 3,489,381</u></u>

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

STUDENT PRESS LAW CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	Education and Advocacy	General and Administrative	Fundraising	Total Support Services	
Salaries	\$ 230,756	\$ 41,252	\$ 26,085	\$ 67,337	\$ 298,093
Payroll taxes	16,601	4,151	2,052	6,203	22,804
Employee benefits	14,270	3,567	1,764	5,331	19,601
Subtotal Personnel Costs	<u>261,627</u>	<u>48,970</u>	<u>29,901</u>	<u>78,871</u>	<u>340,498</u>
Accounting and audit	-	17,408	-	17,408	17,408
Awards	3,000	-	-	-	3,000
Bank fees	669	168	866	1,034	1,703
Depreciation	1,180	295	146	441	1,621
Dues and subscriptions	1,365	341	169	510	1,875
Educational materials	71,789	273	135	408	72,197
Equipment and computer	4,191	940	2,796	3,736	7,927
Insurance	3,339	834	413	1,247	4,586
Publication	454	114	56	170	624
Postage	6,092	498	295	793	6,885
Printing	7,030	154	6,803	6,957	13,987
Professional development	515	128	64	192	707
Professional fees	106,770	26,825	6,012	32,837	139,607
Rent and occupancy	35,088	8,772	4,338	13,110	48,198
Supplies and office expense	8,272	1,933	1,008	2,941	11,213
Travel and events	8,773	1,277	2,732	4,009	12,782
Website and information technology	2,789	535	264	799	3,588
Total Expenses	<u>\$ 522,943</u>	<u>\$ 109,465</u>	<u>\$ 55,998</u>	<u>\$ 165,463</u>	<u>\$ 688,406</u>

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

STUDENT PRESS LAW CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services	Support Services			Total
	Education and Advocacy	General and Administrative	Fundraising	Total Support Services	
Salaries	\$ 250,958	\$ 47,054	\$ 15,685	\$ 62,739	\$ 313,697
Payroll taxes	19,162	3,593	1,198	4,791	23,953
Employee benefits	25,912	4,858	1,620	6,478	33,196
Subtotal Personnel Costs	296,032	55,505	18,503	74,008	370,846
Accounting and audit	-	8,659	-	8,659	8,659
Awards	2,640	-	-	-	2,640
Bank fees	-	1,179	-	1,179	1,179
Depreciation	1,297	243	81	324	1,621
Dues and subscriptions	-	1,635	-	1,635	1,635
Educational materials	29,953	-	-	-	29,953
Facilities, food and beverages	12,645	-	2,502	2,502	15,831
Insurance	4,578	859	286	1,145	5,723
Postage	4,764	893	298	1,191	5,955
Printing	11,817	2,215	739	2,954	12,287
Professional development	1,136	201	-	201	1,337
Professional fees	17,357	-	914	914	17,465
Rent and occupancy	37,718	7,073	2,357	9,430	48,948
Repairs and maintenance	1,358	151	-	151	2,058
Supplies and office expense	2,938	551	184	735	3,673
Website and information technology	3,595	674	225	899	3,945
Total Expenses	\$ 427,828	\$ 79,838	\$ 26,089	\$ 105,927	\$ 533,755

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

**STUDENT PRESS LAW CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 411,255	\$ 245,191
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	1,621	1,621
Net appreciation in fair value of investments	(356,738)	(159,349)
Decrease (increase) in assets:		
Accounts receivable	1,417	(1,959)
Grants and contributions receivable	(181,001)	(75,000)
Prepaid expenses	1,863	(81)
Inventory	624	945
Increase (decrease) in liabilities:		
Accounts payable	6,799	407
Accrued expenses	10,481	(10,092)
Net Cash (Used for) Provided by Operating Activities	(103,679)	1,683
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	69,192	131,092
Purchases of investments	(34,596)	(88,569)
Net Cash Provided by Investing Activities	34,596	42,523
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(69,083)	44,206
CASH AND CASH EQUIVALENTS, beginning of year	257,450	213,244
CASH AND CASH EQUIVALENTS, end of year	\$ 188,367	\$ 257,450

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

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE A – NATURE OF THE ORGANIZATION AND PROGRAM DESCRIPTION

The Student Press Law Center (“SPLC”) works at the intersection of law, journalism and education, to promote, support and defend the rights of student journalists and their advisers at the high school and college level.

Since its founding in 1974, the SPLC has established its reputation by providing free legal assistance for students and advisers on press freedom issues through its Legal Hotline which receives more than 2,000 inquiries per year from students and advisers throughout the United States. No one is turned away. Issues range from censorship to access to information, public records and copyright questions, and more.

Where legal issues become more complex or adversarial, the SPLC refers cases to one of the more than 200 volunteer attorneys who make up the SPLC Attorney Referral Network (“ARN”). The ARN consists of top media lawyers from across the country who have state-specific expertise and who are often retained by students in more complicated cases as pro bono counsel.

The SPLC also provides guidance and educational resources on its website to assist editors and advisers resolve common issues (like access to records and open meetings, vetting copyright issues, etc.). In addition to resource guides, tip sheets, interactive quizzes and templates, the SPLC houses a library of timely resource webinars which focus on issues of specific relevance to student journalists. Recent webinars have focused on subjects such as “Covering #MeToo, Sexual Assault and Crimes on Campus” to help student journalists anticipate both the legal and ethical considerations of reporting on sexual assault, and “Defending Advisers at Risk” to help support advisers who find themselves retaliated against for supporting student free press rights.

The SPLC not only “puts out the fires,” but it also focuses on proactive outreach, education and advocacy to help prevent contentious student press law issues from arising at all. In addition, in 2016, the SPLC launched The Active Voice, a pilot fellowship program which seeks to address the causes and impact of censorship/self-censorship/chilled speech for young women. The program seeks to arm fellows with deeper knowledge of First Amendment and free expression standards and to focus on specific aspects of female empowerment and leadership. The project was developed to address the documented disproportionate impact of censorship on girls and young women which translates into a breakdown in civic participation and affects the pipeline for female journalists.

The New Voices initiative seeks to educate and energize local coalitions to advocate state-based legislation to provide protections for student free press rights and to protect advisers from retaliation for student work.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

SPLC prepares its financial statements on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement presentation follows Financial Standards Accounting Board (“FASB”) Accounting Standards Codification (“ASC”) Topic *Not-for-Profit-Entities*. In accordance with the topic, SPLC is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, the net assets of SPLC and changes therein, are classified and reported as follows:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that may or will be met by either actions of the and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by SPLC.

Cash and Cash Equivalents

SPLC considers demand deposits, money market funds and investments purchased with an original maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents in non-interest bearing accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times, the accounts may exceed this limit; however, SPLC believes it is not exposed to any significant credit risk on cash or cash equivalents.

Accounts and Grants and Contributions Receivable

Accounts and grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes all receivables are fully collectible and no provision for allowance for doubtful accounts is deemed necessary.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Inventory

Inventory consists of books and educational materials and is stated at the lower of cost or market value. Inventory is valued based on the first-in, first-out method.

Property and Equipment

Property and equipment are recorded at cost. Major additions, replacements, and betterments with costs of at least \$1,000 and lives greater than one year are capitalized, while repairs and maintenance are expensed. Depreciation expense for property and equipment is provided on a straight-line basis over the estimated useful lives of the assets, which ranges from three to seven years.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Interest is recorded when earned. Dividends are recognized at the ex-dividend date. Net appreciation or depreciation in fair value of investments includes gains and losses on investments bought and sold as well as held during the year. Donated investments are recorded at fair value on the date of donation.

Revenue Recognition

The activities of SPLC are funded by private contributions, membership dues, and publication sales. Membership dues are recognized when received, and publication revenue is recognized when the books or journals are sold.

Grants and contributions, including unconditional promises to give, are recognized as revenue in the period in which the promise is received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants and contributions received with donor restrictions are recorded as temporarily or permanently restricted revenue based on the donor's intent.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and support services that benefited from such costs.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

NOTE C – INCOME TAXES

SPLC is a 501(c)(3) entity exempt from federal income tax under Section 501(a) of the Internal Revenue Code. SPLC is, however, subject to tax on business income unrelated to its exempt purpose.

SPLC believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

SPLC’s information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. SPLC’s information returns for the years ended 2014 through 2016, are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2017 and 2016:

	2017	2016
Furniture and equipment	\$ 4,515	\$ 4,515
Computer equipment	4,875	4,875
	9,390	9,390
Less: accumulated depreciation	(4,098)	(2,477)
Property and Equipment, Net	\$ 5,292	\$ 6,913

Depreciation expense for the years ended December 31, 2017 and 2016, totaled \$1,621 and \$1,621, respectively.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE E – FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 of the fair value hierarchy under FASB ASC 820 is described as inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that SPLC has the ability to access.

- | | |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Level 1</i> | Inputs are based on unadjusted quoted prices for identical assets traded in active markets that SPLC has the ability to access. |
| <i>Level 2</i> | Inputs are based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data. |
| <i>Level 3</i> | Inputs are unobservable and significant to the fair value measurement. |

The following valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Mutual funds and exchange traded funds are valued at the observable closing price reported in the active market in which the individual securities are traded. The fair value of money market funds are valued by carrying amount, which approximates fair value.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE E – FAIR VALUE MEASUREMENTS - continued

The following table presents SPLC’s fair value hierarchy for investments measured at fair value on a recurring basis as of December 31, 2017 and 2016:

	December 31, 2017			Total
	Level 1	Level 2	Level 3	
Money Market Funds	\$ 88	\$ -	\$ -	\$ 88
Mutual Funds:				
Fixed income	1,004,953	-	-	1,004,953
Equity	2,109,666	-	-	2,109,666
Exchange traded funds	350,285	-	-	350,285
Total Investments	<u>\$ 3,464,992</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,464,992</u>

	December 31, 2016			Total
	Level 1	Level 2	Level 3	
Mutual funds:				
Fixed income	\$ 1,044,831	\$ -	\$ -	\$ 1,044,831
Equity	1,823,013	-	-	1,823,013
Exchange traded funds	275,006	-	-	275,006
Total Investments	<u>\$ 3,142,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,142,850</u>

NOTE F – OPERATING LEASE

Effective January 1, 2015, SPLC entered into a lease agreement with the Regents of the University of California. The annual rent is \$47,148, and expires on December 31, 2019.

The future minimum payments of the operating lease under the lease agreement are as follows for the year ending December 31:

2018	\$ 47,148
2019	47,148
Total	<u>\$ 94,296</u>

Rent expense for the years ended December 31, 2017 and 2016, totaled \$47,148 and \$47,148, respectively.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE G – ENDOWMENTS

Effective January 23, 2008, the District of Columbia enacted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), the provisions of which apply to endowment funds existing on or established after that date. SPLC is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and, in doing so, to consider a number of factors including the duration and preservation of its donor restricted endowment funds. As a result of this interpretation, SPLC classified as permanently restricted net assets the original value of gifts donated to be held in perpetuity. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by SPLC in a manner consistent with the standard of prudence prescribed by UPMIFA. SPLC has adopted, and the Board of Directors has approved, the Statement of Investment Policies for each endowment fund. These policies have identified an appropriate risk posture for the funds, stated expectations and objectives for the fund, provided asset allocation guidelines, and established criteria to monitor and evaluate the performance results of the fund’s managers.

In accordance with UPMIFA, SPLC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 SPLC, and (7) SPLC’s investment policies. All of the investment earnings related to the endowment fund are available to support SPLC’s operations. It is the policy of SPLC to spend no more than five percent of the year-end endowment balance to support business operations in the following year. The amount utilized is approved by the Board of Directors during the budgeting process.

The fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA require SPLC to retain as a fund of perpetual duration. As of December 31, 2017 and 2016, there were no deficiencies in the endowment funds.

SPLC’s endowment net assets consisted of the following as of December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	<u>\$ -</u>	<u>\$ 719,404</u>	<u>\$2,745,588</u>	<u>\$3,464,992</u>

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE G – ENDOWMENTS - continued

SPLC's endowment net assets consisted of the following as of December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ 397,262	\$2,745,588	\$3,142,850

Changes in the endowment net assets for the year ended December 31, 2017, were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance as of December 31, 2016	\$ -	\$ 397,262	\$2,745,588	\$3,142,850
Interest and dividends	-	98,366	-	98,366
Net appreciation in fair value	-	356,738	-	356,738
Appropriation of endowment assets for expenditure	-	(132,962)	-	(132,962)
Balance as of December 31, 2017	<u>\$ -</u>	<u>\$ 719,404</u>	<u>\$2,745,588</u>	<u>\$3,464,992</u>

Changes in the endowment net assets for the year ended December 31, 2016 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance as of December 31, 2015	\$ -	\$ 280,436	\$2,745,588	\$3,026,024
Interest and dividends	-	89,832	-	89,832
Net depreciation in fair value	-	159,349	-	159,349
Appropriation of endowment assets for expenditure	-	(132,355)	-	(132,355)
Balance as of December 31, 2016	<u>\$ -</u>	<u>\$ 397,262</u>	<u>\$2,745,588</u>	<u>\$3,142,850</u>

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(continued)

NOTE H – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31:

	2017	2016
Education and advocacy	\$ 250,000	\$ 78,000
Donor restricted endowment funds	719,404	397,262
Total	\$ 969,404	\$ 475,262

NOTE I – RETIREMENT PLAN

SPLC established a qualified 403(b) retirement plan covering eligible employees. Employer matching contributions are based on the amount of the employee elective deferral contributions. SPLC's contributions for the years ended December 31, 2017 and 2016, totaled \$800 and \$2,692, respectively.

NOTE J – SUBSEQUENT EVENTS

In preparing these financial statements, SPLC has evaluated events and transactions for potential recognition or disclosure through July 18, 2018, the date the financial statements were available to be issued. There were no additional events or transactions discovered during the evaluation that require additional recognition or disclosure.