

STUDENT PRESS LAW CENTER, INC.

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

DECEMBER 31, 2023 AND 2022

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

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

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Student Press Law Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Student Press Law Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Student Press Law Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Student Press Law Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

JM&M

Washington, DC
August 19, 2024

STUDENT PRESS LAW CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 501,892	\$ 424,621
Grants and contributions receivable	10,000	200,000
Prepaid expenses	9,115	8,671
Inventory	1,586	1,709
Total Current Assets	<u>522,593</u>	<u>635,001</u>
OTHER ASSETS		
Property and equipment, net	1,886	2,568
Investments - endowment funds	<u>2,953,831</u>	<u>3,254,079</u>
Total Other Assets	<u>2,955,717</u>	<u>3,256,647</u>
TOTAL ASSETS	<u><u>\$ 3,478,310</u></u>	<u><u>\$ 3,891,648</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 15,646	\$ 19,481
Accrued expenses	<u>19,787</u>	<u>39,721</u>
Total Liabilities	<u>35,433</u>	<u>59,202</u>
NET ASSETS		
Without donor restrictions	489,046	303,367
With donor restrictions	<u>2,953,831</u>	<u>3,529,079</u>
Total Net Assets	<u><u>3,442,877</u></u>	<u><u>3,832,446</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,478,310</u></u>	<u><u>\$ 3,891,648</u></u>

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

STUDENT PRESS LAW CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 316,817	\$ -	\$ 316,817
In-kind contributions	11,000	-	11,000
Membership revenue	1,203	-	1,203
Publications	420	-	420
Other income	2,125	-	2,125
Interest and dividends	-	86,113	86,113
Net assets released from restrictions	<u>975,000</u>	<u>(975,000)</u>	<u>-</u>
Total Revenue and Support	1,306,565	(888,887)	417,678
EXPENSES			
Program Services:			
Education and advocacy	659,075	-	659,075
Support Services:			
General and administrative	286,323	-	286,323
Fundraising	<u>175,488</u>	<u>-</u>	<u>175,488</u>
Total Support Services	<u>461,811</u>	<u>-</u>	<u>461,811</u>
Total Expenses	<u>1,120,886</u>	<u>-</u>	<u>1,120,886</u>
CHANGE IN NET ASSETS FROM OPERATIONS	185,679	(888,887)	(703,208)
OTHER CHANGES			
Net appreciation in fair value of investments	<u>-</u>	<u>313,639</u>	<u>313,639</u>
CHANGE IN NET ASSETS	185,679	(575,248)	(389,569)
NET ASSETS, beginning of year	<u>303,367</u>	<u>3,529,079</u>	<u>3,832,446</u>
NET ASSETS, end of year	<u>\$ 489,046</u>	<u>\$ 2,953,831</u>	<u>\$ 3,442,877</u>

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

STUDENT PRESS LAW CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 309,391	\$ 150,000	\$ 459,391
Membership revenue	1,300	-	1,300
Publications	378	-	378
Other income	34	-	34
Interest and dividends	-	99,806	99,806
Net assets released from restrictions	800,000	(800,000)	-
Total Revenue and Support	1,111,103	(550,194)	560,909
EXPENSES			
Program Services:			
Education and advocacy	681,290	-	681,290
Support Services:			
General and administrative	281,945	-	281,945
Fundraising	149,745	-	149,745
Total Support Services	431,690	-	431,690
Total Expenses	1,112,980	-	1,112,980
CHANGE IN NET ASSETS FROM OPERATIONS	(1,877)	(550,194)	(552,071)
OTHER CHANGES			
Net depreciation in fair value of investments	-	(658,720)	(658,720)
CHANGE IN NET ASSETS	(1,877)	(1,208,914)	(1,210,791)
NET ASSETS, beginning of year	305,244	4,737,993	5,043,237
NET ASSETS, end of year	<u>\$ 303,367</u>	<u>\$ 3,529,079</u>	<u>\$ 3,832,446</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, 2023

	Program Services		Support Services			Total
	Education and Advocacy		General and Administrative		Total Support Services	
			Fundraising			
Personnel Costs:						
Salaries	\$ 463,928		\$ 172,540	\$ 91,532	\$ 264,072	\$ 728,000
Payroll taxes	38,948		10,734	8,336	19,070	58,018
Employee benefits	66,021		18,196	14,130	32,326	98,347
Subtotal Personnel Costs	568,897		201,470	113,998	315,468	884,365
Accounting and audit	-		54,188	-	54,188	54,188
Awards	5,000		-	-	-	5,000
Bank fees	-		2,274	-	2,274	2,274
Depreciation	458		126	98	224	682
Dues and subscriptions	7,424		310	241	551	7,975
Equipment and computer	8,918		703	11,444	12,147	21,065
Insurance	5,991		1,652	1,282	2,934	8,925
Publication costs	82		23	18	41	123
Postage	818		219	170	389	1,207
Professional development	271		59	45	104	375
Professional services	11,329		11,694	30,019	41,713	53,042
Professional services (in-kind)	2,136		2,204	5,660	7,864	10,000
Promotion and outreach	4,349		425	3,597	4,022	8,371
Promotion and outreach (in-kind)	520		50	430	480	1,000
Rent and occupancy	19,147		5,277	4,098	9,375	28,522
Supplies and office expense	1,736		135	105	240	1,976
Travel	21,999		5,514	4,283	9,797	31,796
Total Expenses	\$ 659,075		\$ 286,323	\$ 175,488	\$ 461,811	\$ 1,120,886

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

STUDENT PRESS LAW CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services		Support Services				
	Education and Advocacy	General and Administrative			Total Support Services		
			Fundraising				
Personnel Costs:							
Salaries	\$ 436,345	\$ 143,275	\$ 70,964	\$ 214,239	\$ 650,584		
Payroll taxes	33,372	10,959	5,427	16,386	49,758		
Employee benefits	<u>59,807</u>	<u>19,638</u>	<u>9,727</u>	<u>29,365</u>	<u>89,172</u>		
Subtotal Personnel Costs	529,524	173,872	86,118	259,990	789,514		
Accounting and audit	-	46,875	-	46,875	46,875		
Awards	3,000	-	-	-	-	3,000	
Bank fees	-	1,742	-	1,742	1,742		
Depreciation	1,234	405	201	606	1,840		
Dues and subscriptions	1,935	514	6,359	6,873	8,808		
Equipment and computer	9,592	853	12,431	13,284	22,876		
Insurance	6,806	2,235	1,107	3,342	10,148		
Publication costs	74	24	12	36	110		
Postage	510	66	249	315	825		
Printing	3,734	-	1,843	1,843	5,577		
Professional development	848	264	131	395	1,243		
Professional fees	54,905	34,875	30,774	65,649	120,554		
Promotion and outreach	6,505	1,793	1,392	3,185	9,690		
Rent and occupancy	32,395	10,637	5,268	15,905	48,300		
Supplies and office expense	1,522	497	247	744	2,266		
Travel	27,116	6,771	3,354	10,125	37,241		
Website and information technology	<u>1,590</u>	<u>522</u>	<u>259</u>	<u>781</u>	<u>2,371</u>		
Total Expenses	<u>\$ 681,290</u>	<u>\$ 281,945</u>	<u>\$ 149,745</u>	<u>\$ 431,690</u>	<u>\$ 1,112,980</u>		

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

STUDENT PRESS LAW CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (389,569)	\$ (1,210,791)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	682	1,840
Net depreciation (appreciation) in fair value of investments	(313,639)	658,720
Decrease (increase) in assets:		
Grants and contributions receivable	190,000	198,128
Prepaid expenses	(444)	(94)
Inventory	123	110
Increase (decrease) in liabilities:		
Accounts payable	(3,835)	(5,929)
Accrued expenses	(19,934)	10,063
Net Cash Provided by (Used for) Operating Activities	<u>(536,616)</u>	<u>(347,953)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	1,299,920	326,486
Purchases of investments	(686,033)	(176,292)
Purchases of property and equipment	-	(1,605)
Net Cash Provided by (Used for) Investing Activities	<u>613,887</u>	<u>148,589</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	77,271	(199,364)
CASH AND CASH EQUIVALENTS , beginning of year	<u>424,621</u>	<u>623,985</u>
CASH AND CASH EQUIVALENTS , end of year	<u>\$ 501,892</u>	<u>\$ 424,621</u>

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

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A – NATURE OF THE ORGANIZATION AND PROGRAM DESCRIPTION

Student Press Law Center, Inc. (“SPLC”) works at the intersection of education, journalism and law to promote, support and defend the rights of student journalists and their advisers in high school and college. Based in Washington, D.C., SPLC is an independent, non-partisan 501(c)(3) organization.

Since its founding in 1974, SPLC has been the only organization dedicated solely to protecting student press freedom. Through the educational, legal and advocacy work, SPLC empowers and uplifts student journalists and their advisers to claim their free press rights using the law.

Student journalists, both at the high school and the college level, are increasingly important actors in the news media ecosystem. A 2022 Pew research study showed that 11% of reporters covering statehouses in the U.S. are students, and in some states, the number is as high as half. Student journalists have increasingly filled the gaps, reporting on accountability for local community issues, covering events at their schools, and even filling in to cover statehouses and school board meetings.

Assistance from SPLC enables accountability journalism, led by brave student journalists, to flourish at the local and state level, with student journalists exposing fraud, corruption, mismanagement and dangers in their own communities. These include stories that have led to the resignation of key administrators due to student journalists exposing false credentials, and the uncovering of sexual abuse or harassment complaints against faculty members.

SPLC seeks to influence a variety of systems that are all framed by the First Amendment and national, state and local law and policy. SPLC’s efforts to promote independent journalism and civic engagement is evident in their core projects:

- The legal hotline, which provides free legal assistance to thousands of students journalists and advisers across the United States;
- The New Voices movement, which seeks to support nonpartisan, grassroots student-driven groups that work to protect students from censorship and advocate for student press freedom through legislation and policies;
- Legal training, resources and outreach — both virtually and in person across the country — to proactively educate constituents and allies in the law of student media; and
- Student Press Freedom Day, an annual opportunity to raise national awareness of the challenges student journalists face, celebrate their contributions to their schools and communities, and take action to protect and restore their First Amendment freedoms.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE A – NATURE OF THE ORGANIZATION AND PROGRAM DESCRIPTION –
continued

Often called “the Student Press Freedom Fire Department,” SPLC is the first line of response for students and advisers when difficult issues arise. SPLC’s staff, through its legal hotline, has a direct line to the issues students are facing in a way that others do not. SPLC does not charge for its services, and where other organizations may select high profile cases which have particular appeal, SPLC answers every call, providing direct assistance to every inquiry. When cases become particularly complicated or contentious, SPLC turns to an on-call network of more than 200 top media lawyers standing by to take on cases pro bono through its Attorney Referral Network. Collaborations with other First Amendment advocacy and journalism education groups uniquely enables SPLC to represent issues impacting student journalists in broader discussions of press freedoms.

SPLC is at a transformative moment looking toward its 50th anniversary in 2024. SPLC is on a growth trajectory, constantly assessing impact and outreach and building a more proactive posture. By developing multi-year, integrated and intersectional strategies — which shine a light upon egregious stories of censorship, explore the self-censorship of student journalists, protect advisers at-risk and document the important work of student journalists — SPLC plays a unique role in protecting and promoting the future of journalism and democracy.

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.

Financial Statement Presentation

Financial statement presentation follows Financial Standards Accounting Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit-Entities*. In accordance with Topic 958, net assets, revenue, gains, and losses are classified based on existence or absence of donor-imposed restrictions. Accordingly, the net assets of SPLC and changes therein, are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed restrictions.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Statement Presentation - continued

Net Assets with Donor Restrictions - Net assets subject to donor-imposed restrictions that may or will be met by either actions of SPLC and/or the passage of time or that must be maintained in perpetuity by SPLC. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

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 equivalents except for those included as part of an investment portfolio. Cash and cash equivalents in certain accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At times, the accounts may exceed this limit; however, SPLC believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Grants and Contributions Receivable

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 to expense based on specific circumstances of the parties involved. Management believes all receivables are fully collectible; and therefore, as of December 31, 2023 and 2022, no provision for allowance for doubtful accounts was deemed necessary.

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 less accumulated depreciation. 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 related assets, ranging from three to seven years.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements 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 the donation.

Revenue Recognition

Grants and Contributions

SPLC recognizes grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions.

In-Kinds Contributions

In-kind contributions are recorded at fair value of the services or items received. SPLC recognized in-kind contributions that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Membership and Publications Revenue

Membership revenue is ostensibly an unconditional contribution, and is recognized at a point in time when the funds are received.

Publications revenue is recognized at a point in time when the books or journals are sold.

Methods Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, rent and occupancy, and any other applicable expenditures, which are allocated on the basis of salaries and related costs, determined by estimates of time and effort expended.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(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.

Reclassification

For comparability purposes, certain amounts previously reported as awards for the year ended December 31, 2022, have been reallocated to program services in the statements of functional expenses. Additionally, the investment adviser fee has been netted with investment income in the statements of activities for the year ended December 31, 2022. These reclassifications align with the current year's presentation and do not impact previously reported net assets or the change in net assets.

NOTE C – INCOME TAXES

SPLC is a 501(c)(3) organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the “Code”), and is not a private foundation. Under the provisions of the Code, SPLC is, however, subject to tax on business income unrelated to its exempt purpose. As of December 31, 2023 and 2022, SPLC had no liability for tax on unrelated business income. SPLC files information returns and other tax returns as required.

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.

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 2020 through 2022, 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 – AVAILABLE RESOURCES AND LIQUIDITY

SPLC regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to maximize the investment of its available funds. Timing of revenue receipts also ensures the availability of necessary operational funds. Sources of liquidity available to SPLC include financial assets consisting of cash and cash equivalents, grants and contributions receivable, and its investment portfolio. In addition, SPLC anticipates receiving additional grants and contributions that will sufficiently cover its operating expenses over the next 12 months.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, SPLC considers all expenditures related to education and advocacy, general and administrative, and fundraising activities, to be general operating expenditures.

As of December 31, 2023 and 2022, total financial assets held by SPLC and the amounts of those financial assets that could readily be made available within one year of the statements of financial position date to meet general expenditures were as follows:

	2023	2022
Cash and cash equivalents	\$ 501,892	\$ 424,621
Grants and contributions receivable	10,000	200,000
Investments - endowment funds	<u>2,953,831</u>	<u>3,254,079</u>
Total Financial Assets	3,465,723	3,878,700
Less: net assets encumbered by donor restrictions	(2,953,831)	(3,529,079)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 511,892</u></u>	<u><u>\$ 349,621</u></u>

NOTE E – FAIR VALUE MEASUREMENT

FASB ASC Topic 820, *Fair Value Measurement* 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 measurements) 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.

The three levels of the fair value hierarchy are described as follows:

- Level 1* Inputs are based on unadjusted quoted prices for identical assets traded in active markets that SPLC has the ability to access.
- Level 2* 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.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE E – FAIR VALUE MEASUREMENT - continued

Level 3 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 is valued at the carrying amount, which approximates fair value.

The following table presents SPLC's fair value hierarchy for investments measured at fair value on a recurring basis as of December 31, 2023:

	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 110,469	\$ -	\$ -	\$ 110,469
Mutual funds:				
Fixed income	839,805	-	-	839,805
Equity	1,874,834	-	-	1,874,834
Exchange traded funds	128,723	-	-	128,723
Total Investments	<u>\$ 2,953,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,953,831</u>

The following table presents SPLC's fair value hierarchy for investments measured at fair value on a recurring basis as of December 31, 2022:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 158,650	\$ -	\$ -	\$ 158,650
Mutual funds:				
Fixed income	947,484	-	-	947,484
Equity	2,036,843	-	-	2,036,843
Exchange traded funds	111,102	-	-	111,102
Total Investments	<u>\$ 3,254,079</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,254,079</u>

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE F – ENDOWMENT

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 the original value of the gifts donated to be held in perpetuity as net assets with donor restrictions. The portion of the endowment funds that is not to be held in perpetuity is also classified as net assets with donor restrictions 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 Investment Policy for the endowment funds. These policies have identified an appropriate risk posture for the endowment funds, stated expectations and objectives for the funds, provided asset allocation guidelines, and established criteria to monitor and evaluate the performance results of the funds’ 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 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, 2023 and 2022, there were no deficiencies in the endowment funds.

SPLC’s endowment net assets consisted of the following as of December 31, 2023:

	Without Donor Restrictions	With Donor Restrictions	Ending Balance
Original donor-restricted gift amount and amounts required to be retained by donor	\$ -	\$ 2,745,588	\$ 2,745,588
Portion subject to appropriation for expenditures	- -	208,243	208,243
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 2,953,831</u>	<u>\$ 2,953,831</u>

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE F – ENDOWMENT - continued

Changes in the endowment net assets for the year ended December 31, 2023, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Ending Balance
Balance as of December 31, 2022	\$ -	\$ 3,254,079	\$ 3,254,079
Interest and dividends	-	86,113	86,113
Net appreciation in fair value	-	313,639	313,639
Appropriation of endowment assets for expenditure	-	(700,000)	(700,000)
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 2,953,831</u>	<u>\$ 2,953,831</u>

SPLC's endowment net assets consisted of the following as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Ending Balance
Original donor-restricted gift amount and amounts required to be retained by donor	\$ -	\$ 2,745,588	\$ 2,745,588
Portion subject to appropriation for expenditures	-	508,491	508,491
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 3,254,079</u>	<u>\$ 3,254,079</u>

Changes in the endowment net assets for the year ended December 31, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Ending Balance
Balance as of December 31, 2021	\$ -	\$ 4,062,993	\$ 4,062,993
Interest and dividends	-	99,806	99,806
Net depreciation in fair value	-	(658,720)	(658,720)
Appropriation of endowment assets for expenditure	-	(250,000)	(250,000)
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 3,254,079</u>	<u>\$ 3,254,079</u>

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2023	2022
Furniture and equipment	\$ 2,609	\$ 4,515
Computer equipment	<u>12,897</u>	<u>12,897</u>
	15,506	17,412
Less: accumulated depreciation	<u>(13,620)</u>	<u>(14,844)</u>
Property and Equipment, Net	<u><u>\$ 1,886</u></u>	<u><u>\$ 2,568</u></u>

During fiscal year 2023, SPLC disposed of fully depreciated property and equipment with a total cost of \$1,906. For the years ended December 31, 2023 and 2022, depreciation expense totaled \$682 and \$1,840, respectively.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

	2023	2022
Endowment	\$ 2,953,831	\$ 3,254,079
Education and advocacy	- <u>275,000</u>	<u>275,000</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 2,953,831</u></u>	<u><u>\$ 3,529,079</u></u>

NOTE I – IN-KIND SERVICES

SPLC received in-kind professional services and promotional and outreach services that directly benefited SPLC and not the individuals that it serves. The in-kind services were valued based on an estimated number of hours multiplied by a specified hourly rate. The donated services were allocated among the programs and supporting services on the statement of functional expenses, and had no donor imposed restrictions. For the years ended December 31, 2023 and 2022, in-kind services totaled \$11,000 and \$0, respectively.

NOTE J – RETIREMENT PLAN

Effective January 1, 2021, SPLC established the Student Press Law Center 403(b) Retirement Savings Plan (the “Plan”), which replaced the original retirement plan. An employee is eligible to participate in the Plan immediately upon hire. In other words, there is no age or service requirement to join the Plan. In order to receive employer discretionary contributions, the employee must be at least age 21 and have completed a minimum of 1,000 hours (or one year) of service. SPLC makes matching contributions of three percent of the participant’s compensation.

STUDENT PRESS LAW CENTER, INC.
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DECEMBER 31, 2023 AND 2022
(continued)

NOTE J – RETIREMENT PLAN - continued

For the years ended December 31, 2023 and 2022, SPLC's contribution to the retirement plan total \$20,211 and \$17,783, respectively.

NOTE K – OPERATING LEASE

Effective January 1, 2020, SPLC entered into a two-year lease agreement with the Regents of the University of California, which expired on December 31, 2022. Effective January 1, 2023, the lease was amended to reflect a month-to-month leasing arrangement for the office space. However, SPLC decided to terminate the lease and transitioned to a work-from-home model for employees in July 2023. For the years ended December 31, 2023 and 2022, rent and occupancy expenses totaled \$28,522 and \$48,300, respectively.

NOTE L – SUBSEQUENT EVENTS

In preparing these financial statements, SPLC has evaluated events and transactions for potential recognition or disclosure through August 19, 2024, 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.