

STUDENT PRESS LAW CENTER, INC.

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

DECEMBER 31, 2020 AND 2019

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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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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, 2020 and 2019, 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.

A handwritten signature in cursive script, appearing to read "J.M. & M.", is positioned above the typed text.

Washington, DC
October 26, 2021

STUDENT PRESS LAW CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 473,325	\$ 440,844
Grants and contributions receivable	101,000	610,000
Prepaid expenses	6,652	12,232
Inventory	1,868	1,886
Total Current Assets	582,845	1,064,962
OTHER ASSETS		
Property and equipment, net	3,585	5,933
Investments - endowment funds	3,662,674	3,415,529
Total Other Assets	3,666,259	3,421,462
TOTAL ASSETS	\$ 4,249,104	\$ 4,486,424
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 10,405	\$ 6,216
Accrued expenses	51,182	29,014
Total Liabilities	61,587	35,230
NET ASSETS		
Without donor restrictions	424,843	425,665
With donor restrictions	3,762,674	4,025,529
Total Net Assets	4,187,517	4,451,194
TOTAL LIABILITIES AND NET ASSETS	\$ 4,249,104	\$ 4,486,424

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

STUDENT PRESS LAW CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 213,039	\$ -	\$ 213,039
Government grant	114,738	-	114,738
Membership revenue	2,350	-	2,350
Publications	114	-	114
Other income	139	-	139
Interest and dividends	-	65,542	65,542
Net assets released from restrictions	610,000	(610,000)	-
Total Revenue and Support	<u>940,380</u>	<u>(544,458)</u>	<u>395,922</u>
EXPENSES			
Program Services:			
Education and advocacy	547,668	-	547,668
Support Services:			
General and administrative	240,992	-	240,992
Fundraising	152,542	-	152,542
Total Support Services	<u>393,534</u>	<u>-</u>	<u>393,534</u>
Total Expenses	<u>941,202</u>	<u>-</u>	<u>941,202</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(822)	(544,458)	(545,280)
OTHER CHANGES			
Net appreciation in fair value of investments	<u>-</u>	<u>281,603</u>	<u>281,603</u>
CHANGE IN NET ASSETS	(822)	(262,855)	(263,677)
NET ASSETS, beginning of year	<u>425,665</u>	<u>4,025,529</u>	<u>4,451,194</u>
NET ASSETS, end of year	<u>\$ 424,843</u>	<u>\$ 3,762,674</u>	<u>\$ 4,187,517</u>

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

STUDENT PRESS LAW CENTER, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 324,892	\$ 650,000	\$ 974,892
Publications	11,685	-	11,685
Membership revenue	3,997	-	3,997
Interest and dividends	-	100,146	100,146
Other income	112	-	112
Net assets released from restrictions	720,000	(720,000)	-
Total Revenue and Support	<u>1,060,686</u>	<u>30,146</u>	<u>1,090,832</u>
EXPENSES			
Program Services:			
Education and advocacy	572,680	-	572,680
Support Services:			
General and administrative	182,435	-	182,435
Fundraising	119,181	-	119,181
Total Support Services	<u>301,616</u>	<u>-</u>	<u>301,616</u>
Total Expenses	<u>874,296</u>	<u>-</u>	<u>874,296</u>
CHANGE IN NET ASSETS FROM OPERATIONS	186,390	30,146	216,536
OTHER CHANGES			
Net appreciation in fair value of investments	<u>-</u>	<u>478,620</u>	<u>478,620</u>
CHANGE IN NET ASSETS	186,390	508,766	695,156
NET ASSETS, beginning of year	<u>239,275</u>	<u>3,516,763</u>	<u>3,756,038</u>
NET ASSETS, end of year	<u>\$ 425,665</u>	<u>\$ 4,025,529</u>	<u>\$ 4,451,194</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, 2020

	<u>Program Services</u>	<u>Support Services</u>			<u>Total</u>
	Education and Advocacy	General and Administrative	Fundraising	Total Support Services	
Personnel Costs:					
Salaries	\$ 412,060	\$ 141,425	\$ 112,677	\$ 254,102	\$ 666,162
Payroll taxes	31,148	10,690	8,517	19,207	50,355
Employee benefits	38,472	13,204	10,520	23,724	62,196
Subtotal Personnel Costs	<u>481,680</u>	<u>165,319</u>	<u>131,714</u>	<u>297,033</u>	<u>778,713</u>
Accounting and audit	-	42,319	-	42,319	42,319
Awards	3,000	-	-	-	3,000
Bank fees	-	1,838	-	1,838	1,838
Depreciation	1,452	499	397	896	2,348
Dues and subscriptions	1,701	455	362	817	2,518
Equipment and computer	2,916	685	3,058	3,743	6,659
Grants	2,368	-	-	-	2,368
Insurance	3,929	1,349	1,074	2,423	6,352
Publication	11	4	3	7	18
Postage	666	225	179	404	1,070
Printing	-	-	4,451	4,451	4,451
Professional development	1,866	332	266	598	2,464
Professional fees	10,203	14,997	703	15,700	25,903
Rent and occupancy	29,876	10,254	8,170	18,424	48,300
Supplies and office expense	1,481	499	398	897	2,378
Travel	4,510	1,527	1,218	2,745	7,255
Website and information technology	2,009	690	549	1,239	3,248
Total Expenses	<u>\$ 547,668</u>	<u>\$ 240,992</u>	<u>\$ 152,542</u>	<u>\$ 393,534</u>	<u>\$ 941,202</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, 2019

	Program Services	Support Services			Total
	Education and Advocacy	General and Administrative	Fundraising	Total Support Services	
Personnel Costs:					
Salaries	\$ 402,495	\$ 85,300	\$ 76,014	\$ 161,314	\$ 563,809
Payroll taxes	28,709	8,818	7,490	16,308	45,017
Employee benefits	24,346	7,437	6,317	13,754	38,100
Subtotal Personnel Costs	455,550	101,555	89,821	191,376	646,926
Accounting and audit	-	40,981	-	40,981	40,981
Awards	3,000	-	-	-	3,000
Bank fees	861	264	225	489	1,350
Depreciation	1,497	460	391	851	2,348
Dues and subscriptions	851	262	222	484	1,335
Equipment and computer	2,631	774	3,021	3,795	6,426
Insurance	3,493	1,073	911	1,984	5,477
Publication	90	28	23	51	141
Postage	2,744	843	716	1,559	4,303
Printing	4,618	1,168	5,345	6,513	11,131
Professional development	1,261	388	1,812	2,200	3,461
Professional fees	22,499	18,608	3,078	21,686	44,185
Rent and occupancy	30,067	9,236	7,845	17,081	47,148
Supplies and office expense	3,851	1,130	958	2,088	5,939
Travel	36,799	4,784	4,065	8,849	45,648
Website and information technology	2,868	881	748	1,629	4,497
Total Expenses	\$ 572,680	\$ 182,435	\$ 119,181	\$ 301,616	\$ 874,296

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

STUDENT PRESS LAW CENTER, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (263,677)	\$ 695,156
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	2,348	2,348
Net appreciation in fair value of investments	(281,603)	(478,620)
Decrease (increase) in assets:		
Accounts receivable	-	3,103
Grants and contributions receivable	509,000	(276,608)
Prepaid expenses	5,580	(3,200)
Inventory	18	141
Increase (decrease) in liabilities:		
Accounts payable	4,189	(4,668)
Accrued expenses	22,168	15,992
Net Cash Used for Operating Activities	(1,977)	(46,356)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	100,000	200,000
Purchases of investments	(65,542)	(100,146)
Purchases of property and equipment	-	(4,610)
Net Cash Provided by Investing Activities	34,458	95,244
NET CHANGE IN CASH AND CASH EQUIVALENTS	32,481	48,888
CASH AND CASH EQUIVALENTS, beginning of year	440,844	391,956
CASH AND CASH EQUIVALENTS, end of year	\$ 473,325	\$ 440,844

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

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE A – NATURE OF THE ORGANIZATION AND PROGRAM DESCRIPTION

Student Press Law Center, Inc. (“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, SPLC has been supporting, promoting and defending the First Amendment and free expression rights of student journalists in the United States.

Operating at the intersection of law, journalism and education, SPLC fields inquiries from more than 2000 students and advisers each year on its legal hotline. SPLC provides more than 60 training workshops annually, hosts monthly webinars and podcasts, and provides a wide variety of online resources to student journalists and advisers. SPLC also engages in programmatic initiatives to address gender and censorship, to support New Voices student press protections, and to amplify the destructive effects of censorship on student journalists. Based in Washington, DC, SPLC is an independent, non-partisan 501(c)(3).

Student journalists, both at the high school and the college level, are increasingly important actors in the news media ecosystem. A 2014 Pew research study showed that 14% of reporters covering statehouses in the U.S. are students. 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 which have led to the resignation of key administrators due to student journalists exposing false credentials, uncovering of sexual abuse or harassment complaints against faculty members.

SPLC seeks to influence a variety of systems which 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 our core projects: our legal hotline, which provides free legal assistance to thousands of students journalists across the United States; the New Voices movement which seeks to support nonpartisan, grassroots, student-driven groups which work to protect students from censorship and promote student press freedom; and the training, resources and outreach that SPLC conducts to proactively educate constituents and allies in the law and ethics of student media.

Often called “the Press Freedom Fire Department,” SPLC is the first line of response for students and advisers when difficult issues arise. SPLC’s staff and monitors the Legal Hotline, dealing with inquiries from thousands of students and advisers each year. SPLC has its finger on the pulse 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, the SPLC answers every call, providing direct assistance to every inquiry. When cases become particularly

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

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

complicated or contentious, SPLC turns to an on-call network of over 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. With a new leadership team in place since late 2017, 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, document the important role student journalists play, SPLC plays a unique role in protecting and promoting the future of good journalism.

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 958, *Not-for-Profit-Entities*. In accordance with the topic, SPLC is required to report information regarding its financial position and activities according to two classes of net assets. 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.

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.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 those included as part of an investments' 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 or cash equivalents.

Accounts, Grants and Contributions Receivable

Accounts, 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 no provision for allowance for doubtful accounts is 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.

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.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Government Grant

Proceeds received from Congressional Bank under the Small Business Administration's Paycheck Protection Program ("PPP") are recognized as a government grant. This revenue is considered a conditional grant with a measurable performance or other barrier and a right of return and is not recognized until the conditions outlined in the PPP loan document have been substantially met. The conditional grant is subject to audit by the grantor agency, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. As of December 31, 2020, SPLC satisfied the conditions of the terms of the PPP loan, and therefore, recognized the total proceeds as grant revenue in the accompanying statement of activities.

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 also recognized at a point in time when the books or journals are sold.

Methods Used for Allocation of Expenses from General and Administrative Activities

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

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(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) 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, 2020 and 2019, 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 2017 through 2019, 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. Although SPLC had net assets with donor restrictions totaling \$3,762,674 and \$4,025,529 as of December 31, 2020 and 2019, respectively, \$1,017,086 and \$1,319,941 of these funds are expected to be available for spending over the next 12 months.

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.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

As of December 31, 2020 and 2019, 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:

	2020	2019
Cash and cash equivalents	\$ 473,325	\$ 440,844
Grants and contributions receivable	101,000	610,000
Investments - endowment funds	3,662,674	3,415,529
Total Financial Assets	4,236,999	4,466,373
Less: net assets encumbered by donor restrictions - perpetual in nature	(2,745,588)	(2,745,588)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 1,491,411	\$ 1,720,785

NOTE E – FAIR VALUE MEASUREMENTS

FASB ASC Topic 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.

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.
- Level 3* Inputs are unobservable and significant to the fair value measurement.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE E – FAIR VALUE MEASUREMENTS – continued

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, 2020 and 2019:

	Assets at Fair Value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 75,032	\$ -	\$ -	\$ 75,032
Mutual Funds:				
Fixed income	1,020,853	-	-	1,020,853
Equity	2,445,165	-	-	2,445,165
Exchange traded funds	121,624	-	-	121,624
Total Investments	\$ 3,662,674	\$ -	\$ -	\$ 3,662,674

	Assets at Fair Value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 22,164	\$ -	\$ -	\$ 22,164
Mutual Funds:				
Fixed income	1,021,580	-	-	1,021,580
Equity	2,262,311	-	-	2,262,311
Exchange traded funds	109,474	-	-	109,474
Total Investments	\$ 3,415,529	\$ -	\$ -	\$ 3,415,529

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2020 and 2019:

	2020	2019
Furniture and equipment	\$ 4,515	\$ 4,515
Computer equipment	9,485	9,485
	14,000	14,000
Less: accumulated depreciation	(10,415)	(8,067)
Property and Equipment, Net	\$ 3,585	\$ 5,933

For each of the years ended December 31, 2020 and 2019, depreciation expense totaled \$2,348.

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

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 Statement of Investment Policies 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 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.

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS – continued

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, 2020 and 2019, there were no deficiencies in the endowment funds.

SPLC’s endowment net assets consisted of the following as of December 31, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Ending Balance</u>
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	-	917,086	917,086
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 3,662,674</u>	<u>\$ 3,662,674</u>

Changes in the endowment net assets for the year ended December 31, 2020, were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Ending Balance</u>
Balance as of December 31, 2019	\$ -	\$ 3,415,529	\$ 3,415,529
Interest and dividends	-	65,542	65,542
Net appreciation in fair value	-	281,603	281,603
Appropriation of endowment assets for expenditure	-	(100,000)	(100,000)
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 3,662,674</u>	<u>\$ 3,662,674</u>

SPLC’s endowment net assets consisted of the following as of December 31, 2019:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Ending Balance</u>
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	-	669,941	669,941
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 3,415,529</u>	<u>\$ 3,415,529</u>

STUDENT PRESS LAW CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(continued)

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS – continued

Changes in the endowment net assets for the year ended December 31, 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Ending Balance
Balance as of December 31, 2018	\$ -	\$ 3,036,763	\$ 3,036,763
Interest and dividends	-	100,146	100,146
Net appreciation in fair value	-	478,620	478,620
Appropriation of endowment assets for expenditure	-	(200,000)	(200,000)
Balance as of December 31, 2019	<u>\$ -</u>	<u>\$ 3,415,529</u>	<u>\$ 3,415,529</u>

Other Net Assets With Donor Restrictions

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

	2020	2019
Education and advocacy	<u>\$ 100,000</u>	<u>\$ 650,000</u>

NOTE H – GRANTS AND CONTRIBUTIONS RECEIVABLE

The following schedule summarizes the grants and contributions receivable as of December 31:

	2020	2019
Amount due in one year or less	<u>\$ 101,000</u>	<u>\$ 610,000</u>
Total grants receivable	<u>\$ 101,000</u>	<u>\$ 610,000</u>

NOTE I – PAYCHECK PROTECTION PROGRAM LOAN

On May 1, 2020, SPLC secured a \$114,738 loan with Congressional Bank (the “Lender”) under the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”) that authorized forgivable loans to small businesses. The loan can be used to cover certain expenses during the COVID-19 crisis. The loan amounts may be forgiven as long as the loan proceeds are used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan document after the loan is made. If not used for the described purpose, the loan is due on May 1, 2022, along with interest calculated at a rate of 1% per annum. On December 31, 2020, SPLC received approval for full forgiveness of the loan principal and interest by the lender and SBA.

STUDENT PRESS LAW CENTER, INC.
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NOTE J – 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 the lease expired on December 31, 2019. Effective January 1, 2020, SPLC entered into new lease agreement with the Regents of the University of California, which expires on December 31, 2022. The annual rent is \$48,300. Rent and occupancy expense for the years ended December 31, 2020 and 2019, totaled \$48,300 and \$47,148, respectively.

Future minimum lease payments are as follows, for the years ending December 31:

2021	\$ 48,300
2022	48,300
Total	<u>\$ 96,600</u>

NOTE K – 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. There were no employer matching contributions for the years ended December 31, 2020 and 2019.

NOTE L – SUBSEQUENT EVENTS

In preparing these financial statements, SPLC has evaluated events and transactions for potential recognition or disclosure through October 26, 2021, 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.