

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

FINANCIAL STATEMENTS

December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Society of Environmental Journalists, Inc.
Washington, D.C.

Opinion

We have audited the financial statements of Society of Environmental Journalists, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of Society of Environmental Journalists, Inc. as of December 31, 2021 and 2020, and the results of its operations 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 (GAAS). 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 Society of Environmental Journalists, 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 Society of Environmental Journalists, 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 GAAS 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 GAAS, 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 Society of Environmental Journalists, 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 Society of Environmental Journalists, 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.

Wegner CPAs LLP

Wegner CPAs, LLP
Alexandria, Virginia
August 23, 2022

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| ASSETS | | |
| Cash | \$ 1,279,762 | \$ 748,247 |
| Accounts receivable | 9,132 | 5,672 |
| Unconditional promises to give | 368,200 | 389,800 |
| Prepaid expenses | 66,957 | 61,085 |
| Equipment | 3,599 | 9,927 |
| Accumulated depreciation | (2,626) | (8,654) |
| Investments | 1,259,303 | 1,200,133 |
| Total assets | <u>\$ 2,984,327</u> | <u>\$ 2,406,210</u> |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 19,578 | \$ 33,940 |
| Prepaid dues | 14,642 | 6,850 |
| Refundable advances | 835,000 | 50,000 |
| Total liabilities | 869,220 | 90,790 |
| NET ASSETS | | |
| Without donor restrictions | 932,745 | 890,321 |
| With donor restrictions | 1,182,362 | 1,425,099 |
| Total net assets | <u>2,115,107</u> | <u>2,315,420</u> |
| Total liabilities and net assets | <u>\$ 2,984,327</u> | <u>\$ 2,406,210</u> |

See accompanying notes.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

| | 2021 | | | 2020 | | |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| SUPPORT AND REVENUE | | | | | | |
| Grants and contributions | \$ 92,388 | \$ 849,590 | \$ 941,978 | \$ 18,276 | \$ 1,060,712 | \$ 1,078,988 |
| Conference revenue | 16,000 | - | 16,000 | 79,089 | 40,000 | 119,089 |
| Membership fees | 63,463 | - | 63,463 | 61,268 | - | 61,268 |
| Mailing list rentals | 35,078 | - | 35,078 | 24,535 | - | 24,535 |
| Investment return, net | 18,040 | 41,382 | 59,422 | 16,845 | 25,627 | 42,472 |
| Awards revenue | 35,052 | - | 35,052 | 30,345 | - | 30,345 |
| Miscellaneous revenue | 200 | - | 200 | 150 | - | 150 |
| Paycheck Protection Program assistance | 80,000 | - | 80,000 | 70,000 | - | 70,000 |
| Families First Coronavirus Response Act assistance | 82,916 | - | 82,916 | - | - | - |
| Total support and revenue | 423,137 | 890,972 | 1,314,109 | 300,508 | 1,126,339 | 1,426,847 |
| EXPENSES | | | | | | |
| Program Services | | | | | | |
| Conference | 90,331 | - | 90,331 | 176,700 | - | 176,700 |
| Fund for Environmental Journalism | 706,070 | - | 706,070 | 538,794 | - | 538,794 |
| Awards | 137,365 | - | 137,365 | 302,191 | - | 302,191 |
| Membership Services | 66,912 | - | 66,912 | 60,207 | - | 60,207 |
| Publications | 191,318 | - | 191,318 | 204,560 | - | 204,560 |
| Total program services | 1,191,996 | - | 1,191,996 | 1,282,452 | - | 1,282,452 |
| Supporting Activities | | | | | | |
| Management and General | 228,569 | - | 228,569 | 197,099 | - | 197,099 |
| Fundraising | 93,857 | - | 93,857 | 93,906 | - | 93,906 |
| Total expenses | 1,514,422 | - | 1,514,422 | 1,573,457 | - | 1,573,457 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | | | | |
| Satisfaction of purpose restrictions | 465,417 | (465,417) | - | 873,082 | (873,082) | - |
| Expiration of time restrictions | 668,292 | (668,292) | - | 524,667 | (524,667) | - |
| Net assets released from restrictions | 1,133,709 | (1,133,709) | - | 1,397,749 | (1,397,749) | - |
| Change in net assets | 42,424 | (242,737) | (200,313) | 124,800 | (271,410) | (146,610) |
| Net assets at beginning of year | 890,321 | 1,425,099 | 2,315,420 | 765,521 | 1,696,509 | 2,462,030 |
| Net assets at end of year | <u>\$ 932,745</u> | <u>\$ 1,182,362</u> | <u>\$ 2,115,107</u> | <u>\$ 890,321</u> | <u>\$ 1,425,099</u> | <u>\$ 2,315,420</u> |

See accompanying notes.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

| | Program Services | | | | | Supporting Activities | | Total Expenses |
|--------------------------------|------------------|-----------------------------------|-------------------|---------------------|-------------------|------------------------|------------------|---------------------|
| | Conference | Fund for Environmental Journalism | Awards | Membership Services | Publications | Management and General | Fundraising | |
| Personnel | \$ 79,023 | \$ 25,518 | \$ 98,407 | \$ 61,249 | \$ 16,607 | \$ 73,437 | \$ 83,168 | \$ 437,409 |
| Awards | - | 678,192 | 18,060 | - | - | - | - | 696,252 |
| Bank and credit card fees | - | - | - | - | - | 5,868 | - | 5,868 |
| Consultants | 4,000 | - | 5,298 | - | 173,175 | 106,691 | 2,999 | 292,163 |
| Depreciation expense | - | - | - | - | - | 300 | - | 300 |
| Insurance | 936 | 302 | 1,165 | 725 | 197 | 870 | 985 | 5,180 |
| Office supplies | 4,452 | 1,438 | 5,544 | 3,450 | 936 | 4,137 | 4,684 | 24,641 |
| Payroll fees | - | - | - | - | - | 2,514 | - | 2,514 |
| Postage, shipping, and copying | - | - | - | - | - | 2,323 | - | 2,323 |
| Printing | - | - | 6,500 | - | - | - | - | 6,500 |
| Professional fees | - | - | - | - | - | 21,854 | - | 21,854 |
| Rent and utilities | 697 | 225 | 868 | 540 | 146 | 648 | 733 | 3,857 |
| Repairs and maintenance | - | - | - | - | - | 220 | - | 220 |
| Telephone and online fees | 1,094 | 353 | 1,362 | 848 | 230 | 1,017 | 1,151 | 6,055 |
| Travel - board meetings | 129 | 42 | 161 | 100 | 27 | 120 | 137 | 716 |
| Website maintenance | - | - | - | - | - | 8,570 | - | 8,570 |
| Total expenses | \$ 90,331 | \$ 706,070 | \$ 137,365 | \$ 66,912 | \$ 191,318 | \$ 228,569 | \$ 93,857 | \$ 1,514,422 |

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

| | Program Services | | | | | Supporting Activities | | Total Expenses |
|--------------------------------|-------------------|-----------------------------------|-------------------|---------------------|-------------------|------------------------|------------------|---------------------|
| | Conference | Fund for Environmental Journalism | Awards | Membership Services | Publications | Management and General | Fundraising | |
| Personnel | \$ 144,780 | \$ 30,714 | \$ 57,624 | \$ 54,712 | \$ 16,408 | \$ 66,154 | \$ 85,336 | \$ 455,728 |
| Awards | - | 504,996 | 235,232 | - | - | - | - | 740,228 |
| Bank and credit card fees | - | - | - | - | - | 7,601 | - | 7,601 |
| Consultants | 10,338 | - | - | - | 186,504 | 90,018 | - | 286,860 |
| Depreciation expense | - | - | - | - | - | 270 | - | 270 |
| Insurance | 2,434 | 516 | 969 | 920 | 276 | 1,112 | 1,433 | 7,660 |
| Marketing and advertising | - | - | 1,380 | - | - | - | - | 1,380 |
| Office supplies | 6,930 | 1,470 | 2,758 | 2,619 | 785 | 3,166 | 4,085 | 21,813 |
| Payroll fees | - | - | - | - | - | 2,131 | - | 2,131 |
| Postage, shipping, and copying | - | - | - | - | - | 541 | - | 541 |
| Printing | 4,299 | - | 2,168 | - | - | - | - | 6,467 |
| Professional fees | - | - | - | - | - | 22,269 | - | 22,269 |
| Registration services | 250 | - | - | - | - | - | - | 250 |
| Rent and utilities | 1,370 | 291 | 545 | 518 | 155 | 626 | 806 | 4,311 |
| Telephone and online fees | 501 | 106 | 199 | 189 | 57 | 229 | 297 | 1,578 |
| Travel - board meetings | 3,305 | 701 | 1,316 | 1,249 | 375 | 1,510 | 1,949 | 10,405 |
| Travel - conferences | 2,128 | - | - | - | - | - | - | 2,128 |
| Travel - fellowships | 365 | - | - | - | - | - | - | 365 |
| Website maintenance | - | - | - | - | - | 1,472 | - | 1,472 |
| Total expenses | \$ 176,700 | \$ 538,794 | \$ 302,191 | \$ 60,207 | \$ 204,560 | \$ 197,099 | \$ 93,906 | \$ 1,573,457 |

See accompanying notes.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

| | 2021 | 2020 |
|---|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (200,313) | \$ (146,610) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Depreciation | 300 | 270 |
| Contributions restricted for long term purposes | (855) | (430) |
| Net realized and unrealized gains on investments | (48,341) | (38,120) |
| (Increase) decrease in assets | | |
| Accounts receivable | (3,460) | 68,034 |
| Unconditional promises to give | 21,600 | (71,200) |
| Prepaid expenses | (5,872) | (52,823) |
| Increase (decrease) in liabilities | | |
| Accounts payable and accrued expenses | (14,361) | 25,099 |
| Prepaid dues | 7,792 | (249) |
| Refundable advances | 785,000 | 50,000 |
| Net cash flows from operating activities | 541,490 | (166,029) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of equipment | - | (1,497) |
| Purchases of investments and interest and dividends reinvested | (30,255) | (109,636) |
| Proceeds from sales of investments | 19,425 | 106,090 |
| Net cash flows from investing activities | (10,830) | (5,043) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Endowment contributions received | 855 | 430 |
| Change in cash | 531,515 | (170,642) |
| Cash at beginning of year | 748,247 | 918,889 |
| Cash at end of year | \$ 1,279,762 | \$ 748,247 |

See accompanying notes.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Society of Environmental Journalists, Inc. (SEJ) is a not-for-profit organization, incorporated in Washington D.C. SEJ's mission is to advance public understanding of environmental issues by improving the quality, accuracy and visibility of environmental news reporting. SEJ's programs include an annual conference, a comprehensive website, print and electronic publications, regional events, diversity program, and environmental journalism awards. The purpose of SEJ is to build a stronger, better educated, and more closely connected network of journalists and editors in all media who cover environment related issues, and through that network, to improve and increase news coverage of critically important environmental issues through programs and services designed by and for journalists. SEJ is independent and nonpartisan. SEJ's revenues come primarily through grants and contributions, as well as its annual conference.

Accounts Receivable

Accounts receivable primarily represent amounts due from customers for various services and meetings provided by SEJ. Accounts receivable are stated at the amount management expects to be collected from outstanding balances. As of December 31, 2021 and 2020, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2021 and 2020, all promises to give are collectible within one year.

Equipment

Equipment is recorded at cost if purchased and at fair value if donated; depreciation is computed on a straight-line basis over their estimated useful lives ranging from five to ten years. All property and equipment purchased with an estimated useful life over one year and cost greater than \$1,500 is capitalized.

Investments

SEJ reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Refundable Advances

Refundable advances consists of unexpended grant awards received under a cost-reimbursement grant accounted for as a conditional contribution.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions

In-kind services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by SEJ. In-kind goods and materials received are recorded as contributions at their estimated fair value at the date of donation.

Paycheck Protection Program Loans

SEJ received loans under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the U.S. Small Business Administration. The loans will be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities. SEJ expects to meet the PPP's eligibility criteria and believes the loan is, in substance, a grant that is expected to be forgiven. SEJ recognizes amounts expected to be forgiven as revenue when it incurs qualifying expenses.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, insurance, office supplies, rent and utilities, telephone and online fees, and travel – board meetings, which are allocated based on estimates of time, effort, and use.

Estimates

The preparation of financial statements 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 those estimates.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status

SEJ is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, SEJ qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Advertising

Advertising costs are expensed in the year incurred.

Date of Management’s Review

Management has evaluated subsequent events through August 23, 2022, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS

Credit Risk

SEJ maintains its cash balances in two financial institutions located in Washington, D.C. and New York, New York. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, SEJ’s cash balances exceed the FDIC insurance amount. Management believes the risk in these situations to be minimal.

Donor Concentration

For the years ended December 31, 2021 and 2020, 63% and 95% of SEJ’s contributed support was received from five and four donors, respectively.

NOTE 3—UNCONDITIONAL PROMISES TO GIVE

Unconditional promise to give are as follows:

| | 2021 | 2020 |
|--------------------------------------|------------|------------|
| Receivable in less than one year | \$ 321,600 | \$ 21,600 |
| Receivable in one to five years | 46,600 | 368,200 |
| Total unconditional promises to give | \$ 368,200 | \$ 389,800 |

NOTE 4—RETIREMENT CONTRIBUTIONS

SEJ sponsors a Simple IRA plan for its employees. All full-time employees with at least one year of service (or otherwise eligible per IRS rules) are eligible to participate. SEJ contributes 3% of eligible employees’ gross salaries to the plan. For the years ended December 31, 2021 and 2020, contributions to the plan totaled \$10,444 and \$10,465, respectively.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5—INVESTMENTS

Investments are comprised of the following:

| | 2021 | 2020 |
|-----------------------|--------------|--------------|
| Money market funds | \$ 11,789 | \$ 789,865 |
| Stocks | 296 | 274 |
| Exchange traded funds | 490,727 | 395,322 |
| Mutual funds | 756,491 | 14,672 |
| Investments | \$ 1,259,303 | \$ 1,200,133 |

Fair values of stocks, exchange traded funds, and mutual funds are valued at the closing price reported on the active market on which the stocks, exchange traded funds, and mutual funds are traded and are considered Level 1 fair value measurements.

NOTE 6—ENDOWMENT

SEJ's endowment consists of a single donor-restricted fund established to support general operations. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. All contributions to donor-restricted endowments are reported as increases in net assets with donor restrictions. All earnings on the underlying investments are reported as increases in net assets with donor restrictions until appropriated for expenditure by SEJ.

SEJ is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions (a) the original value of gifts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

SEJ has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with UPMIFA, SEJ considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The durations and preservation of the fund.
- The purposes of SEJ endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Investment policies.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 6—ENDOWMENT (continued)

Investment Return Objectives, Risk Parameters, and Strategies. The overall financial goal of the endowment is to maintain or enhance its market value while providing SEJ's operating budget with a relatively predictable and growing stream of revenue. SEJ expects the current spending policy to allow its endowment to continue to grow annually. This is consistent with SEJ's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The rationale is to obtain the best possible expected return, given the level of risk assumed. The investment policies of SEJ will be carried out by means of investment strategies that reflect continuous evaluation of changing investment environments, manager judgment regarding the allocation of the assets among different kinds of asset classes, identification of appropriate investment vehicles and the making of specific investment decisions.

Spending Policy: The earnings from these endowments are available in support of general operations of SEJ. The Board of Trustees approves an annual appropriation to fund grants in support of SEJ's mission in amounts aimed to preserve the endowment corpus.

Endowment net asset composition by type of fund as of December 31, 2021 and 2020 are as follows:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Donor-restricted endowment fund: | | |
| Original donor-restricted gift amounts | \$ 249,422 | \$ 248,567 |
| Accumulated investment gains | <u>95,569</u> | <u>54,187</u> |
| Total endowment funds | <u>\$ 344,991</u> | <u>\$ 302,754</u> |

Changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

| | <u>2021</u> | <u>2020</u> |
|---|-------------------|-------------------|
| Endowment net assets at beginning of year | \$ 302,754 | \$ 276,697 |
| Contributions | 855 | 430 |
| Investment return, net | <u>41,382</u> | <u>25,627</u> |
| Endowment net assets at end of year | <u>\$ 344,991</u> | <u>\$ 302,754</u> |

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 7—PAYCHECK PROTECTION PROGRAM

SEJ received loans totaling \$150,000 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On October 29, 2021, the SBA approved preliminary forgiveness of SEJ's first draw loan. On January 8, 2022, the SBA approved preliminary forgiveness of SEJ's second draw loan. SEJ must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review SEJ's good-faith certification concerning the necessity of its loan request, whether SEJ calculated the loan amount correctly, whether SEJ used loan proceeds for the allowable uses specified in the CARES Act, and whether SEJ is entitled to loan forgiveness in the amount claimed on its application. If SBA determines SEJ was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 8—NET ASSETS

Net assets with donor restrictions are comprised of the following:

| | 2021 | 2020 |
|---|--------------|--------------|
| Subject to expenditure for specified purpose or period: | | |
| Subsequent years' operations | \$ 301,250 | \$ 766,667 |
| Fund for environmental journalism | 252,805 | 115,612 |
| Annual conference | 70,000 | 70,000 |
| Working capital funds | 105,266 | 105,266 |
| Awards | 54,800 | 64,800 |
| Fellowships | 53,250 | - |
| Subject to SEJ's spending policy and appropriation | | |
| General operations endowment | 344,991 | 302,754 |
| Net assets with donor restrictions | \$ 1,182,362 | \$ 1,425,099 |

NOTE 9—COMMITMENTS

SEJ has entered into agreements to reserve space for future conferences. These agreements indicate that SEJ would be liable for certain cancellation fees and liquidated damages in the event of cancellation. If cancellations occur, SEJ could be liable for up to approximately \$182,000. Management does not expect any hotel agreement cancellations.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 10—LIQUIDITY AND AVAILABILITY

The following table reflects SEJ's financial assets as of December 31, 2021 and 2020 reduced by amounts not available to meet cash needs for general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions:

| | <u>2021</u> | <u>2020</u> |
|--|-------------------------|-------------------------|
| Financial assets at year-end: | | |
| Cash | \$ 1,279,762 | \$ 748,247 |
| Accounts receivable | 9,132 | 5,672 |
| Unconditional promises to give | 368,200 | 389,800 |
| Investments | <u>1,259,303</u> | <u>1,200,133</u> |
| Total financial assets at year-end | 2,916,397 | 2,343,852 |
| Less financial assets unavailable for general expenditures within one year: | | |
| Restricted by donors with time and purpose restrictions | (582,721) | (723,878) |
| Subject to SEJ's spending policy | <u>(344,991)</u> | <u>(302,754)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,988,685</u> | <u>\$ 1,317,220</u> |

SEJ has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 11—SUBSEQUENT EVENTS

Subsequent to December 31, 2021, volatility experienced in the financial markets has resulted in a significant decline in the fair value of certain investments. As of August 23, 2022, the fair value of the investment portfolio declined by approximately \$70,000 from December 31, 2021.