



## Audited Financial Statements

December 31, 2017

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Committee to Protect Journalists, Inc.

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Committee to Protect Journalists, Inc. ("CPJ"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 organization'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 organization'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.

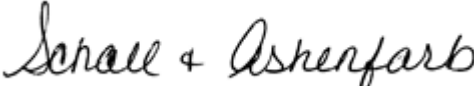
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

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

***Report on Summarized Comparative Information***

We have previously audited CPJ's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb  
Certified Public Accountants, LLC

May 9, 2018

**COMMITTEE TO PROTECT JOURNALISTS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017**  
(With comparative totals as of December 31, 2016)

<b>Assets</b>		
	<u>12/31/17</u>	<u>12/31/16*</u>
Cash and cash equivalents	\$3,479,150	\$1,664,702
Investments (Note 4)	5,497	1,520
Pledges receivable, net (Note 3)	3,684,459	5,209,786
Prepaid expenses and other receivable	123,897	54,494
Investments held for term endowment (Note 4 and 6)	437,846	302,638
Investments held for long-term endowment (Note 4 and 8)	13,327,915	11,788,278
Fixed assets (net of accumulated depreciation) (Note 5)	267,647	300,077
Security deposit	82,211	82,171
Total assets	<u>\$21,408,622</u>	<u>\$19,403,666</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$436,689	\$344,173
Deferred rent	90,785	140,233
Conditional contribution (Note 6)	400,000	300,000
Total liabilities	927,474	784,406
Net assets:		
Unrestricted	3,270,171	1,575,809
Temporarily restricted (Note 7)	7,710,977	7,543,451
Permanently restricted (Note 8)	9,500,000	9,500,000
Total net assets	20,481,148	18,619,260
Total liabilities and net assets	<u>\$21,408,622</u>	<u>\$19,403,666</u>

\*Reclassified for comparative purposes

*The attached notes and auditor's report are an integral part of these financial statements.*

**COMMITTEE TO PROTECT JOURNALISTS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(With comparative totals for the year ended December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u> (Note 7)	<u>Permanently Restricted</u> (Note 8)	<u>Total 12/31/17</u>	<u>Total 12/31/16</u>
Public support and revenue:					
Contributions	\$4,361,468	\$1,645,000		\$6,006,468	\$6,926,146
Gala (net of expenses with a direct benefit to donor of \$377,045)	1,311,281			1,311,281	987,593
Net investment income (Note 4)	40,977	1,781,407		1,822,384	453,072
Miscellaneous income	5,176			5,176	3,148
In-kind contributions (Note 11)	254,185			254,185	244,311
Net assets released from restriction	<u>3,258,881</u>	<u>(3,258,881)</u>		<u>0</u>	<u>0</u>
 Total public support and revenue	 <u>9,231,968</u>	 <u>167,526</u>	 <u>0</u>	 <u>9,399,494</u>	 <u>8,614,270</u>
Expenses:					
Program services	5,546,957			5,546,957	4,605,686
Management and general	751,141			751,141	434,103
Fundraising	<u>1,239,508</u>			<u>1,239,508</u>	<u>916,872</u>
 Total expenses	 <u>7,537,606</u>	 <u>0</u>	 <u>0</u>	 <u>7,537,606</u>	 <u>5,956,661</u>
Change in net assets	1,694,362	167,526	0	1,861,888	2,657,609
Net assets - beginning of year	<u>1,575,809</u>	<u>7,543,451</u>	<u>9,500,000</u>	<u>18,619,260</u>	<u>15,961,651</u>
Net assets - end of year	<u>\$3,270,171</u>	<u>\$7,710,977</u>	<u>\$9,500,000</u>	<u>\$20,481,148</u>	<u>\$18,619,260</u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**COMMITTEE TO PROTECT JOURNALISTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(With comparative totals for the year ended December 31, 2016)

	Program Services			Management and General	Fundraising	Total Expenses 12/31/17	Total Expenses 12/31/16	
	General Programs	Advocacy and Communications	Editorial					Total Program Services
Salaries	\$1,413,253	\$378,712	\$567,991	\$2,359,956	\$92,408	\$505,339	\$2,957,703	\$2,535,882
Payroll taxes and benefits	412,128	110,758	156,097	678,983	25,904	150,577	855,464	746,488
Professional fees (including in-kind) (Note 11)	704,646	205,023	189,228	1,098,897	308,999	280,866	1,688,762	1,197,192
Occupancy	221,301	63,406	88,320	373,027	12,173	69,391	454,591	403,355
Travel (including in-kind) (Note 11)	283,287	85,030	14,960	383,277	7,905	79,276	470,458	317,653
Grants	203,763			203,763			203,763	244,008
Office supplies and maintenance	43,440	8,611	13,991	66,042	5,958	13,447	85,447	39,151
Telephone and internet	31,154	7,045	8,153	46,352	2,565	7,441	56,358	45,921
Publications, printing and postage (including in-kind) (Note 11)	19,536	3,975	59,514	83,025	291	42,902	126,218	103,222
Insurance	27,370	7,334	11,000	45,704	1,790	9,787	57,281	35,858
Fees	12,112	2,906	3,686	18,704	3,740	45,972	68,416	28,323
Depreciation	48,332	12,952	19,425	80,709	3,160	17,282	101,151	55,534
Bad debt expense				0	277,801		277,801	108,970
Other	44,596	50,060	13,862	108,518	8,447	17,228	134,193	95,104
<b>Total</b>	<b>\$3,464,918</b>	<b>\$935,812</b>	<b>\$1,146,227</b>	<b>\$5,546,957</b>	<b>\$751,141</b>	<b>\$1,239,508</b>	<b>\$7,537,606</b>	<b>\$5,956,661</b>

*The attached notes and auditor's report are an integral part of these financial statements.*

**COMMITTEE TO PROTECT JOURNALISTS, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(With comparative totals for the year ended December 31, 2016)

	<u>12/31/17</u>	<u>12/31/16</u>
Cash flows from operating activities:		
Change in net assets	\$1,861,888	\$2,657,609
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	101,151	55,534
Realized gain on sale of investments	(2,070,926)	(257,058)
Unrealized loss/(gain) on sale of investments	417,815	(25,754)
Changes in assets and liabilities:		
Pledges receivable	1,525,327	(2,011,165)
Prepaid expenses and other receivable	(69,403)	46,448
Security deposit	(40)	959
Accounts payable and accrued expenses	92,516	(45,528)
Deferred rent	(49,448)	(43,096)
Conditional contribution	100,000	0
Total adjustments	<u>46,992</u>	<u>(2,279,660)</u>
Net cash flows provided by operating activities	<u>1,908,880</u>	<u>377,949</u>
Cash flows from investing activities:		
Purchase of fixed assets	(68,721)	(172,695)
Investment income reinvested	(231,425)	(246,717)
Purchase of investments	(1,229,765)	(805,409)
Proceeds from sale of investments	1,435,479	1,422,296
Net cash flows (used for)/provided by investing activities	<u>(94,432)</u>	<u>197,475</u>
Net increase in cash and cash equivalents	1,814,448	575,424
Cash and cash equivalents - beginning of year	<u>1,664,702</u>	<u>1,089,278</u>
Cash and cash equivalents - end of year	<u>\$3,479,150</u>	<u>\$1,664,702</u>

No interest or income taxes were paid.

*The attached notes and auditor's report are an integral part of these financial statements.*

**COMMITTEE TO PROTECT JOURNALISTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

**Note 1 - Nature of Entity**

The Committee to Protect Journalists, Inc. ("CPJ") is a not-for-profit corporation dedicated to supporting journalists and news organizations across the world who have been subjected to violation of their professional and human rights.

CPJ is a not-for-profit organization and has been notified by the Internal Revenue Service that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

**Note 2 - Summary of Significant Accounting Policies**

a. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

As a not-for-profit organization, CPJ is required to report information regarding its financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor-imposed restrictions as well as activity with donor-imposed restrictions, which expire within the same period that the donation is received.
- *Temporarily restricted* – accounts for activity based on specific donor-imposed restrictions that are expected to be satisfied by the passage of time or the performance of activities.
- *Permanently restricted* – accounts for activity restricted by donors that must remain intact in perpetuity.

c. Cash and Cash Equivalents

All liquid investments that are not restricted or held by the investment custodian and have an initial maturity of three months or less are considered cash and cash equivalents.

d. Concentration of Credit Risk

Financial instruments which potentially subject CPJ to concentration of credit risk consist of cash, money market accounts and investment securities which have been placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of CPJ. At



year end and at certain times throughout the year, CPJ had uninsured balances; however, no losses have been suffered due to the failure of any of these institutions.

e. Pledges Receivable

Pledges expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using risk-adjusted present value techniques. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

All outstanding balances at year end are reviewed for collectability through a review of specific accounts that factor in historical trends. Based on that analysis, a reserve for uncollectable pledges of \$206,876 has been established.

f. Investments

Investments are recorded at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities. Investments have been displayed on the statement of financial position based on the purpose for which they are held. (See Note 4 for additional information.)

g. Fixed Assets

Fixed assets to which CPJ retains title and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets are depreciated or amortized over their useful lives and lease terms using the straight-line method with a one-half year convention in the year placed in service.

h. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line basis. Rent expense recognized in excess of cash payments, primarily due to free rent received at the beginning of the lease, is reflected as deferred rent. In future years, when payments exceed the amount of rent recognized as expense, the deferred rent will be reduced until it is zero at the end of the lease.

i. Contributions

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Restricted contributions that are satisfied in the same reporting period are classified as unrestricted.

j. Significant Concentrations

During 2016, CPJ received one large grant from an outside organization that totaled \$3,750,000, of which \$2,810,619 and \$3,500,000 was outstanding at December 31, 2017 and 2016, respectively. The contribution represented approximately 54% of

total public support and revenue in 2016. The receivable at year end represented 72% and 66% of pledges receivable for 2017 and 2016, respectively.

k. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of CPJ.

m. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CPJ's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

n. Accounting for Uncertainty of Income Taxes

CPJ does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2014 and later are subject to examination by applicable taxing authorities.

o. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through May 9, 2018, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

p. New Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the December 31, 2018 fiscal year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 fiscal year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the December 31, 2020 fiscal year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

CPJ is evaluating the impact of these standards on future financial statements. The process to revise the statements has begun and the accounting software will be revised to meet FASB compliance.

**Note 3 - Pledges Receivable**

Pledges receivable are due to be collected in the following years:

		<u>2017</u>	<u>2016</u>
Year ending:	December 31, 2017	\$0	\$2,341,490
	December 31, 2018	1,931,232	1,052,281
	December 31, 2019	1,111,827	1,111,827
	December 31, 2020	<u>896,511</u>	<u>896,511</u>
		3,939,570	5,402,109
Less: allowance for doubtful accounts		(206,876)	(104,070)
Less: adjustment to fair value, using a discount rate of 1.5 %		<u>(48,235)</u>	<u>(88,253)</u>
Total		<u>\$3,684,459</u>	<u>\$5,209,786</u>

**Note 4 - Investments**

Accounting standards establish a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that CPJ has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of:

	<u>December 31, 2017</u>		
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$1,314,837	\$0	\$1,314,837
Equities:			
Consumer cyclical	2,879	0	2,879
Industrials	2,618	0	2,618
Precious metals	714,687	0	714,687
Bond funds:			
Intermediate-term bond	2,482,876	0	2,482,876
World bond	591,490	0	591,490
Equity funds:			
Commodities broad basket	752,295	0	752,295
Exchange traded funds:			
Foreign large blend	2,531,128	0	2,531,128
Large blend	3,192,572	0	3,192,572
Real estate	614,550	0	614,550
Hedge funds	<u>0</u>	<u>1,571,326</u>	<u>1,571,326</u>
	<u>\$12,199,932</u>	<u>\$1,571,326</u>	<u>\$13,771,258</u>

	<u>December 31, 2016</u>		
	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash	\$9,728	\$0	\$9,728
Equities:			
Financial services	1,035	0	1,035
Technology	484	0	484
Bond funds:			
Intermediate-term bond	1,714,904	0	1,714,904
Equity funds:			
Diversified emerging markets	496,621	0	496,621
Foreign large blend	1,014,737	0	1,014,737
Foreign large growth	479,714	0	479,714
Foreign small/mid growth	337,600	0	337,600
Global real estate	620,832	0	620,832
Large growth	1,955,157	0	1,955,157
Large value	1,962,781	0	1,962,781
Mid-cap blend	376,036	0	376,036
Mid-cap growth	250,106	0	250,106
Multialternative	890,903	0	890,903
Exchange traded funds:			
Foreign large blend	515,234	0	515,234
Hedge funds	<u>0</u>	<u>1,466,564</u>	<u>1,466,564</u>
	<u>\$10,625,872</u>	<u>\$1,466,564</u>	<u>\$12,092,436</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 3 securities are valued based on the asset value reported by investment custodian. These methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different

methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Investments are designated as follows:

	<u>2017</u>	<u>2016</u>
Long-term endowment (Note 8)	\$13,327,915	\$11,788,278
Term endowment (Note 6)	437,846	302,638
Other	<u>5,497</u>	<u>1,520</u>
	<u>\$13,771,258</u>	<u>\$12,092,436</u>

Net investment income consist of:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$231,425	\$246,717
Unrealized (loss)/gain	(417,815)	25,754
Realized gain on sale of investments	2,070,926	257,058
Less: investment fees	<u>(62,152)</u>	<u>(76,457)</u>
Net investment income	<u>\$1,822,384</u>	<u>\$453,072</u>

Changes in level 3 investments are as follows:

	<u>2017</u>	<u>2016</u>
Investments at fair value – beginning of year	\$1,466,564	\$1,442,951
Purchases	0	0
Increase in market value	<u>104,762</u>	<u>23,613</u>
Investments at fair value – end of year	<u>\$1,571,326</u>	<u>\$1,466,564</u>

#### **Note 5 - Fixed Assets**

Fixed assets at December 31, 2017 and 2016 consist of:

	<u>2017</u>	<u>2016</u>
Furniture	\$428,895	\$428,895
Office equipment	64,158	64,158
Websites	256,257	199,257
Leasehold improvements	151,223	139,502
Database	<u>225,371</u>	<u>225,371</u>
	1,125,904	1,057,183
Less: accumulated depreciation	<u>(858,257)</u>	<u>(757,106)</u>
Total fixed assets - net	<u>\$267,647</u>	<u>\$300,077</u>

#### **Note 6 - Conditional Contribution**

CPJ received funds to be used to invest as a term endowment. Investment earnings may be spent on a current basis to support CPJ's programs. As the donor has the unilateral right to reassign the full principal amount of \$400,000 to any other qualified charitable institution within a five-year term, which ends on March 26, 2019, this clause is deemed a condition that does not permit CPJ to recognize the contribution as income. A liability for the full principal amount has been established.

**Note 7 - Temporarily Restricted Net Assets**

Net assets were released from restriction due to satisfaction of donor stipulations as follows:

	<u>2017</u>	<u>2016</u>
Program restrictions:		
Institutional strengthening	\$922,222	\$108,276
Impunity	66,667	66,667
Free the Press	66,667	66,666
Journalist Assistance	151,522	144,415
OSI Fellowships	0	29,463
Press Freedom in Europe	230,500	187,235
Database Innovation	90,708	240,606
New Initiatives	5,645	94,355
Latin America Program	25,000	25,000
Emergencies Program	262,626	161,818
Birch Fellows	18,954	0
United States Program	<u>307,699</u>	<u>0</u>
Total program restrictions	2,148,210	1,124,501
Time restrictions	685,000	1,300,000
Endowment appropriations	<u>425,671</u>	<u>541,776</u>
Total	<u>\$3,258,881</u>	<u>\$2,966,277</u>

At year end, net assets are temporarily restricted by donors for the following purposes:

	<u>2017</u>	<u>2016</u>
Program restrictions:		
Institutional Strengthening	\$2,119,502	\$3,041,724
Impunity	0	66,667
Free the Press	0	66,667
Journalist Assistance	32,396	183,918
Press Freedom in Europe	21,162	251,662
Database Innovation	0	90,708
New Initiatives	0	5,645
Latin America Program	0	25,000
Emergencies Program	25,556	288,182
Birch Fellows	481,046	0
United States Program	<u>42,301</u>	<u>0</u>
Total program restrictions	2,721,963	4,020,173
Time restrictions	1,345,000	1,235,000
Unappropriated endowment earnings	<u>3,644,014</u>	<u>2,288,278</u>
Total	<u>\$7,710,977</u>	<u>\$7,543,451</u>

**Note 8 - Permanently Restricted Net Assets**

CPJ's endowment consists of four permanently restricted individual funds that are required to be held indefinitely. The income from these investments can be used to support general activities.

At December 31, 2017, permanently restricted net assets consist of the following:

Knight Endowment	\$5,000,000
Ford Foundation Endowment	1,500,000
Bloomberg Endowment	2,000,000
Annenberg Endowment	<u>1,000,000</u>
Total	<u>\$9,500,000</u>

#### *Interpretation of Relevant Law*

CPJ follows the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). The Board of Directors of CPJ has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift as of the gift date for all donor-restricted endowment funds will be preserved. However, under certain circumstances, CPJ has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, CPJ classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Absent any specific donor stipulations, the remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by CPJ.

#### *Spending Policies*

In accordance with NYPMIFA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of CPJ’s mission and the donor-restricted endowment fund;
- (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 available;
- (7) The investment policies;
- (8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have.

The board appropriated \$425,671 and \$541,776 from the endowment during 2017 and 2016, respectively.

Changes in endowment net assets were as follows:

	<u>December 31, 2017</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$0	\$2,288,278	\$9,500,000	\$11,788,278
Net gain on investments	0	1,606,536	0	1,606,536
Interest and dividends	0	174,871	0	174,871
Appropriations for expenditure	<u>183,901</u>	<u>(425,671)</u>	<u>0</u>	<u>(241,770)</u>
Endowment net assets, end of year	<u>\$183,901</u>	<u>\$3,644,014</u>	<u>\$9,500,000</u>	<u>\$13,327,915</u>

	<u>December 31, 2016</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$0	\$2,392,889	\$9,500,000	\$11,892,889
Net gain on investments	0	274,116	0	274,116
Interest and dividends	0	163,049	0	163,049
Appropriations for expenditure	<u>0</u>	<u>(541,776)</u>	<u>0</u>	<u>(541,776)</u>
Endowment net assets, end of year	<u>\$0</u>	<u>\$2,288,278</u>	<u>\$9,500,000</u>	<u>\$11,788,278</u>

All endowment net assets are donor-restricted.

#### *Endowment Investment Policies*

CPJ has adopted an investment policy for endowment assets that relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation is targeted that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### *Funds with Deficiencies*

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires to be retained as a fund of perpetual duration. There were no such deficiencies as of December 31, 2017 and 2016.



**Note 9 - Commitments and Contingencies**

CPJ has a non-cancelable lease agreement for office space which expires in 2019. Future minimum payments, excluding utilities and other escalations, under the lease are as follows:

Year ending:	December 31, 2018	\$330,477
	December 31, 2019	<u>195,009</u>
Total		<u>\$525,486</u>

**Note 10 - Employee Benefits**

CPJ sponsors a defined contribution pension plan. All full-time employees with one month of service are eligible to participate. Contributions of 3% are made annually. Total employer contributions for totaled \$183,028 and \$156,743 for the years ended 2017 and 2016, respectively.

**Note 11 - In-Kind Contributions**

Donated services are recorded if they create or enhance non-financial assets or if the service requires specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions.

In-kind contributions were \$254,185 and \$244,311 in 2017 and 2016, respectively.

The contributions were charged to the following program and service functions:

	<u>December 31, 2017</u>		
		Management and General	Total
	<u>Programs</u>	<u>General</u>	<u>Total</u>
Professional fees - legal	\$0	\$200,000	\$200,000
Professional fees - publishing	<u>54,185</u>	<u>0</u>	<u>54,185</u>
Total in-kind services	<u>\$54,185</u>	<u>\$200,000</u>	<u>\$254,185</u>
	<u>December 31, 2016</u>		
		Management and General	Total
	<u>Programs</u>	<u>General</u>	<u>Total</u>
Professional fees - legal	\$140,824	\$45,956	\$186,780
Professional fees - publishing	51,578	0	51,578
Travel	<u>5,953</u>	<u>0</u>	<u>5,953</u>
Total in-kind services	<u>\$198,355</u>	<u>\$45,956</u>	<u>\$244,311</u>