

## **FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017**

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
The International Center for Journalists, Inc.  
Washington, D.C.

We have audited the accompanying financial statements of The International Center for Journalists, Inc. (ICFJ), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, 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 audits 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 ICFJ as of December 31, 2018 and 2017, 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.

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### Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Endowment and Quasi-Endowment Investment Activities on page 25 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

May 29, 2019

## THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2018 AND 2017

## ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 427,912	\$ 499,194
Investments (Notes 2 and 12)	9,433,011	10,003,517
Advances and other receivables	459,166	49,256
Grants and pledges receivable (Note 3)	13,640,030	8,770,252
Prepaid expenses	<u>108,274</u>	<u>256,324</u>
Total current assets	<u>24,068,393</u>	<u>19,578,543</u>
<b>FIXED ASSETS</b>		
Furniture and leasehold improvements	116,251	110,673
Office equipment	17,438	17,438
Computer equipment	<u>90,788</u>	<u>90,788</u>
	224,477	218,899
Less: Accumulated depreciation and amortization	<u>(187,163)</u>	<u>(173,181)</u>
Net fixed assets	<u>37,314</u>	<u>45,718</u>
<b>NON-CURRENT ASSETS</b>		
Deposits	23,270	23,270
Intangible asset (website), net of accumulated amortization of \$13,271 and \$0, respectively	<u>107,437</u>	<u>32,131</u>
Total non-current assets	<u>130,707</u>	<u>55,401</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 24,236,414</u></b>	<b><u>\$ 19,679,662</u></b>

## LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,139,439	\$ 764,023
Deferred rent (Note 10)	<u>23,134</u>	<u>13,578</u>
Total current liabilities	<u>1,162,573</u>	<u>777,601</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred rent, net of current portion (Note 10)	<u>161,843</u>	<u>184,977</u>
Total liabilities	<u>1,324,416</u>	<u>962,578</u>
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	884,190	853,890
Board designated (Notes 5 and 13):		
Long-Term Reserve Fund	1,066,622	1,107,420
Kay Fanning Visitors' Fund	614,841	673,511
Winship Connection Fund	338,184	363,115
Ruth Ewing Fund	307,720	341,668
President's Fund	<u>151,976</u>	<u>294,909</u>
Total without donor restrictions	3,363,533	3,634,513
With donor restrictions (Notes 6 and 13)	<u>19,548,465</u>	<u>15,082,571</u>
Total net assets	<u>22,911,998</u>	<u>18,717,084</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 24,236,414</u></b>	<b><u>\$ 19,679,662</u></b>

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<b>2018</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT AND REVENUE</b>			
Grants, contributions and program fees (Notes 9 and 11)	\$ 1,167,953	\$ 16,862,953	\$ 18,030,906
Information fees and other	112,154	-	112,154
Investment income (loss) (Note 2)	16,802	(6,011)	10,791
Appropriation of endowment investment earnings for general support (Note 13)	289,390	-	289,390
Net assets released from donor restrictions (Note 7)	<u>11,500,819</u>	<u>(11,500,819)</u>	<u>-</u>
Total support and revenue	<u>13,087,118</u>	<u>5,356,123</u>	<u>18,443,241</u>
<b>EXPENSES</b>			
Program Services	<u>10,230,915</u>	<u>-</u>	<u>10,230,915</u>
Supporting Services:			
General and Administrative	1,621,721	-	1,621,721
Development	543,001	-	543,001
Fundraising	<u>701,979</u>	<u>-</u>	<u>701,979</u>
Total supporting services	<u>2,866,701</u>	<u>-</u>	<u>2,866,701</u>
Total expenses	<u>13,097,616</u>	<u>-</u>	<u>13,097,616</u>
Changes in net assets from operations before other items	(10,498)	5,356,123	5,345,625
<b>OTHER ITEMS (NON-OPERATING)</b>			
Grant funds rescinded by donors (Note 14)	-	(574,352)	(574,352)
Investment (loss) income - endowment (Notes 2 and 13)	(86,802)	(200,167)	(286,969)
Appropriation of endowment investment earnings for general support (Note 13)	<u>(173,680)</u>	<u>(115,710)</u>	<u>(289,390)</u>
Changes in net assets	(270,980)	4,465,894	4,194,914
Net assets at beginning of year, as restated	<u>3,634,513</u>	<u>15,082,571</u>	<u>18,717,084</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 3,363,533</u></b>	<b><u>\$ 19,548,465</u></b>	<b><u>\$ 22,911,998</u></b>

<b>2017</b>		
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
\$ 1,103,176	\$ 5,764,136	\$ 6,867,312
96,565	-	96,565
40,659	49,303	89,962
137,351	-	137,351
<u>11,203,225</u>	<u>(11,203,225)</u>	<u>-</u>
<u>12,580,976</u>	<u>(5,389,786)</u>	<u>7,191,190</u>
<u>9,950,566</u>	<u>-</u>	<u>9,950,566</u>
1,529,364	-	1,529,364
422,696	-	422,696
<u>719,575</u>	<u>-</u>	<u>719,575</u>
<u>2,671,635</u>	<u>-</u>	<u>2,671,635</u>
<u>12,622,201</u>	<u>-</u>	<u>12,622,201</u>
(41,225)	(5,389,786)	(5,431,011)
-	(142,528)	(142,528)
194,283	440,752	635,035
<u>(31,607)</u>	<u>(105,744)</u>	<u>(137,351)</u>
121,451	(5,197,306)	(5,075,855)
<u>3,513,062</u>	<u>20,279,877</u>	<u>23,792,939</u>
<b><u>\$ 3,634,513</u></b>	<b><u>\$ 15,082,571</u></b>	<b><u>\$ 18,717,084</u></b>

See accompanying notes to financial statements.



## THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Supporting Services</u>				<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Fundraising</u>		
Salaries	\$ 1,349,010	\$ 624,833	\$ 378,779	\$ 276,451	\$ 1,280,063	\$ 2,629,073
Fringe benefits (Note 8)	521,824	240,939	146,360	106,820	494,119	1,015,943
Professional services	1,334,172	159,756	1,033	73,466	234,255	1,568,427
Meeting and conferences	130,014	1,250	-	160,446	161,696	291,710
Occupancy (Note 10)	-	333,287	-	-	333,287	333,287
Travel	292,552	46,428	14,503	36,261	97,192	389,744
Knight Fellows cost	1,229,865	858	-	-	858	1,230,723
Awards and project grants	743,607	-	-	14,000	14,000	757,607
Subgrants	2,433,452	-	-	-	-	2,433,452
Subcontracts	439,648	-	-	-	-	439,648
Participant support cost	1,570,711	-	-	3,525	3,525	1,574,236
Other operating cost	186,060	214,370	2,326	31,010	247,706	433,766
<b>TOTAL</b>	<b>\$ 10,230,915</b>	<b>\$ 1,621,721</b>	<b>\$ 543,001</b>	<b>\$ 701,979</b>	<b>\$ 2,866,701</b>	<b>\$13,097,616</b>

## THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Supporting Services</u>				<u>Total Supporting Services</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Fundraising</u>		
Salaries	\$ 1,253,878	\$ 618,904	\$ 298,655	\$ 304,786	\$ 1,222,345	\$ 2,476,223
Fringe benefits (Note 8)	474,730	239,943	112,146	117,332	469,421	944,151
Professional services	1,183,041	112,275	6,042	69,135	187,452	1,370,493
Meeting and conferences	100,443	1,394	-	140,976	142,370	242,813
Occupancy (Note 10)	-	338,008	-	-	338,008	338,008
Travel	249,658	41,004	5,251	30,387	76,642	326,300
Knight Fellows cost	1,386,226	-	-	-	-	1,386,226
Awards and project grants	317,538	-	-	19,000	19,000	336,538
Subgrants	3,412,997	-	-	-	-	3,412,997
Subcontracts	292,296	-	-	-	-	292,296
Participant support cost	1,132,694	-	-	3,121	3,121	1,135,815
Other operating cost	147,065	177,836	602	34,838	213,276	360,341
<b>TOTAL</b>	<b>\$ 9,950,566</b>	<b>\$ 1,529,364</b>	<b>\$ 422,696</b>	<b>\$ 719,575</b>	<b>\$ 2,671,635</b>	<b>\$12,622,201</b>

## THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 4,194,914	\$ (5,075,855)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	27,253	15,697
Realized and unrealized loss (gain) on investments	408,235	(612,121)
(Increase) decrease in:		
Advances and other receivables	(409,910)	183,465
Grants and pledges receivable	(4,869,778)	4,372,157
Prepaid expenses	148,050	(76,344)
Increase (decrease) in:		
Accounts payable and accrued expenses	375,416	(119,592)
Deferred rent	<u>(13,578)</u>	<u>(1,151)</u>
Net cash used by operating activities	<u>(139,398)</u>	<u>(1,313,744)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,150,595)	(2,601,026)
Proceeds from sale of investments	3,312,866	3,349,021
Purchase of furniture and equipment	(5,578)	-
Website development	<u>(88,577)</u>	<u>(32,131)</u>
Net cash provided by investing activities	<u>68,116</u>	<u>715,864</u>
Net decrease in cash and cash equivalents	(71,282)	(597,880)
Cash and cash equivalents at beginning of year	<u>499,194</u>	<u>1,097,074</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 427,912</u></b>	<b><u>\$ 499,194</u></b>

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The International Center for Journalists, Inc. (ICFJ) is at the forefront of the news revolution. ICFJ's programs empower journalists and engage citizens with new technologies and best practices. ICFJ's networks of reporters and media entrepreneurs are transforming the field. ICFJ believes that better journalism leads to better lives.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted for the year ended December 31, 2018 and applied retrospectively.

Cash and cash equivalents -

ICFJ considers all cash and other highly liquid investments, including certificates of deposit, with maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$2,219,499 and \$2,200,070 for the years ended December 31, 2018 and 2017, respectively.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, ICFJ maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses on undesignated net assets without donor restriction are included in investment income net of investment expenses provided by external investment advisors in the accompanying Statements of Activities and Changes in Net Assets.

Interest, dividends, realized and unrealized gains and losses on Board designated net assets and net assets with donor restriction are included as an other item net of investment expenses provided by external investment advisors in the accompanying Statements of Activities and Changes in Net Assets.

Investment risks and uncertainties -

ICFJ invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Grants and pledges receivable -

Grants and pledges receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
(Continued)

Fixed assets (continued) -

Furniture, equipment, leasehold improvements and intangible assets purchased in excess of \$2,500 are capitalized and stated at cost. Furniture and equipment are depreciated over the estimated useful lives of the assets, which range from three to five years, using the straight-line method. Leasehold improvements are amortized over the life of the lease. Expenditures for major repairs and maintenance are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. All equipment purchased with grant funds is expensed the year it is purchased.

Intangible assets (website) -

Website development costs are amortized over three years once placed in service, using the straight-line method. Costs incurred for the ongoing maintenance of the existing website are expensed as incurred.

Income taxes -

ICFJ is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Beginning January 1, 2018, it is subject to unrelated business income taxes on qualified transportation fringe benefits provided to its employees. ICFJ is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2018 and 2017, ICFJ has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Net assets maybe subject to donor-imposed stipulations that are more restrictive than ICFJ's mission and purpose. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)**

Grants, contributions and program fees -

Grants, contributions and program fees received without donor restrictions and with donor restrictions are recorded as revenue in the year notification is received from the donor.

Grants, contributions and program fees with donor restrictions are recognized as without donor restrictions only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as net assets with donor restriction in the accompanying financial statements.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Restatement/reclassification -

Certain amounts in the prior year's financial statements have been restated or reclassified to conform to the current year's presentation. The changes are primarily due to the adoption of Accounting Standards Update 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Accumulated appreciation on endowment net assets with donor restrictions to be maintained in perpetuity of \$717,625 as of December 31, 2017, previously shown as Board Designated net assets (unrestricted net assets) have been restated as net assets with donor restrictions. Net assets previously classified as of December 31, 2017 as unrestricted net assets in the amount of \$4,352,138 are now classified as without donor restrictions. Net assets previously classified as temporarily restricted net assets and permanently restricted net assets in the amount of \$11,967,325 and \$2,397,621, respectively, are now classified as net assets with donor restrictions.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain costs which are not specifically identifiable to a specific function, but benefit several functional areas have been allocated based upon ICFJ's cost allocation policy.

Investment risks and uncertainties -

ICFJ invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**  
**(Continued)**

Fair value measurement -

ICFJ adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. ICFJ accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. ICFJ has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. ICFJ has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019.

Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

ICFJ plans to adopt the new ASUs at the respective required implementation dates.

**THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017**

**2. INVESTMENTS**

Investments consisted of the following at December 31, 2018 and 2017:

	<b>Fair Value</b>	
	<b>2018</b>	<b>2017</b>
Money market funds	\$ 2,219,499	\$ 2,200,070
Mutual funds	4,938,446	5,129,183
Corporate bonds and certificates of deposit	2,015,536	2,211,173
Equities	259,530	463,091
<b>TOTAL INVESTMENTS</b>	<b>\$ 9,433,011</b>	<b>\$ 10,003,517</b>

These balances included donor restricted funds and Board designated funds (Schedule 1).

Included in investment (loss) income are the following:

	<b>2018</b>	<b>2017</b>
Interest and dividends, net of fees of \$36,642 and \$31,009, respectively	\$ 132,057	\$ 112,876
Realized and unrealized (loss) gain	(408,235)	612,121
<b>TOTAL INVESTMENT (LOSS) INCOME</b>	<b>\$ (276,178)</b>	<b>\$ 724,997</b>

**3. GRANTS AND PLEDGES RECEIVABLE**

Grants and pledges receivable consisted of the following at December 31, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Foundations and U.S. Government agencies	\$ 12,473,152	\$ 8,483,090
Corporations	711,120	235,403
Individuals and estates	455,758	51,759
<b>TOTAL GRANTS AND PLEDGES RECEIVABLE</b>	<b>\$ 13,640,030</b>	<b>\$ 8,770,252</b>

All amounts are expected to be collected within one year.

**4. LINE OF CREDIT**

In August 2015, ICFJ opened a \$1,500,000 revolving line of credit with its banking institution with an initial maturity date of August 5, 2016. The agreement was extended through August 5, 2018. Amounts borrowed under this agreement bear interest at the LIBOR Daily Floating Rate plus 2.5%. The line is secured by ICFJ's cash, investments, receivables and fixed assets. As of December 31, 2018, the line has been closed. As of December 31, 2017, there were no outstanding borrowings on the line of credit.

**5. BOARD DESIGNATED NET ASSETS**

Long-Term Reserve Fund:

The Long-Term Reserve Fund was established as a reserve for ICFJ's future cash needs. Transfers to or from the Long-Term Reserve Fund or to the Operating Fund must be approved by either the President or the Treasurer.



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**5. BOARD DESIGNATED NET ASSETS (Continued)**

Kay Fanning Visitors' Fund:

The Kay Fanning Visitors' Fund was established to support the Kay Fanning Visitors' Program, which provides visiting journalists with information, resources and on-going support. At the Direction of the Board of Directors, the Organization may spend four percent of a three-year rolling average of the assets in the endowment.

Winship Connection Fund:

The Board of Director's established the Winship Connection Fund (the Fund) with a designation of \$300,000 in 2012. The purpose of the Fund is to support the general operations of ICFJ. At the direction of the Board of Directors, the Organization may spend four percent of a three-year rolling average of the assets in the endowment.

Ruth Ewing Fund:

The Board of Director's established the Ruth Ewing Fund (the Fund) with a designation of \$300,000 in 2015. The purpose of the Fund is to support the general operations of ICFJ. At the direction of the Board of Directors, the Organization may spend four percent of a three-year rolling average of the assets in the endowment.

President's Fund:

The Board of Director's established the President's Fund (the Fund) with a designation of \$179,000 in 2015. An additional amount of \$27,250 was added during 2015. During 2018, \$54,274 of the original amounts designated were appropriated, leaving a balance of \$151,976. The purpose of the Fund is to support the general operations of ICFJ. At the direction of the Board of Directors, the Organization may spend four percent of a three-year rolling average of the assets in the endowment.

**6. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose:		
Programs	\$ 15,794,545	\$ 10,988,450
Quasi-Endowment: Special Projects Fund	692,937	737,177
Accumulated Gains on Donor Restricted Endowments	536,335	807,972
Subject to passage of time:		
General Support	127,027	151,351
Endowments to be invested in perpetuity:		
General Endowment Fund	916,383	916,383
Founders' Fund	752,173	752,173
Kay Fanning Endowment Fund	141,500	141,500
Howard Endowment Fund	<u>587,565</u>	<u>587,565</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 19,548,465</u></b>	<b><u>\$ 15,082,571</u></b>

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6. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The Special Projects Fund was established by contributions from the families of ICFJ's Co-Founders. The Fund was established to enable ICFJ to place itself on the cutting edge of its journalism education business and to respond promptly to unusual demands for its services, including training and international journalism and research.

7. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2018</u>	<u>2017</u>
General support (passage of time)	\$ 49,324	\$ 31,491
Programs	11,451,495	11,142,351
In-kind software, travel and printing	<u>-</u>	<u>29,383</u>
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b><u>\$ 11,500,819</u></b>	<b><u>\$ 11,203,225</u></b>

Total releases include indirect expenses, which are included in General and Administration in the accompanying Statement of Functional Expenses.

8. RETIREMENT PLAN

ICFJ participates in a retirement plan that covers employees who meet certain employment and age requirements. ICFJ will match an employee's contribution based on the Plan requirements.

Retirement plan contributions for 2018 and 2017 totaled \$130,655 and \$116,134, respectively.

9. CONTINGENCY

ICFJ receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2018. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

10. LEASE COMMITMENT

During 2012, ICFJ signed a ten and a half year lease for space, for which occupancy began in April 2013. The lease includes a six-month rent abatement and an annual rent increase of 2.5%.

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10. LEASE COMMITMENT (Continued)

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability on the Statements of Financial Position.

Rent expense, including ICFJ's share of the building's operating expenses for the years ended December 31, 2018 and 2017, totaled \$333,287 and \$338,008, respectively. Deferred rent totaled \$184,977 and \$198,555 as of December 31, 2018 and 2017, respectively.

Minimum lease payments required under the aforementioned leases are as follows:

Year Ending December 31,

2019	\$	328,326
2020		336,534
2021		344,947
2022		353,571
2023		<u>271,252</u>
	\$	<u>1,634,630</u>

11. CONCENTRATION OF REVENUE

During 2018 and 2017, approximately 42% (each year) of ICFJ's unrestricted revenue was earned from grants awarded directly or indirectly by agencies of the United States Government. In addition, approximately 58% (each year) of ICFJ's total revenue for the years ended December 31, 2018 and 2017, respectively, was derived from grants awarded directly or indirectly by agencies of the United States Government.

Management of ICFJ has no reason to believe that relationships with these donors will be discontinued in the foreseeable future. However, any interruption with respect to these relationships (i.e. the failure to renew grant agreements or withholding of funds) could potentially affect ICFJ's ability to finance ongoing operations.

12. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, ICFJ has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market ICFJ has the ability to access.

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12. FAIR VALUE MEASUREMENT (Continued)

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

**Level 3.** These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the years ended December 31, 2018 and 2017. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money market funds* - The money market fund is an open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by ICFJ are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by ICFJ are deemed to be actively traded.
- *Corporate bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.
- *Equities* - Fair value is based upon the closing price reported on the active market in which the individual equities are traded.

The table below summarizes, by level within the fair value hierarchy, ICFJ's investments as of December 31, 2018:

	<b>2018</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Asset Class:</b>				
Money market funds	\$ 2,219,499	\$ -	\$ -	\$ 2,219,499
Mutual funds	4,938,446	-	-	4,938,446
Corporate bonds and certificates of deposit	-	2,015,536	-	2,015,536
Equities	<u>259,530</u>	<u>-</u>	<u>-</u>	<u>259,530</u>
<b>TOTAL</b>	<b><u>\$ 7,417,475</u></b>	<b><u>\$ 2,015,536</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 9,433,011</u></b>

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**12. FAIR VALUE MEASUREMENT (Continued)**

The table below summarizes, by level within the fair value hierarchy, ICFJ's investments as of December 31, 2017:

	<b>2017</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Asset Class:</b>				
Money market funds	\$ 2,200,070	\$ -	\$ -	\$ 2,200,070
Mutual funds	5,129,183	-	-	5,129,183
Corporate bonds and certificates of deposit	-	2,211,173	-	2,211,173
Equities	<u>463,091</u>	<u>-</u>	<u>-</u>	<u>463,091</u>
<b>TOTAL</b>	<b><u>\$ 7,792,344</u></b>	<b><u>\$ 2,211,173</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,003,517</u></b>

**13. ENDOWMENT FUNDS**

At December 31, 2018 and 2017, ICFJ's endowment funds consisted of the following:

General Endowment Fund:

The General Endowment Fund's net assets at December 31, 2018 and 2017, consisted of \$916,383. Contributions received are restricted by the donors to remain in-perpetuity.

Realized and unrealized gains and losses are accumulated in net assets with donor restrictions (Note 5). At the direction of the Board, the Organization may spend four percent of a three-year rolling average of the assets in the endowment.

Founders' Fund:

The Founders' Fund's net assets at December 31, 2018 and 2017, consisted of \$752,173. Contributions received are restricted to remain in-perpetuity. Realized and unrealized gains and losses are accumulated in net assets with donor restrictions (Note 5). At the direction of the Board, the Organization may spend four percent of a three-year rolling average of the assets in the endowment.

Kay Fanning Endowment Fund:

The Kay Fanning Endowment Fund's endowment net assets at December 31, 2018 and 2017, consisted of \$141,500. Contributions received are restricted to remain in-perpetuity. The interest and dividends generated from the contributions are to be used towards the Visitors' Program.

Howard Endowment Fund:

The Howard Endowment Fund was created by a gift received in 2014. endowment net assets related to this fund at December 31, 2018 and 2017 consisted of \$587,565. Contributions received are restricted to remain in-perpetuity. At the direction of the Board, the Organization may spend four percent of a three-year rolling average of the assets in the endowment.

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**13. ENDOWMENT FUNDS (Continued)**

ICFJ's endowment funds consist of donor-restricted endowment funds and funds designated by the governing Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors 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 because those assets are time restricted until the governing Board appropriates such amounts for expenditures. Most of those net asset also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions.

The governing Board has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the ICFJ considers a fund to be underwater if the fair value of the fund is less than the sum the (a) the original value of initial and subsequent gift amounts 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.

ICFJ has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with UPMIFA, ICFJ considers the following factors in making a determination to appropriated or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the Organization.

Endowment net asset composition by type of fund as of December 31, 2018, are as follows:

	<b>2018</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board designated endowment funds	\$ 1,412,721	\$ -	\$ 1,412,721
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,397,621	2,397,621
Quasi-Endowment (Special Projects Fund)	-	692,937	692,937
Accumulated investment earnings	-	536,335	536,335
<b>TOTAL</b>	<b>\$ 1,412,721</b>	<b>\$ 3,626,893</b>	<b>\$ 5,039,614</b>

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

13. ENDOWMENT FUNDS (Continued)

Endowment net asset composition by type of fund as of December 31, 2017, are as follows:

	<u>2017</u>		
	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 1,673,203	\$ -	\$ 1,673,203
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	2,397,621	2,397,621
Quasi-Endowment (Special Projects Fund)	-	737,177	737,177
Accumulated investment earnings	<u>-</u>	<u>807,972</u>	<u>807,972</u>
<b>TOTAL</b>	<b><u>\$ 1,673,203</u></b>	<b><u>\$ 3,942,770</u></b>	<b><u>\$ 5,615,973</u></b>

Changes in endowment net assets for the years ended December 31, 2018 and 2017, are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, at December 31, 2016 as restated	\$ 1,510,527	\$ 3,607,762	\$ 5,118,289
Net investment income	194,283	440,752	635,035
Appropriation of endowment assets for general support	<u>(31,607)</u>	<u>(105,744)</u>	<u>(137,351)</u>
Endowment net assets at December 31, 2017 as restated	1,673,203	3,942,770	5,615,973
Net investment loss	(86,802)	(200,167)	(286,969)
Appropriation of endowment assets for general support	<u>(173,680)</u>	<u>(115,710)</u>	<u>(289,390)</u>
<b>ENDOWMENT NET ASSETS AT DECEMBER 31, 2018</b>	<b><u>\$ 1,412,721</u></b>	<b><u>\$ 3,626,893</u></b>	<b><u>\$ 5,039,614</u></b>

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 UPMIFA requires the organization to retain as a fund of perpetual duration.

As of December 31, 2018 and 2017, the endowment funds did not have a deficiency related to the fair value of the endowment net assets.

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**13. ENDOWMENT FUNDS (Continued)**

Return Objectives and Risk Parameters -

ICFJ has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that ICFJ must hold in-perpetuity or for a donor-specified period(s) as well as Board designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to support ICFJ programs on a long-term basis, while achieving reasonable growth. ICFJ's invested funds are intended to achieve their objectives over market cycle time periods.

Returns will be monitored on a quarterly and annual basis by Staff with the expectation that the funds and individual managers will outperform the benchmarks over rolling three-year time periods. The benchmarks will be 1) Consumer Price Index plus 3%; 2) Three-month U.S. Treasury Bill Index plus 3.5%; and 3) An index comprised of a blend of indices whose mix approximates that of each fund's mix.

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, ICFJ 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). ICFJ targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

ICFJ's spending policy establishes what is reasonable and prudent spending from ICFJ's endowment funds. During 2015, the Board resolved to use a four percent of a three-year rolling average of assets in the endowment (excluding endowments with spending policies restricted by donors). ICFJ will calculate the average assets in the endowment over the previous three years every September 30th, and earmark four percent for spending in the following year. The Finance and Audit Committee may determine that the spending percentage in any year should be reduced due to insufficient annual income. Annual income in excess of spending will be re-invested in the endowment assets.

ICFJ recognizes that from time to time annual investment returns may fall short of the spending policy in effect. Nonetheless, the Board recognizes the long-term nature of the endowment and the need for positive, real rates of return over market cycle (3 - 5) year time periods.

**14. GRANT FUNDS RESCINDED BY DONORS**

During the 2018 and 2017 fiscal years, several donors rescinded grant funds that had previously been committed to ICFJ due to project plan revisions and deteriorating political environments within certain countries. As a result, \$574,352 and \$142,528, respectively, of grant commitments previously recorded as revenue with donor restrictions have been written off in their respective years.



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**15. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)**

Financial assets available for use for general expenditures within one year of the Statements of Financial Position, comprise the following at December 31, 2018 and 2017:

	<b>2018</b>	<b>2017</b>
Cash and cash equivalents	\$ 427,912	\$ 499,194
Investments	9,433,011	10,003,517
Advances and other receivables	459,166	49,256
Grants and pledges receivable	13,640,030	8,770,252
Less:		
Donor restricted funds restricted for purpose	(19,421,438)	(14,931,220)
Board designated funds	<u>(2,479,343)</u>	<u>(2,780,623)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 2,059,338</u></b>	<b><u>\$ 1,610,376</u></b>

ICFJ is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, ICFJ must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of ICFJ's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, ICFJ invests cash in excess of daily requirements in short-term investments. Occasionally, the Board designates a portion of any operating surplus to its long-term reserve, which was \$1,066,622 and \$1,107,420 as of December 31, 2018 and 2017, respectively. This is a fund established by the governing Board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

**16. SUBSEQUENT EVENTS**

In preparing these financial statements, ICFJ has evaluated events and transactions for potential recognition or disclosure through May 29, 2019, the date the financial statements were issued.

**SUPPLEMENTAL INFORMATION**

## THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

SCHEDULE OF ENDOWMENT AND QUASI-ENDOWMENT INVESTMENT ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Contributions, Pledges and Other Additions Received as of December 31, 2018	Less: Pledges Receivable at December 31, 2018	Total Amount Invested at December 31, 2018	Cumulative Appreciation	Fair Value of Total Amount Invested at December 31, 2018
<b>Endowment Net Assets with Donor Restrictions to be Maintained in Perpetuity:</b>					
General Endowment Fund	\$ 916,383	\$ -	\$ 916,383	\$ 241,275	\$ 1,157,658
Founders' Endowment Fund	752,173	-	752,173	243,447	995,620
Kay Fanning Endowment Fund	141,500	-	141,500	39,646	181,146
Howard Endowment Fund	587,565	-	587,565	11,967	599,532
	<u>2,397,621</u>	<u>-</u>	<u>2,397,621</u>	<u>536,335</u>	<u>2,933,956</u>
<b>Endowment Net Assets with Donor Restriction not Required to be Maintained in Perpetuity:</b>					
Special Projects Fund	499,236	-	499,236	193,701	692,937
	<u>499,236</u>	<u>-</u>	<u>499,236</u>	<u>193,701</u>	<u>692,937</u>
<b>Endowment Net Assets without Donor Restriction (Board Designated):</b>					
Kay Fanning Visitors' Fund	344,523	-	344,523	270,318	614,841
Winship Connection Fund	300,000	-	300,000	38,184	338,184
Ruth Ewing Fund	300,000	-	300,000	7,720	307,720
President's Fund	151,976	-	151,976	-	151,976
	<u>1,096,499</u>	<u>-</u>	<u>1,096,499</u>	<u>316,222</u>	<u>1,412,721</u>
<b>TOTAL</b>	<b><u>\$ 3,993,356</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,993,356</u></b>	<b><u>\$ 1,046,258</u></b>	<b><u>\$ 5,039,614</u></b>