

## **FINANCIAL STATEMENTS**



**FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015**

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, 2016 and 2015, 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, 2016 and 2015, 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 23 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".

June 19, 2017

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,097,074	\$ 1,074,122
Investments (Notes 2 and 13)	10,139,391	8,813,233
Advances	232,721	168,649
Grants and pledges receivable (Note 3)	12,090,409	12,460,944
Prepaid expenses	<u>179,980</u>	<u>138,263</u>
Total current assets	<u>23,739,575</u>	<u>22,655,211</u>
<b>FIXED ASSETS</b>		
Furniture and leasehold improvements	110,673	110,673
Office equipment	17,438	17,438
Computer equipment	<u>90,788</u>	<u>90,788</u>
	218,899	218,899
Less: Accumulated depreciation and amortization	<u>(157,484)</u>	<u>(135,711)</u>
Net fixed assets	<u>61,415</u>	<u>83,188</u>
<b>NON-CURRENT ASSETS</b>		
Deposits	23,270	23,270
Grants and pledges receivable, net of current maturities (Note 3)	<u>1,052,000</u>	<u>3,460,304</u>
Total non-current assets	<u>1,075,270</u>	<u>3,483,574</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 24,876,260</u></b>	<b><u>\$ 26,221,973</u></b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued expenses	\$ 883,615	\$ 822,988
Deferred rent (Note 11)	<u>1,161</u>	<u>-</u>
Total current liabilities	<u>884,776</u>	<u>822,988</u>

**NON-CURRENT LIABILITIES**

Deferred rent, net of current portion (Note 11)	<u>198,545</u>	<u>193,396</u>
Total liabilities	<u>1,083,321</u>	<u>1,016,384</u>

**NET ASSETS**

Unrestricted:		
Undesignated	934,286	846,614
Board-designated (Notes 5 and 14):		
Long-Term Reserve Fund	1,068,249	1,076,830
Kay Fanning Visitors' Fund	531,398	514,537
Winship Connection Fund	332,185	313,138
Ruth Ewing Fund	309,262	292,896
President's Fund	265,636	201,941
Accumulated gains on permanently restricted net assets (endowments)	<u>559,149</u>	<u>478,645</u>
Total unrestricted	4,000,165	3,724,601
Temporarily restricted (Notes 6 and 14)	17,395,153	19,166,200
Permanently restricted (Notes 7 and 14)	<u>2,397,621</u>	<u>2,314,788</u>
Total net assets	<u>23,792,939</u>	<u>25,205,589</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 24,876,260</u></b>	<b><u>\$ 26,221,973</u></b>

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
<b>REVENUE</b>				
Grants, contributions and program fees (Notes 10 and 12)	\$ 1,186,977	\$ 9,944,926	\$ 82,833	\$ 11,214,736
Information fees and other	109,189	-	-	109,189
Investment income (Note 2)	45,160	17,417	-	62,577
In-kind contributions	3,000	50,750	-	53,750
Appropriation of endowment investment earnings for general support (Note 14)	120,906	-	-	120,906
Net assets released from donor restrictions (Note 8)	<u>11,602,918</u>	<u>(11,602,918)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>13,068,150</u>	<u>(1,589,825)</u>	<u>82,833</u>	<u>11,561,158</u>
<b>EXPENSES</b>				
Program Services: Programs	<u>10,504,002</u>	<u>-</u>	<u>-</u>	<u>10,504,002</u>
Supporting Services: General and Administrative	1,431,791	-	-	1,431,791
Development	338,260	-	-	338,260
Fundraising	<u>679,704</u>	<u>-</u>	<u>-</u>	<u>679,704</u>
Total supporting services	<u>2,449,755</u>	<u>-</u>	<u>-</u>	<u>2,449,755</u>
Total expenses	<u>12,953,757</u>	<u>-</u>	<u>-</u>	<u>12,953,757</u>
Changes in net assets from operations before other items	114,393	(1,589,825)	82,833	(1,392,599)
<b>OTHER ITEMS-NON-OPERATING</b>				
Grant funds rescinded by donors (Note 15)	-	(224,524)	-	(224,524)
Investment income (loss) - endowment (Note 2)	282,077	43,302	-	325,379
Appropriation of endowment investment earnings for general support (Note 14)	<u>(120,906)</u>	<u>-</u>	<u>-</u>	<u>(120,906)</u>
Changes in net assets	275,564	(1,771,047)	82,833	(1,412,650)
Net assets at beginning of year	<u>3,724,601</u>	<u>19,166,200</u>	<u>2,314,788</u>	<u>25,205,589</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 4,000,165</u></b>	<b><u>\$ 17,395,153</u></b>	<b><u>\$ 2,397,621</u></b>	<b><u>\$ 23,792,939</u></b>

<b>2015</b>			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 1,130,312	\$ 10,875,894	\$ 57,584	\$ 12,063,790
117,384	-	-	117,384
9,377	4,347	-	13,724
-	62,300	-	62,300
103,389	-	-	103,389
<u>9,827,452</u>	<u>(9,827,452)</u>	<u>-</u>	<u>-</u>
<u>11,187,914</u>	<u>1,115,089</u>	<u>57,584</u>	<u>12,360,587</u>
<u>8,906,954</u>	<u>-</u>	<u>-</u>	<u>8,906,954</u>
1,312,991	-	-	1,312,991
353,501	-	-	353,501
<u>600,363</u>	<u>-</u>	<u>-</u>	<u>600,363</u>
<u>2,266,855</u>	<u>-</u>	<u>-</u>	<u>2,266,855</u>
<u>11,173,809</u>	<u>-</u>	<u>-</u>	<u>11,173,809</u>
14,105	1,115,089	57,584	1,186,778
-	(301,400)	-	(301,400)
(11,589)	(5,943)	-	(17,532)
<u>(103,389)</u>	<u>-</u>	<u>-</u>	<u>(103,389)</u>
(100,873)	807,746	57,584	764,457
<u>3,825,474</u>	<u>18,358,454</u>	<u>2,257,204</u>	<u>24,441,132</u>
<b><u>\$ 3,724,601</u></b>	<b><u>\$ 19,166,200</u></b>	<b><u>\$ 2,314,788</u></b>	<b><u>\$ 25,205,589</u></b>

See accompanying notes to financial statements.



## INTERNATIONAL CENTER FOR JOURNALISTS

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Supporting Services				Total Supporting Services	Total Expenses
	Programs	General and Administrative	Development	Fundraising		
Salaries	\$ 1,283,840	\$ 607,847	\$ 231,885	\$ 316,812	\$ 1,156,544	\$ 2,440,384
Fringe benefits	445,703	195,353	78,581	107,361	381,295	826,998
Professional services	1,425,165	85,513	23,285	32,574	141,372	1,566,537
Meeting and conferences	118,389	2,456	49	137,286	139,791	258,180
Occupancy (Note 11)	-	333,127	-	-	333,127	333,127
Travel	371,502	39,411	3,718	22,219	65,348	436,850
Knight Fellows cost	1,098,085	-	-	-	-	1,098,085
Awards and project grants	204,499	-	-	19,000	19,000	223,499
Subgrants	3,150,993	-	-	-	-	3,150,993
Subcontracts	211,427	-	-	-	-	211,427
Participant support cost	2,021,898	-	-	-	-	2,021,898
Other operating cost	172,501	168,084	742	44,452	213,278	385,779
<b>TOTAL</b>	<b>\$ 10,504,002</b>	<b>\$ 1,431,791</b>	<b>\$ 338,260</b>	<b>\$ 679,704</b>	<b>\$ 2,449,755</b>	<b>\$ 12,953,757</b>

## INTERNATIONAL CENTER FOR JOURNALISTS

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Supporting Services				Total Supporting Services	Total Expenses
	Programs	General and Administrative	Development	Fundraising		
Salaries	\$ 1,169,603	\$ 562,693	\$ 240,728	\$ 253,063	\$ 1,056,484	\$ 2,226,087
Fringe benefits	417,912	200,551	85,944	90,348	376,843	794,755
Professional services	1,720,504	78,661	11,261	25,141	115,063	1,835,567
Meeting and conferences	66,023	1,405	-	130,349	131,754	197,777
Occupancy (Note 11)	38,000	289,712	-	-	289,712	327,712
Travel	319,315	30,524	11,775	31,790	74,089	393,404
Knight Fellows cost	910,450	-	-	-	-	910,450
Awards and project grants	312,156	-	-	15,638	15,638	327,794
Subgrants	1,942,476	-	-	-	-	1,942,476
Subcontracts	323,833	-	-	-	-	323,833
Participant support cost	1,506,626	-	-	-	-	1,506,626
Other operating cost	180,056	149,445	3,793	54,034	207,272	387,328
<b>TOTAL</b>	<b>\$ 8,906,954</b>	<b>\$ 1,312,991</b>	<b>\$ 353,501</b>	<b>\$ 600,363</b>	<b>\$ 2,266,855</b>	<b>\$ 11,173,809</b>

See accompanying notes to financial statements.

## THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (1,412,650)	\$ 764,457
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	21,773	37,399
Realized and unrealized (gain) loss on investments	(301,863)	77,251
Contributions restricted for long-term investment	(82,833)	(57,584)
(Increase) decrease in:		
Advances	(64,072)	(75,906)
Grants and pledges receivable	2,778,839	(1,015,793)
Prepaid expenses	(41,717)	(43,071)
Increase in:		
Accounts payable and accrued expenses	60,627	303,023
Deferred rent	<u>6,310</u>	<u>13,600</u>
Net cash provided by operating activities	<u>964,414</u>	<u>3,376</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(4,279,473)	(2,717,213)
Proceeds from sale of investments	<u>3,255,178</u>	<u>2,396,233</u>
Net cash used by investing activities	<u>(1,024,295)</u>	<u>(320,980)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for long-term investment	<u>82,833</u>	<u>57,584</u>
Net cash provided by financing activities	<u>82,833</u>	<u>57,584</u>
Net increase (decrease) in cash and cash equivalents	22,952	(260,020)
Cash and cash equivalents at beginning of year	<u>1,074,122</u>	<u>1,334,142</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 1,097,074</u></b>	<b><u>\$ 1,074,122</u></b>

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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 FASB ASC 958, *Not-for-Profit Entities*.

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 \$2,949,878 and \$2,948,778 for the years ended December 31, 2016 and 2015, 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. Realized and unrealized gains and losses on unrestricted undesignated net assets are included in investment income in the accompanying Statements of Activities and Changes in Net Assets. Realized and unrealized gains and losses on permanently restricted, temporarily restricted and Board-designated net assets are included as an other item 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.

Fixed assets -

Furniture, equipment and leasehold improvements 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.

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Fixed assets (continued) -

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.

Income taxes -

ICFJ is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. ICFJ is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2016 and 2015, 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 -

The net assets are reported in three self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the The International Center for Journalists, Inc. and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of the The International Center for Journalists, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by the The International Center for Journalists, Inc.

Grants, contributions and program fees -

ICFJ reports gifts of cash and other assets as temporarily restricted if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions in the Statements of Activities and Changes in Net Assets.

Unrestricted contributions and grants are reported as revenue in the year in which payments are received and/or unconditional promises are made.

In-kind contributions -

In-kind contributions consist primarily of printing, airline tickets and advertising. In-kind contributions are recorded at their fair market value as of the date of the gift.

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

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.

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 pronouncement -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statements of Activities and Changes in Net Assets.

The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year that the ASU is first applied. While the ASU will change the presentation of ICFJ's financial statements, it is not expected to alter ICFJ's reported financial position.

2. **INVESTMENTS**

Investments consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
	<u>Fair Value</u>	
Money market funds	\$ 2,949,878	\$ 2,948,778
Mutual funds	4,559,593	4,339,870
Corporate bonds and certificates of deposit	2,250,100	1,169,327
Equities	<u>379,820</u>	<u>355,258</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 10,139,391</u></b>	<b><u>\$ 8,813,233</u></b>

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015**

**2. INVESTMENTS (Continued)**

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

Included in investment income (loss) are the following:

	<b>2016</b>	<b>2015</b>
Interest and dividends, net of fees	\$ 86,093	\$ 73,443
Realized and unrealized gain (loss)	301,863	(77,251)
<b>TOTAL INVESTMENT INCOME (LOSS)</b>	<b>\$ 387,956</b>	<b>\$ (3,808)</b>

**3. GRANTS AND PLEDGES RECEIVABLE**

Grants and pledges receivable consisted of the following at December 31, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Foundations and U.S. Government agencies	\$12,444,204	\$ 15,408,805
Corporations	633,000	470,547
Individuals and estates	65,205	41,896
<b>TOTAL GRANTS AND PLEDGES RECEIVABLE</b>	<b>\$13,142,409</b>	<b>\$ 15,921,248</b>

Following is a schedule of maturities, by year, of grants and pledges receivable at December 31, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
2016	\$ -	\$ 12,460,944
2017	12,090,409	2,408,304
2018	1,052,000	1,052,000
	<b>\$13,142,409</b>	<b>\$ 15,921,248</b>

**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. During 2016, the agreement was extended through August 2017. 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, 2016 and 2015, 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.

THE INTERNATIONAL CENTER FOR JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016 AND 2015

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. 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.

Accumulated gains on permanently restricted net assets (endowments):

This fund accumulates the realized and unrealized gains and losses generated from the General Endowment Fund, the Founder's Fund and the Kay Fanning Endowment Fund (Note 7). The accumulated gains may only be spent upon approval from the Board of Directors.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
General support (time restricted)	\$ 57,843	\$ 78,792
Programs	16,584,889	18,405,473
Quasi-Endowment: Special Projects Fund	650,992	607,690
Kay Fanning Endowment Fund	72,046	55,112
In-kind software, travel and printing	<u>29,383</u>	<u>19,133</u>
	<u>\$ 17,395,153</u>	<u>\$ 19,166,200</u>

During 2002, ICFJ established the Special Projects Fund (the Fund). The 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.



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7. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consisted of the following:

General Endowment Fund:

The General Endowment Fund's net assets at December 31, 2016 and 2015 consisted of \$916,383. Contributions received are restricted by the donors to remain in-perpetuity.

Realized and unrealized gains and losses are accumulated in a separate Board designated fund (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, 2016 and 2015 consisted of \$752,173. Contributions received are restricted to remain in-perpetuity. Realized and unrealized gains and losses are accumulated in a separate Board designated fund (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 permanently restricted net assets at December 31, 2016 and 2015 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. Permanently restricted net assets related to this fund at December 31, 2016 and 2015 consisted of \$587,565 and \$504,732, respectively. 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.

8. NET ASSETS RELEASED FROM RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by the passage of time or as a result of ICFJ incurring expenses, which satisfied the restricted purposes specified by the donors:

	<u>2016</u>	<u>2015</u>
General support (passage of time)	\$ 34,324	\$ 94,121
Programs	11,528,094	9,679,091
In-kind software, travel and printing	<u>40,500</u>	<u>54,240</u>
	<u>\$ 11,602,918</u>	<u>\$ 9,827,452</u>

9. 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 2016 and 2015 totaled \$102,969 and \$91,179, respectively.

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10. CONTINGENCY

ICFJ receives grants from various agencies of the United States Government. For fiscal years through December 31, 2014, such grants were subject to audit under the provisions of OMB Circular A-133. Beginning for fiscal year ended December 31, 2015, 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 2016. 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.

11. 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%.

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, 2016 and 2015, totaled \$333,127 and \$327,712, respectively. Deferred rent totaled \$199,706 and \$193,396 as of December 31, 2016 and 2015, respectively.

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

<u>Year Ending December 31,</u>	
2017	\$ 306,354
2018	318,770
2019	301,469
2020	336,534
2021	344,947
Thereafter	<u>624,823</u>
	<b><u>\$ 2,232,897</u></b>

12. CONCENTRATION OF REVENUE

Approximately 52% and 37% of ICFJ's revenue (excluding in-kind contributions) for the years ended December 31, 2016 and 2015, respectively, was derived from grants awarded by agencies of the United States Government. ICFJ has no reason to believe that relationships with these donors will be discontinued in the foreseeable future.

However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect ICFJ's ability to finance ongoing operations.

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13. 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.

**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 have been no changes in the methodologies used at December 31, 2016 and 2015.

- *Money market funds* - Cash and based upon the current stated value per the investment advisors.
- *Mutual funds* - Fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *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, 2016:

Asset Class:	2016			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 2,949,878	\$ -	\$ -	\$ 2,949,878
Mutual funds	4,559,593	-	-	4,559,593
Corporate bonds and certificates of deposit	-	2,250,100	-	2,250,100
Equities	<u>379,820</u>	<u>-</u>	<u>-</u>	<u>379,820</u>
<b>TOTAL</b>	<b><u>\$ 7,889,291</u></b>	<b><u>\$ 2,250,100</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 10,139,391</u></b>

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

The table below summarizes, by level within the fair value hierarchy, ICFJ's investments as of December 31, 2015:

	<b>2015</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Asset Class:</b>				
Money market funds	\$ 2,948,778	\$ -	\$ -	\$ 2,948,778
Mutual funds	4,339,870	-	-	4,339,870
Corporate bonds and certificates of deposit	-	1,169,327	-	1,169,327
Equities	<u>355,258</u>	<u>-</u>	<u>-</u>	<u>355,258</u>
<b>TOTAL</b>	<b><u>\$ 7,643,906</u></b>	<b><u>\$ 1,169,327</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,813,233</u></b>

**14. ENDOWMENT**

ICFJ's endowment consists of donor-restricted endowment funds and funds designated by the Board of Directors 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 has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ICFJ 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. 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 ICFJ in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, ICFJ considers the following factors in making a determination to appropriate 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, 2016 are as follows:

	<b>2016</b>			<b>Total</b>
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	
Donor-Restricted Endowment Funds	\$ -	\$ 723,038	\$ 2,397,621	\$ 3,120,659
Board-Designated Endowment Funds	1,438,481	-	-	1,438,481
Accumulated gains on permanently restricted net assets	<u>559,149</u>	<u>-</u>	<u>-</u>	<u>559,149</u>
<b>TOTAL</b>	<b><u>\$ 1,997,630</u></b>	<b><u>\$ 723,038</u></b>	<b><u>\$ 2,397,621</u></b>	<b><u>\$ 5,118,289</u></b>

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14. ENDOWMENT (Continued)

Endowment net asset composition by type of fund as of December 31, 2015 are as follows:

	<b>2015</b>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 662,802	\$ 2,314,788	\$ 2,977,590
Board-Designated Endowment Funds	1,322,512	-	-	1,322,512
Accumulated gains on permanently restricted net assets	<u>478,645</u>	<u>-</u>	<u>-</u>	<u>478,645</u>
<b>TOTAL</b>	<b><u>\$ 1,801,157</u></b>	<b><u>\$ 662,802</u></b>	<b><u>\$ 2,314,788</u></b>	<b><u>\$ 4,778,747</u></b>

Changes in endowment net assets for the years ended December 31, 2016 and 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, at December 31, 2014	\$ 1,430,742	\$ 652,888	\$ 2,257,204	\$ 4,340,834
Net investment loss	(11,589)	(5,943)	-	(17,532)
Contributions	506,250	-	57,584	563,834
Appropriation of endowment assets for general support	(108,389)	-	-	(108,389)
Transfer	<u>(15,857)</u>	<u>15,857</u>	<u>-</u>	<u>-</u>
Endowment net assets at December 31, 2015	1,801,157	662,802	2,314,788	4,778,747
Net investment income	282,077	43,302	-	325,379
Contributions	52,236	-	82,833	135,069
Appropriation of endowment assets for general support	(120,906)	-	-	(120,906)
Transfer	<u>(16,934)</u>	<u>16,934</u>	<u>-</u>	<u>-</u>
<b>ENDOWMENT NET ASSETS AT DECEMBER 31, 2016</b>	<b><u>\$ 1,997,630</u></b>	<b><u>\$ 723,038</u></b>	<b><u>\$ 2,397,621</u></b>	<b><u>\$ 5,118,289</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, 2016 and 2015, the endowment funds did not have a deficiency related to the fair value of the endowment net assets.

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**14. ENDOWMENT (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.

**15. GRANT FUNDS RESCINDED BY DONORS**

During the 2016 and 2015 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, \$224,524 and \$301,400, respectively, of grant commitments previously recorded as temporarily restricted revenue have been written off in their respective years.

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**NOTES TO FINANCIAL STATEMENTS  
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**16. SUBSEQUENT EVENTS**

In preparing these financial statements, ICFJ has evaluated events and transactions for potential recognition or disclosure through June 19, 2017, 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, 2016

	Contributions, Pledges and Other Additions Received as of December 31, 2016	Less: Pledges Receivable at December 31, 2016	Total Amount Invested at December 31, 2016	Cumulative Appreciation	Fair Value of Total Amount Invested at December 31, 2016
<b>Permanently Restricted Net Assets:</b>					
General Endowment Fund	\$ 916,383	\$ -	\$ 916,383	\$ 256,903	\$ 1,173,286
Founders' Fund	752,173	-	752,173	256,957	1,009,130
Kay Fanning Endowment Fund	141,500	-	141,500	34,539	176,039
Howard Endowment	587,565	-	587,565	10,750	598,315
	<u>2,397,621</u>	<u>-</u>	<u>2,397,621</u>	<u>559,149</u>	<u>2,956,770</u>
<b>Temporarily Restricted Net Assets:</b>					
Kay Fanning Quasi-Endowment: Special Projects Fund	72,046	-	72,046	-	72,046
	<u>499,236</u>	<u>-</u>	<u>499,236</u>	<u>151,756</u>	<u>650,992</u>
	<u>571,282</u>	<u>-</u>	<u>571,282</u>	<u>151,756</u>	<u>723,038</u>
<b>Unrestricted Board Designated Net Assets:</b>					
Kay Fanning Visitors' Fund	344,523	-	344,523	186,875	531,398
Winship Connection Fund	300,000	-	300,000	32,185	332,185
Ruth Ewing Fund	300,000	-	300,000	9,262	309,262
President's Fund	258,487	-	258,487	7,149	265,636
	<u>1,203,010</u>	<u>-</u>	<u>1,203,010</u>	<u>235,471</u>	<u>1,438,481</u>
<b>TOTALS</b>	<u><b>\$ 4,171,913</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 4,171,913</b></u>	<u><b>\$ 946,376</b></u>	<u><b>\$ 5,118,289</b></u>