

**SARGENT SHRIVER NATIONAL CENTER
ON POVERTY LAW**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
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YEARS ENDED DECEMBER 31, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sargent Shriver National Center on Poverty Law
Chicago, Illinois

We have audited the accompanying financial statements of Sargent Shriver National Center on Poverty Law (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Board of Directors
Sargent Shriver National Center on Poverty Law

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sargent Shriver National Center on Poverty Law as of December 31, 2017 and 2016, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
April 17, 2018

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,346,804	\$ 2,104,668
Investments:		
Unrestricted	329,520	312,978
Donor Restricted Endowment Fund, Accumulated Earnings	274,680	184,786
Grants Receivable	2,164,479	1,997,723
Pledges Receivable	126,400	87,200
Other Receivables	124,056	30,829
Prepaid Expenses	165,645	42,531
Inventory	12,000	18,800
Funds Held on Behalf of Others	-	686
Total Current Assets	5,543,584	4,780,201
OTHER ASSETS		
Net Property and Equipment	307,406	115,463
Grants Receivable, Long-Term, Temporarily Restricted	328,041	280,141
Pledges Receivable, Long-Term, Temporarily Restricted	191,046	152,689
Lease Deposit	18,792	21,242
Intangible Assets, Net	-	10,515
Cash - Permanently Restricted	-	7,000
Pledges Receivable - Permanently Restricted	6,983	7,951
Investments - Permanently Restricted	863,767	855,767
Total Other Assets	1,716,035	1,450,768
 Total Assets	 \$ 7,259,619	 \$ 6,230,969

See accompanying Notes to Financial Statements.

	<u>2017</u>	<u>2016</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 114,615	\$ 125,965
Accrued Compensation	204,203	177,934
Deferred Rent	-	27,461
Deferred Revenue	56,394	525
Funds Held on Behalf of Others	-	686
Total Current Liabilities	<u>375,212</u>	<u>332,571</u>
Total Liabilities	375,212	332,571
NET ASSETS		
Unrestricted	503,960	314,079
Temporarily Restricted	5,509,697	4,713,601
Permanently Restricted	870,750	870,718
Total Net Assets	<u>6,884,407</u>	<u>5,898,398</u>
Total Liabilities and Net Assets	<u>\$ 7,259,619</u>	<u>\$ 6,230,969</u>

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Contributions - Foundation and Corporate	\$ 586,200	\$ 4,305,333	\$ -	\$ 4,891,533
Contributions - Individuals	381,883	144,957	32	526,872
Fellowship Contributions	-	192,998	-	192,998
Special Events	847,643	-	-	847,643
Cy Pres Awards	4,035	-	-	4,035
Service Contracts	15,269	-	-	15,269
Earned Revenue	162,406	-	-	162,406
In-Kind Donations	66,128	-	-	66,128
Attorney Fees, Court Fees, and Honorariums	212,351	-	-	212,351
Investment Gain - Net	30,782	161,859	-	192,641
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	3,471,851	(3,471,851)	-	-
Satisfaction of Time Restrictions	537,200	(537,200)	-	-
Total Public Support and Revenue	<u>6,315,748</u>	<u>796,096</u>	<u>32</u>	<u>7,111,876</u>
EXPENSES				
Program Services:				
Advocacy	3,607,665	-	-	3,607,665
Advocate Resources and Training	708,009	-	-	708,009
Total Program Services	<u>4,315,674</u>	<u>-</u>	<u>-</u>	<u>4,315,674</u>
Costs of Direct Benefits to Donors	115,825	-	-	115,825
Supporting Services:				
Management and General	708,581	-	-	708,581
Fundraising	985,787	-	-	985,787
Total Supporting Service	<u>1,694,368</u>	<u>-</u>	<u>-</u>	<u>1,694,368</u>
Total Expenses	<u>6,125,867</u>	<u>-</u>	<u>-</u>	<u>6,125,867</u>
CHANGE IN NET ASSETS	189,881	796,096	32	986,009
Net Assets - Beginning of Year	<u>314,079</u>	<u>4,713,601</u>	<u>870,718</u>	<u>5,898,398</u>
NET ASSETS - END OF YEAR	<u>\$ 503,960</u>	<u>\$ 5,509,697</u>	<u>\$ 870,750</u>	<u>\$ 6,884,407</u>

See accompanying Notes to Financial Statements.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Contributions - Foundation and Corporate	\$ 704,300	\$ 2,294,650	\$ -	\$ 2,998,950
Contributions - Individuals	234,788	99,332	130	334,250
Fellowship Contributions	-	298,995	-	298,995
Special Events	512,516	-	-	512,516
Cy Pres Awards	37,821	-	-	37,821
Service Contracts	217,612	-	-	217,612
Earned Revenue	202,225	-	-	202,225
In-Kind Donations	60,750	-	-	60,750
Donated Services	9,234	-	-	9,234
Attorney Fees, Court Fees, and Honorariums	700	-	-	700
Investment Gain - Net	21,710	99,678	-	121,388
Net Assets Released from Restrictions and Reclassifications:				
Satisfaction of Program Restrictions	3,182,185	(3,182,185)	-	-
Satisfaction of Time Restrictions	492,550	(492,550)	-	-
Reclassifications	(1,000)	(3,902)	4,902	-
Total Public Support and Revenue	<u>5,675,391</u>	<u>(885,982)</u>	<u>5,032</u>	<u>4,794,441</u>
EXPENSES				
Program Services:				
Advocacy	3,584,869	-	-	3,584,869
Advocate Resources and Training	547,616	-	-	547,616
Total Program Services	<u>4,132,485</u>	<u>-</u>	<u>-</u>	<u>4,132,485</u>
Costs of Direct Benefits to Donors	114,295	-	-	114,295
Supporting Services:				
Management and General	442,886	-	-	442,886
Fundraising	848,128	-	-	848,128
Total Supporting Service	<u>1,291,014</u>	<u>-</u>	<u>-</u>	<u>1,291,014</u>
Total Expenses	<u>5,537,794</u>	<u>-</u>	<u>-</u>	<u>5,537,794</u>
CHANGE IN NET ASSETS	137,597	(885,982)	5,032	(743,353)
Net Assets - Beginning of Year	<u>176,482</u>	<u>5,599,583</u>	<u>865,686</u>	<u>6,641,751</u>
NET ASSETS - END OF YEAR	<u>\$ 314,079</u>	<u>\$ 4,713,601</u>	<u>\$ 870,718</u>	<u>\$ 5,898,398</u>

See accompanying Notes to Financial Statements.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services		Costs of Direct Benefits to Donors	Supporting Services		Total
	Advocacy	Advocate Resources and Training		Management and General	Fundraising	
Personnel Expenses:						
Salaries	\$ 1,778,229	\$ 349,642	\$ -	\$ 396,378	\$ 431,615	\$ 2,955,864
Fellow ships	191,783	-	-	-	-	191,783
Health, Disability, and Life Insurance	299,653	54,825	-	57,686	67,070	479,234
Payroll Taxes	151,254	27,503	-	29,000	33,709	241,466
Retirement Plan Contributions	81,050	14,820	-	15,624	18,165	129,659
Total Personnel Expenses	2,501,969	446,790	-	498,688	550,559	3,998,006
Consultants	5,400	799	-	937	73,839	80,975
Program Consultants	197,937	101,130	-	-	-	299,067
Sub-Grantees	166,900	-	-	-	-	166,900
VISTA Program	49,266	5,966	-	2,226	2,743	60,201
Auditing	-	-	-	24,200	-	24,200
Payroll and Benefits Administration	-	-	-	24,733	-	24,733
Technology	69,940	10,770	-	2,752	13,587	97,049
Occupancy	205,067	35,275	-	38,731	47,256	326,329
Liability Insurance	21,398	2,420	-	2,855	3,484	30,157
Telephone and Communications	13,187	5,198	-	2,415	2,947	23,747
Staff Travel	55,388	47,313	-	3,572	13,663	119,936
Equipment and Network Maintenance	6,800	1,088	-	1,284	1,567	10,739
Supplies	6,897	3,428	-	796	2,585	13,706
Postage	2,966	522	-	308	5,771	9,567
Printing and Copying	5,384	1,562	-	148	15,208	22,302
Conference and Fees	66,613	8,669	-	813	5,281	81,376
Convenings	113,929	-	-	-	-	113,929
Meetings and Special Events	22,275	25,625	115,825	713	218,911	383,349
Coalition Expense	6,033	-	-	-	366	6,399
Litigation and Client Costs	21,345	-	-	-	-	21,345
Board Costs	-	-	-	8,312	-	8,312
Dues and Fees	22,533	2,446	-	367	1,307	26,653
Subscriptions and Fees	14,188	2,900	-	13	8,280	25,381
Bank Charges and Interest	1,277	1,150	-	185	11,296	13,908
Uncollectible Promises to Give	-	-	-	77,723	-	77,723
Loss on Disposal of Property and Equipment	-	-	-	10,960	-	10,960
Depreciation and Amortization	30,973	4,958	-	5,850	7,137	48,918
Total Expenses	\$ 3,607,665	\$ 708,009	\$ 115,825	\$ 708,581	\$ 985,787	\$ 6,125,867

See accompanying Notes to Financial Statements.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016**

	Program Services		Costs of Direct Benefits to Donors	Supporting Services		Total
	Advocacy	Advocate Resources and Training		Management and General	Fundraising	
Personnel Expenses:						
Salaries	\$ 1,744,999	\$ 252,159	\$ -	\$ 282,253	\$ 465,615	\$ 2,745,026
Fellow ships	27,952	-	-	-	-	27,952
Health, Disability, and Life Insurance	309,519	43,574	-	39,982	79,124	472,199
Payroll Taxes	146,453	20,877	-	19,976	37,903	225,209
Retirement Plan Contributions	79,388	11,385	-	10,446	20,673	121,892
Total Personnel Expenses	2,308,311	327,995	-	352,657	603,315	3,592,278
Delivery of Training Events	1,862	88,001	-	-	2,023	91,886
Consultants	28,203	29	-	24	88,027	116,283
Program Consultants	288,195	-	-	-	-	288,195
Sub-Grantees	235,000	-	-	-	-	235,000
VISTA Program	74,532	1,240	-	119	2,871	78,762
Auditing	-	-	-	21,350	-	21,350
Payroll and Benefits Administration	-	-	-	22,488	-	22,488
Technology	68,354	7,831	-	1,221	3,985	81,391
Occupancy	193,230	44,467	-	22,959	46,582	307,238
Liability Insurance	21,747	2,315	-	1,959	3,974	29,995
Telephone and Communications	12,929	5,818	-	1,531	3,117	23,395
Staff Travel	63,657	22,186	-	763	16,955	103,561
Equipment and Network Maintenance	6,826	1,733	-	811	1,646	11,016
Supplies	13,829	1,987	-	619	2,634	19,069
Postage	1,826	805	-	198	2,419	5,248
Printing and Copying	7,566	3,393	-	42	2,908	13,909
Conference and Fees	41,871	9,588	-	413	2,355	54,227
Convenings	95,431	-	-	-	-	95,431
Meetings and Special Events	21,874	19,625	114,295	268	41,059	197,121
Coalition Expense	7,848	200	-	-	400	8,448
Litigation and Client Costs	6,641	-	-	-	-	6,641
Board Costs	-	-	-	9,908	-	9,908
Dues and Fees	22,426	1,136	-	170	875	24,607
Subscriptions and Fees	27,697	2,118	-	89	7,636	37,540
Bank Charges and Interest	1,748	2,477	-	208	7,328	11,761
Loss on Disposal of Property and Equipment	-	-	-	1,136	-	1,136
Depreciation and Amortization	33,266	4,672	-	3,953	8,019	49,910
Total Expenses	\$ 3,584,869	\$ 547,616	\$ 114,295	\$ 442,886	\$ 848,128	\$ 5,537,794

See accompanying Notes to Financial Statements.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received - Contributions	\$ 5,238,735	\$ 5,597,755
Cash Received - Special Events	834,493	511,516
Cash Received - Cy Pres Awards	4,035	37,821
Cash Received - Service Contracts	44,522	188,359
Cash Received - Earned Revenue	198,275	253,010
Cash Received - Attorney Fees, Court Fees, and Honorariums	126,659	700
Cash Received - Sale of Donated Stock	3,000	4,615
Cash Received - Interest and Dividend Income	30,046	30,210
Payments for Wages and Other Operating Activities	(6,082,610)	(5,398,105)
Net Cash Provided by Operating Activities	397,155	1,225,881
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(36,803)	(85,118)
Proceeds from Sale of Investments	71,965	12
Transfer of Cash from Investments	13,000	-
Purchase of Property and Equipment	(211,181)	(68,944)
Proceeds from Sale of Property and Equipment	-	325
Net Cash Used by Investing Activities	(163,019)	(153,725)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received - Endowment	1,000	19,000
Net Cash Provided by Financing Activities	1,000	19,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	235,136	1,091,156
Cash and Cash Equivalents - Beginning of Year	2,111,668	1,020,512
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,346,804	\$ 2,111,668

See accompanying Notes to Financial Statements.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2017 AND 2016**

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in Net Assets	\$ 986,009	\$ (743,353)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	48,918	49,910
Donation of Property and Equipment	(30,128)	-
Loss on Disposal of Property and Equipment	10,960	1,136
Unrealized/Realized Gain on Investments	(162,595)	(91,178)
Endowment Contributions	(32)	(130)
Effects of Changes in Assets and Liabilities:		
Grants Receivable	(214,656)	1,940,184
Pledges Receivable	(77,557)	28,219
Other Receivables	(93,227)	26,419
Prepays	(123,114)	(8,291)
Inventory	6,800	(6,000)
Lease Deposit	2,450	-
Accounts Payable	(11,350)	18,692
Accrued Compensation	26,269	57,342
Advances	-	(782)
Deferred Revenue	55,869	(3,600)
Deferred Rent	(27,461)	(42,687)
Net Cash Provided by Operating Activities	<u>\$ 397,155</u>	<u>\$ 1,225,881</u>

See accompanying Notes to Financial Statements.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Sargent Shriver National Center on Poverty Law (the Shriver Center) is an Illinois not-for-profit corporation that provides national leadership in advancing laws and policies that secure justice to improve the lives and opportunities of people living in poverty.

The Shriver Center envisions a nation free from poverty, with justice, equity, and opportunity for all. In furtherance of its mission, the Shriver Center advocates for state and federal laws and policies that address poverty and racial inequality; leads, equips, and mobilizes multistate networks to advance an anti-poverty and racial justice agenda; and strengthens the core competencies of equal justice advocates across the country through training and leadership programs.

The Shriver Center's Advocacy Programs advance laws, policies, and systems changes that improve the lives and opportunities of people living in poverty. Shriver Center advocates focus on issues that have the greatest impact on people living in poverty: community justice, economic justice, healthcare justice, and housing justice. Understanding that poverty cannot be effectively addressed without addressing racial inequality, the Shriver Center uses a racial justice lens to set its advocacy agenda. Shriver Center advocates use multifaceted approach, including litigation to combat mounting state and federal threats while also tackling structural racism and discrimination head on; policy to uncover systemic inequities and create new pathways for opportunity through legislation and system changes; and multistate advocacy to harness the power of the Shriver Center's growing networks. The Shriver Center has a track record of accomplishments in its home state of Illinois, and is working to broaden its advocacy wins, state by state and at the federal level.

The Shriver Center's Advocate Resources and Training Program (ART) offers the specialized training and leadership development equal justice advocates need to obtain bigger, better, and bolder gains for their clients. Rooted in social justice and racial equity values, the Shriver Center's training programs are designed to foster innovation and collaboration while building advocates' skills and capacities.

The Shriver Center, through its Advocacy and ART programs, builds teams and develops leaders through several networks of state advocates. Each of these networks connects advocates to one another and to the intelligence and information resource networks they need to be effective. Two of the Shriver Center's most active networks include:

- ***The Legal Impact Network***, a dynamic collaborative of 34 advocacy organizations from across the country working with communities to end poverty and achieve racial justice at the federal, state, and local levels. Through working groups and convenings, Legal Impact Network members share victories and expertise, and develop resources, strategies, model policies and legal tools to maximize impact across the country.
- ***The Racial Justice Training Institute***, a groundbreaking national leadership program, grounded in a commitment to race-equity as an integral and essential part of anti-poverty advocacy. Following six months of intensive training, Fellows join a national network of RJTI alumni who are advancing race equity all throughout the country. RJTI has cultivated 160 advocates representing 81 organizations in 28 states.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

The Shriver Center also connects and equips advocates through the ***Clearinghouse Community***, a unique online collection of tools and resources where advocates can explore best practices and recent developments in the law. More than 2,500 advocates visit the Clearinghouse Community each month.

Income Tax Status

The Shriver Center was recognized as exempt from federal income tax by the Internal Revenue Service (IRS) pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Shriver Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax exempt purpose of the Shriver Center and the nature in which it operates is described above. The Shriver Center continues to operate in compliance with its tax exempt purpose.

The Shriver Center has determined that it does not have uncertain tax positions and, therefore, has not recorded a liability for any unrecognized tax benefits.

Basis of Accounting

The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Shriver Center reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets, as required by Generally Accepted Accounting Principles (GAAP) and defined as follows:

Unrestricted Net Assets – Those resources over which the board of directors (board) has discretionary control.

Temporarily Restricted Net Assets – Those resources subject to donor-imposed restrictions which will be satisfied by actions of the Shriver Center or the passage of time.

Permanently Restricted Net Assets – Those resources subject to a donor-imposed restriction that they be maintained permanently by the Shriver Center. The donors of these resources permit the Shriver Center to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts. At December 31, 2017 and 2016, the Shriver Center's bank deposits exceeded federally insured limits by approximately \$1,990,000 and \$1,860,000, respectively. The Shriver Center has not experienced any losses in such accounts and management believes the Shriver Center is not exposed to any significant credit risk related to cash and cash equivalents. During 2017, the Shriver Center changed its primary financial institution to one that further mitigates this potential risk.

Investments

Investments are carried at fair value at each fiscal year-end. Realized and unrealized gains and losses are reflected in the statements of activities. Fair value is based on quoted market prices. Donated stock is sold upon receipt and recorded at fair market value at the date of donation.

Funds Held for Others

The Shriver Center held funds in a separate account for the administration of its SEED program, which in prior years offered eligible participants seed funding for college savings accounts. At December 31, 2016, funds held on behalf of others amounted to \$686 and had also been reflected as a liability in the accompanying statements of financial position. This account was closed during 2017.

Grants and Pledges Receivable

Contributions receivable represent amounts promised by donors (unconditional promises to give), some of which are due in installments. Amounts due by more than a year in the future are recorded net of a present value discount, which is based on a risk-free rate of return. An allowance for doubtful accounts was not deemed necessary at December 31, 2017 and 2016 based on the Shriver Center's historical collection experience.

Other Receivables

In 2017 and 2016, the Shriver Center's other receivables related to an outstanding payment for advocacy and related services provided. The Shriver Center does not accrue interest on past due accounts. Receivables are written off only after all collection attempts have failed and are based on individual credit evaluation and the specific circumstances. An allowance for doubtful accounts was not deemed necessary at December 31, 2017 and 2016 based on the Shriver Center's historical collection experience.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of unused airline vouchers which are recorded at the fair value of the donation based on information provided by the donor. Tickets are expected to be used during the next fiscal year.

Property and Equipment

Expenditures for property and equipment over \$1,000 and items which substantially increase the useful lives of existing assets are capitalized at cost. The Shriver Center provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives of three to ten years.

Intangible Assets

Amortizable intangible assets consist of intellectual property related to the comprehensive training curriculum. These assets are amortized on a straight-line basis over the assets' estimated useful lives. The Shriver Center reviews the intangible assets for impairment on or about December 31 of each year. Recoverability for these assets is measured by comparing their carrying amounts to their fair values. If the assets are considered impaired, the impairment to be recognized would equal the amount by which the carrying value of the assets exceed their fair values. The Shriver Center did not record any impairment charges during 2017 and 2016.

Accrued Compensation

The Shriver Center accrues for vacation time benefits that would be payable upon an employee's separation from employment with the Shriver Center. No employee shall accumulate more than 30 days (210 hours) vacation leave.

Deferred Revenue

Training registration fees collected in advance of training events are included in deferred revenue. Deferred revenue for training events is recognized upon completion of the training event.

Deferred Rent

Rent expense is being recognized on a straight-line basis over the life of the lease. The difference between rent expense recognized and rental payments, as stipulated in the lease, is reflected as deferred rent in the statements of financial position.

Support and Revenue

The Shriver Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue (Continued)

The Shriver Center reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Shriver Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Furniture and office equipment valued at \$30,128 was donated to the Shriver Center during the year ended December 31, 2017 with no restrictions as to the use of the donation. No such donations were received during the year ended December 31, 2016.

Training fees are recognized as revenue when the related training event is conducted.

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Shriver Center received donated legal services valued at \$-0- and \$9,234 in 2017 and 2016, respectively, for an Equal Justice Works AmeriCorps VISTA attorney.

During 2017 and 2016 the Shriver Center received donated work from various volunteers, fellows, and nonattorney AmeriCorps VISTAs which did not meet the above requirements to be recorded as donated services.

Some of the Shriver Center's eight nonattorney AmeriCorps VISTAs were provided at no cost to the Shriver Center through the federally funded AmeriCorps VISTA program and the remainder were provided on a cost-share basis. Expenses including monthly transportation subsidies, professional development, and travel related to the AmeriCorps VISTA program were also incurred by the Shriver Center during 2017 and 2016.

In-Kind Contributions

In addition to receiving cash contributions, the Shriver Center receives in-kind contributions from various donors. It is the policy of the Shriver Center to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase donation revenue by a like amount. Fair value is assigned based on information provided by the donor. For the years ended December 31, 2017 and 2016, the Shriver Center received donated airline vouchers valued at \$36,000, and donated use of LexisNexis legal research site valued at \$18,000 for 2016. In 2017, the Shriver Center received donated furniture and office equipment valued at \$30,128, and in 2016 the Shriver Center received donated film production services valued at \$6,750. As such, total in-kind contributions for 2017 and 2016 were \$66,128 and \$60,750, respectively.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain Vulnerabilities and Concentrations

During the year ended December 31, 2017, the Shriver Center received approximately 21% of its funding from one major donor. At December 31, 2017, the Shriver Center had 3 donors that comprised 44% of grants receivable.

During the year ended December 31, 2016, the Shriver Center received approximately 11% of its funding from one major donor. At December 31 2016, the Shriver Center had 3 donors that comprised 37% of grants receivable.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, the staff has allocated certain costs among the programs and supporting services benefited based on direct costs and allocation of indirect costs by FTE or other measure as appropriate.

Sub-Grantee Expense

From time to time, the Shriver Center may provide funding to a third party to collaborate with the Shriver Center in carrying out a portion of the scope of work or objective of the Shriver Center's award agreement with a foundation donor or other awarding agency. These funding arrangements are listed as sub-grantee expense in the statements of functional expenses.

NOTE 2 INVESTMENTS

A summary of investments at fair value as of December 31 is as follows:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Domestic Large Cap Blend Fund-Unrestricted	\$ -	\$ -	\$ 268,005	\$ 312,978
Domestic Large Cap Blend Fund-Restricted	1,124,101	1,138,447	963,843	1,040,553
Cash Equivalents	329,520	329,520	-	-
Total Investments	<u>\$ 1,453,621</u>	<u>\$ 1,467,967</u>	<u>\$ 1,231,848</u>	<u>\$ 1,353,531</u>

A summary of investments by net asset classification as of December 31 is as follows:

	2017	2016
Unrestricted	\$ 329,520	\$ 312,978
Temporarily Restricted	274,680	184,786
Permanently Restricted	863,767	855,767
Total	<u>\$ 1,467,967</u>	<u>\$ 1,353,531</u>

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 2 INVESTMENTS (CONTINUED)

Investment income recorded in the statements of activities is as follows for the years ended December 31:

	2017		
	Unrestricted	Temporarily Restricted	Total
	Interest and Dividends, Net of Fees	\$ 5,722	\$ 24,323
Realized Gain	-	12,008	12,008
Unrealized Loss	25,060	125,528	150,588
Total Investment Income	\$ 30,782	\$ 161,859	\$ 192,641
	2016		
	Unrestricted	Temporarily Restricted	Total
Interest and Dividends, Net of Fees	\$ 7,689	\$ 22,521	\$ 30,210
Realized Gain	134	447	581
Unrealized Gain	13,887	76,710	90,597
Total Investment Income	\$ 21,710	\$ 99,678	\$ 121,388

NOTE 3 FAIR VALUE MEASUREMENTS

Generally Accepted Accounting Principles define fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market in an orderly transaction between market participants on the measurement date.

Generally Accepted Accounting Principles establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of debt and equity investments that are readily marketable is determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities' relationship to other benchmark quoted securities (Level 2 inputs).

Assets and Liabilities Measured on a Recurring Basis

Assets and liabilities measured at fair value at December 31 are classified as Level 1 and are summarized as follows:

	<u>2017</u>	<u>2016</u>
Assets - Investments	<u>\$ 1,467,967</u>	<u>\$ 1,353,531</u>

NOTE 4 GRANTS AND PLEDGES RECEIVABLE

Contributions receivable at December 31 are due as follows:

	<u>2017</u>	<u>2016</u>
Within One Year	\$ 2,290,879	\$ 2,084,923
One to Five Years, Net of Present Value Discount of \$17,119 and \$8,481, Respectively	<u>526,070</u>	<u>440,781</u>
Total	<u>\$ 2,816,949</u>	<u>\$ 2,525,704</u>

Contributions receivable are designated by the donor for the following at December 31, 2017:

General Advocacy	\$ 242,304
Healthcare Advocacy	338,530
Advocate Resources and Training	460,000
Economic Justice: Budget & Tax	23,000
Community Justice Advocacy	20,000
Housing Advocacy	195,000
Fundraising Assessment	6,000
Education Advocacy	500,000
Women's Law and Policy Project	40,000
Fellowships	215,287
Grants and Pledges, Shriver Challenge	374,429
Grants, Unrestricted	402,399
Total Contributions Receivable	<u>\$ 2,816,949</u>

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 4 GRANTS AND PLEDGES RECEIVABLE (CONTINUED)

Contributions receivable are designated by the donor for the following at December 31, 2016:

General Advocacy	\$ 255,000
Legal Impact Network	700,000
Healthcare Advocacy	220,000
Advocate Resources and Training	249,174
Community Justice Advocacy	200,000
Fellowships	205,863
Pledges, Shriver Challenge	247,840
Grants, Unrestricted	447,827
Total Contributions Receivable	<u><u>\$ 2,525,704</u></u>

As of December 31, 2017 and 2016, contributions receivable more than one year in the future were discounted based upon payment terms using a discount factor of 2.11% and 1.47%, respectively, which reflects the mid-term applicable federal rate (AFR) as recorded on the IRS website.

NOTE 5 INTANGIBLE ASSETS

Intangible assets were as follows at December 31:

	Estimated Useful Life	Gross Carrying Amount	2016 Accumulated Amortization	2016 Net Intangible Value	2017 Accumulated Amortization	2017 Net Intangible Value
Training Programs	6 Years	\$ 84,120	\$ (73,605)	\$ 10,515	\$ (84,120)	\$ -
Trade Name	4 Years	7,757	(7,757)	-	(7,757)	-
Total		<u><u>\$ 91,877</u></u>	<u><u>\$ (81,362)</u></u>	<u><u>\$ 10,515</u></u>	<u><u>\$ (91,877)</u></u>	<u><u>\$ -</u></u>

For the years ended December 31, 2017 and 2016, amortization expense was \$10,515 and \$14,019, respectively.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 6 PROPERTY AND EQUIPMENT

The Shriver Center's property and equipment at December 31 are as follows:

	2017	2016
Computer Equipment	\$ 242,113	\$ 218,756
Furniture	88,161	11,093
Office Equipment	63,899	5,247
Leasehold Improvements	52,790	-
Total Property and Equipment	446,963	235,096
Accumulated Depreciation	139,557	119,633
Property and Equipment, Net	\$ 307,406	\$ 115,463

For the years ending December 31, 2017 and 2016, depreciation expense was \$38,403 and \$35,891, respectively.

NOTE 7 DEFERRED REVENUE

Deferred revenue at December 31, 2017 and 2016 consists of funds received in advance for training and conferences of \$56,394 and \$525, respectively.

NOTE 8 LINES OF CREDIT

The Shriver Center had a \$250,000 revolving line of credit with Bank of America, expiring August 1, 2017. The Bank of America line was secured by the Shriver Center's equipment and receivables, with interest payable monthly. During 2017, the Shriver Center terminated the agreement and opened a new line of credit with Wintrust Bank on January 25, 2017. The new agreement provides for borrowings up to \$500,000 and expires on January 25, 2018. The new line is secured by all inventory, chattel paper, accounts, equipment, and general intangibles, with interest payable monthly. The line of credit was renewed in January 2018 for an additional one-year term. At December 31, 2017 and 2016, there was nothing borrowed against the existing agreements.

The Shriver Center is also obligated for credit cards issued in its name. At December 31, 2017 and 2016, the Shriver Center's maximum credit limit related to these credit cards is \$50,000 and \$25,000, respectively, of which \$13,573 and \$14,437, respectively, was outstanding and included in accounts payable.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 9 NET REVENUES FROM SPECIAL EVENTS

Net revenues from special events consist of the following:

	2017	2016
Contributions, Including Sponsorship	\$ 758,218	\$ 442,206
Raffles and Auctions	24,200	14,920
Special Events Revenue, Ticket Portion	65,225	55,390
Revenue from Special Events	<u>847,643</u>	<u>512,516</u>
Less: Costs of Direct Benefits to Donors	115,825	114,295
Net Revenues from Special Events	<u>\$ 731,818</u>	<u>\$ 398,221</u>

Costs of direct benefits to donors include the cost of the food, drinks, entertainment, or other benefits received by the donor at the special event.

NOTE 10 EMPLOYEE BENEFIT PLAN

The Shriver Center maintains a retirement plan under section 401(k) of the Internal Revenue Code. The plan allows for all employees who reach the age of 21 to contribute a portion of their pre-tax earnings. Employer matching contributions may be made to the plan based on the board of directors' discretion. Participants become fully vested in the employer contributions with two years of service at the Shriver Center. In 2016, the board of directors approved an increase from a 3% to a 5% matching contribution. For the years ended December 31, 2017 and 2016, the Shriver Center contributed and expensed \$129,659 and \$121,892, respectively, to the plan.

NOTE 11 LEASES

The Shriver Center leased office space in Chicago, Illinois under a fifteen-year agreement that expired July 31, 2017. Under the provisions of the lease, the Shriver Center paid a base rent plus a proportionate share of basic operating costs (e.g. for taxes, insurance, utilities, etc.). The lease terms provided for rental increases each year. Rent expense for this lease was recorded based upon the total cost of the lease allocated over the lease term with any difference between the allocated amount and the actual payment reflected as a lease obligation in the financial statements. In 2017, the Shriver Center amended its office space lease in Chicago to extend the expiration date until December 31, 2017. The Shriver Center entered into a new office space lease at a new location in Chicago effective January 1, 2018, under a fifteen-year agreement that expires December 31, 2032.

The Shriver Center also leased office space in Boston, Massachusetts under an agreement that was terminated in 2016. Under the provisions of the lease, the Shriver Center paid a base rent plus a proportionate share of the common area maintenance.

The Shriver Center is obligated under an operating lease for equipment with monthly payments of \$752 through November 2019.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 11 LEASES (CONTINUED)

Rent expense for these leases for the years ended December 31, 2017 and 2016 was \$273,690 and \$283,707, respectively.

Future minimum lease payments under these operating leases are as follows for the year ending December 31:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 358,896
2019	396,890
2020	395,555
2021	402,495
2022	409,435
Thereafter	4,476,023
Total	<u>\$ 6,439,293</u>

NOTE 12 UNRESTRICTED NET ASSETS

Included in unrestricted net assets are \$329,520 and \$312,978 at December 31, 2017 and 2016, respectively, which the board has directed as an operating reserve.

NOTE 13 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted to the following purposes and time periods as of December 31:

General Advocacy, \$242,000 Included in Receivables	<u>2017</u> \$ 1,021,904
Legal Impact Network	400,000
Healthcare Advocacy, \$339,000 Included in Receivables	629,155
Advocate Resources and Training, \$460,000 Included in Receivables	675,000
Community Justice Advocacy, \$20,000 Included in Receivables	175,000
Housing Advocacy, \$195,000 Included in Receivables	395,000
Education Advocacy, \$500,000 Included in Receivables	805,000
Women's Law and Policy Project, \$40,000 Included in Receivables	70,000
Asset Opportunity Advocacy	20,000
Economic Justice Advocacy: Budget and Tax, \$23,000 Included in Receivables	33,000
Fellowships, \$215,000 Included in Receivables	235,012
Fundraising Assessment, \$6,000 Included in Receivables	6,000
Donor Restricted Endowment Earnings for Legal Service Projects	274,680
Grants and Pledges, Shriver Challenge, Unrestricted, \$367,000 Included in Receivables	367,446
Grants, Unrestricted, \$402,000 included in Receivables	402,500
Total	<u>\$ 5,509,697</u>

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 13 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	2016
General Advocacy, \$255,000 Included in Receivables	\$ 1,435,000
Legal Impact Network, \$700,000 Included in Receivables	1,034,300
Healthcare Advocacy, \$220,000 Included in Receivables	362,075
Advocate Resources and Training, \$250,000 Included in Receivables	329,174
Community Justice Advocacy, \$200,000 Included in Receivables	300,000
Housing Advocacy	46,000
Education Advocacy	5,000
Women's Law and Policy Project	30,000
Asset Opportunity Advocacy	24,505
Fellowships, \$205,863 Included in Receivables	271,044
Fundraising Assessment	4,000
Donor Restricted Endowment Earnings for Legal Service Projects	184,786
Pledges, Shriver Challenge, Unrestricted, \$240,000 Included in Receivables	239,889
Grants, Unrestricted, \$448,000 included in Receivables	447,828
Total	\$ 4,713,601

NOTE 14 PERMANENTLY RESTRICTED NET ASSETS

As of December 31, 2017 and 2016, permanently restricted net assets of \$870,750 and \$870,718, respectively, are restricted to investment in perpetuity, the income from which is expendable to support program activities of the Shriver Center that embody the values and goals of Sargent Shriver. \$6,983 and \$7,951, respectively, of permanently restricted net assets are included in Pledges Receivable as of December 31, 2017 and 2016.

Permanently restricted activity consisted of the following:

	2017	2016
Permanently Restricted Pledges Receivable	\$ 32	\$ 130
Reclassifications Due to Change in Donor Intent	-	4,902
Total Permanently Restricted Activity	\$ 32	\$ 5,032

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 15 DONOR-RESTRICTED ENDOWMENT (PERMANENTLY RESTRICTED NET ASSETS)

At this time, the Shriver Center's endowment consists of one fund separate and apart from any other endowment fund that may be created. The income from it may be expended for legal service projects of the Shriver Center that embody the values and goals of Sargent Shriver. As required by accounting principles for nonprofits, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The gift instrument for the endowment fund specifically makes generally inapplicable to such endowment the accounting and expenditure rules of the Illinois Uniform Prudent Management of Institutional Funds and Uniform Principal and Income Acts and any successors thereto. Principal and unrealized appreciation may not be expended without prior written approval of the donor.

Realized appreciation may be credited to principal or expended or both in accordance with the Shriver Center's endowment spending policy.

Interpretation of Relevant Law

Except as described above with respect to the separate fund, in general, as a result of the board of directors' interpretation of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) the Shriver Center classifies as permanently restricted net assets (a) the original value of gifts donated for endowment, (b) the original value of subsequent gifts for endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument.

Any 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 the Shriver Center in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Shriver Center considers the following factors in making a determination to appropriate or accumulate income or gain on donor-restricted endowment funds, except as noted with regards to the donor-restricted endowment fund which is classified as a permanently restricted net asset:

- (1) The duration and preservation of the fund,
- (2) The mission of the Shriver Center and the purpose of the donor-restricted endowment fund,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and the appreciation of investments,
- (6) Other resources of the Shriver Center, and
- (7) The investment policies of the Shriver Center.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Shriver Center is required to retain as a fund of perpetual duration. There were no deficiencies of this nature as of December 31, 2017 and 2016.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 15 DONOR-RESTRICTED ENDOWMENT (PERMANENTLY RESTRICTED NET ASSETS)
(CONTINUED)

Interpretation of Relevant Law (Continued)

The changes in endowment net assets for the Shriver Center were as follows for the years ended December 31:

	2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ 184,786	\$ 870,718	\$ 1,055,504
Contributions	-	32	32
Investment Return:			
Interest and dividends, net of fees	24,323	-	24,323
Net Realized Gain	12,008	-	12,008
Net Unrealized Loss	125,528	-	125,528
Total Investment Return	161,859	-	161,859
Appropriation of Endowment Assets for Expenditure in 2018	(71,965)	-	(71,965)
Endowment Net Assets - End of Year	<u>\$ 274,680</u>	<u>\$ 870,750</u>	<u>\$ 1,145,430</u>
	2016		
	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ 85,108	\$ 865,686	\$ 950,794
Reclassification	-	4,902	4,902
Contributions	-	130	130
Investment Return:			
Interest and dividends, net of fees	22,522	-	22,522
Net Realized Gain	446	-	446
Net Unrealized Gain	76,710	-	76,710
Total Investment Return	99,678	-	99,678
Appropriation of Endowment Assets for Expenditure in 2017	-	-	-
Endowment Net Assets - End of Year	<u>\$ 184,786</u>	<u>\$ 870,718</u>	<u>\$ 1,055,504</u>

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 15 DONOR-RESTRICTED ENDOWMENT (PERMANENTLY RESTRICTED NET ASSETS)
(CONTINUED)

Return Objectives and Risk Parameters

The Shriver Center has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by endowment while protecting purchasing power of the endowment assets over time. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed the return of a hypothetical portfolio composed of indices representing the board approved asset allocation while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, in general, the Shriver Center 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). The Shriver Center targets a diversified asset allocation that places an emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Subject to the terms of each endowment gift instrument, the Shriver Center has a general policy of appropriating for distribution each year a portion (limited to 5%) of its endowment fund's average market value over a trailing three-year period. This is consistent with the Shriver Center's objective to maintain the purchasing power of the endowment assets held in perpetuity.

NOTE 16 RECLASSIFICATIONS

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 17 SUBSEQUENT EVENTS

For the fiscal year ended December 31, 2017, the Shriver Center's management has evaluated subsequent events through April 17, 2018, which is the date the financial statements were available to be issued.



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