

SHRIVER CENTER ON POVERTY LAW
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018



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**SHRIVER CENTER ON POVERTY LAW
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YEARS ENDED DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Shriver Center on Poverty Law
Chicago, Illinois

We have audited the accompanying financial statements of Shriver Center on Poverty Law (previously known as Sargent Shriver National Center on Poverty Law) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

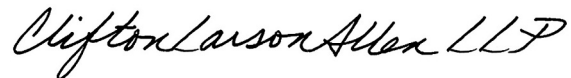
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shriver Center on Poverty Law as of December 31, 2019 and 2018, 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.

Emphasis of Matter – Revenue Recognition

As discussed in Note 1 to the financial statements, management has adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* and (ASU) No. 2018-08, *Not-for-Profit Entities, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Oak Brook, Illinois
May 6, 2020

**SHRIVER CENTER ON POVERTY LAW
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,347,560	\$ 1,781,571
Investments:		
Without Donor Restrictions	444,763	435,439
With Donor Restrictions Endowment Fund, Accumulated Earnings	394,542	195,856
Grants Receivable, Net of Allowance for Uncollectible Promises to Give of \$-0- and \$50,000 at December 31, 2019 and 2018, Respectively	1,690,250	1,498,797
Pledges Receivable, Net of Allowance for Uncollectible Promises to Give of \$20,000 at December 31, 2019 and 2018	151,680	100,120
Other Receivables	132,734	737,564
Prepaid Expenses	233,593	156,707
Inventory	5,730	11,400
Funds Held on Behalf of Others	18,500	80,000
Total Current Assets	4,419,352	4,997,454
OTHER ASSETS		
Net Property and Equipment	338,227	293,402
Investments - With Donor Restrictions	867,267	866,267
Grants Receivable, Long-Term, With Donor Restrictions	98,238	651,104
Pledges Receivable, Long-Term, With Donor Restrictions	72,693	109,515
Intangible Assets, Net	92,601	54,375
Total Other Assets	1,469,026	1,974,663
 Total Assets	 \$ 5,888,378	 \$ 6,972,117

See accompanying Notes to Financial Statements.

SHRIVER CENTER ON POVERTY LAW
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2019 AND 2018

	2019	2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 19,467	\$ 65,826
Accrued Compensation	247,726	229,864
Deferred Revenue	1,914	48,699
Funds Held on Behalf of Others	18,500	80,000
Total Current Liabilities	287,607	424,389
 OTHER LIABILITIES		
Deferred Rent	90,215	48,577
Total Liabilities	377,822	472,966
 NET ASSETS		
Without Donor Restrictions	813,536	634,932
With Donor Restrictions	4,697,020	5,864,219
Total Net Assets	5,510,556	6,499,151
Total Liabilities and Net Assets	\$ 5,888,378	\$ 6,972,117

See accompanying Notes to Financial Statements.

**SHRIVER CENTER ON POVERTY LAW
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Contributions - Foundation and Corporate	\$ 248,500	\$ 3,564,445	\$ 3,812,945
Contributions - Individuals	256,746	52,799	309,545
Fellowship Contributions	-	84,500	84,500
Special Events	990,480	6,000	996,480
Service Contracts	3,500	-	3,500
Earned Revenue	492,866	-	492,866
In-Kind Donations	36,000	-	36,000
Donated Services	10,940	-	10,940
Attorney Fees, Court Fees, and Honorariums	11,000	-	11,000
Miscellaneous Income	1,525	-	1,525
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	4,167,069	(4,167,069)	-
Satisfaction of Time Restrictions	725,561	(725,561)	-
Total Public Support and Revenue	<u>6,944,187</u>	<u>(1,184,886)</u>	<u>5,759,301</u>
EXPENSES			
Program Services:			
Advocacy	3,621,697	-	3,621,697
Advocate Resources and Training	1,234,771	-	1,234,771
Total Program Services	<u>4,856,468</u>	<u>-</u>	<u>4,856,468</u>
Costs of Direct Benefits to Donors	138,440	-	138,440
Supporting Services:			
Management and General	707,969	-	707,969
Fundraising	1,231,675	-	1,231,675
Total Supporting Service	<u>1,939,644</u>	<u>-</u>	<u>1,939,644</u>
Total Expenses	<u>6,934,552</u>	<u>-</u>	<u>6,934,552</u>
EXCESS (DEFICIENCY) OF PUBLIC SUPPORT AND REVENUE OVER EXPENSES	9,635	(1,184,886)	(1,175,251)
NONOPERATING GAINS (LOSSES)			
John Bouman Action Fund Contributions	204,699	-	204,699
John Bouman Action Fund Expenses	(51,000)	-	(51,000)
Refund to Grantor	-	(227,000)	(227,000)
Tax Paid, Net of Refund	4,558	-	4,558
Investment Gain - Net	10,712	244,687	255,399
Total Nonoperating Gains	<u>168,969</u>	<u>17,687</u>	<u>186,656</u>
CHANGE IN NET ASSETS	178,604	(1,167,199)	(988,595)
Net Assets - Beginning of Year	<u>634,932</u>	<u>5,864,219</u>	<u>6,499,151</u>
NET ASSETS - END OF YEAR	<u>\$ 813,536</u>	<u>\$ 4,697,020</u>	<u>\$ 5,510,556</u>

See accompanying Notes to Financial Statements.

**SHRIVER CENTER ON POVERTY LAW
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions - Foundation and Corporate	\$ 481,000	\$ 3,541,420	\$ 4,022,420
Contributions - Individuals	363,636	21,656	385,292
Fellowship Contributions	-	123,155	123,155
Special Events	822,791	-	822,791
Service Contracts	25,050	-	25,050
Earned Revenue	352,182	-	352,182
In-Kind Donations	36,000	-	36,000
Attorney Fees, Court Fees, and Honorariums	668,350	-	668,350
Miscellaneous Income	3,875	-	3,875
Net Assets Released from Restrictions:			
Satisfaction of Program Restrictions	3,734,685	(3,734,685)	-
Satisfaction of Time Restrictions	388,950	(388,950)	-
Total Public Support and Revenue	6,876,519	(437,404)	6,439,115
EXPENSES			
Program Services:			
Advocacy	4,119,745	-	4,119,745
Advocate Resources and Training	1,045,116	-	1,045,116
Total Program Services	5,164,861	-	5,164,861
Costs of Direct Benefits to Donors	85,630	-	85,630
Supporting Services:			
Management and General	693,997	-	693,997
Fundraising	808,781	-	808,781
Total Supporting Service	1,502,778	-	1,502,778
Total Expenses	6,753,269	-	6,753,269
EXCESS (DEFICIENCY) OF PUBLIC SUPPORT AND REVENUE OVER EXPENSES	123,250	(437,404)	(314,154)
NONOPERATING GAINS (LOSSES)			
Investment Gain (Loss) - Net	7,722	(78,824)	(71,102)
CHANGE IN NET ASSETS	130,972	(516,228)	(385,256)
Net Assets - Beginning of Year	503,960	6,380,447	6,884,407
NET ASSETS - END OF YEAR	\$ 634,932	\$ 5,864,219	\$ 6,499,151

See accompanying Notes to Financial Statements.

**SHRIVER CENTER ON POVERTY LAW
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019**

	Program Services		Costs of Direct Benefits to Donors	Supporting Services		Total
	Advocacy	Advocate Resources and Training		Management and General	Fundraising	
Personnel Expenses:						
Salaries	\$ 1,784,340	\$ 705,579	\$ -	\$ 392,947	\$ 496,086	\$ 3,378,952
Fellowships	243,238	-	-	-	-	243,238
Health, Disability, and Life Insurance	263,294	103,180	-	56,630	72,181	495,285
Payroll Taxes	133,925	52,411	-	28,930	36,665	251,931
Retirement Plan Contributions	68,275	26,998	-	15,036	18,982	129,291
Total Personnel Expenses	2,493,072	888,168	-	493,543	623,914	4,498,697
Consultants	60,022	21,297	-	1,515	57,019	139,853
Program Consultants	94,021	33,628	-	-	-	127,649
Sub-Grantees	204,875	-	-	-	-	204,875
VISTA Program	11,078	-	-	-	2,047	13,125
Auditing	-	-	-	27,355	-	27,355
Payroll and Benefits Administration	-	-	-	24,271	-	24,271
Technology	100,878	35,330	-	4,865	26,290	167,363
Occupancy	267,923	84,181	-	50,612	73,684	476,400
Liability Insurance	19,836	4,411	-	2,652	3,860	30,759
Telephone and Communications	15,039	7,765	-	2,841	4,136	29,781
Staff Travel	40,528	46,651	-	1,923	12,121	101,223
Equipment and Network Maintenance	6,415	2,016	-	1,212	1,764	11,407
Supplies	6,268	3,859	-	980	2,661	13,768
Postage	1,668	752	-	253	2,365	5,038
Printing and Copying	14,318	7,550	-	388	6,170	28,426
Conference and Fees	44,532	9,377	-	346	1,508	55,763
Convenings	139,335	41,953	-	-	-	181,288
Meetings and Special Events	12,174	21,885	138,440	8,575	368,053	549,127
Coalition Expense	7,475	-	-	-	2,086	9,561
Litigation and Client Costs	24,328	-	-	-	-	24,328
Board Costs	-	-	-	74,423	-	74,423
Dues and Fees	23,113	2,366	-	203	1,552	27,234
Subscriptions and Fees	30,894	3,098	-	259	11,787	46,038
Bank Charges and Interest	3,222	4,245	-	609	16,444	24,520
Uncollectible Promises to Give	-	-	-	1,382	-	1,382
Depreciation and Amortization	51,683	16,239	-	9,762	14,214	91,898
Total Expenses	3,672,697	1,234,771	138,440	707,969	1,231,675	6,985,552
Less Nonoperating Expense:						
John Bouman Action Fund Expense	(51,000)	-	-	-	-	(51,000)
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 3,621,697</u>	<u>\$ 1,234,771</u>	<u>\$ 138,440</u>	<u>\$ 707,969</u>	<u>\$ 1,231,675</u>	<u>\$ 6,934,552</u>

See accompanying Notes to Financial Statements.

**SHRIVER CENTER ON POVERTY LAW
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018**

	Program Services			Supporting Services		Total
	Advocacy	Advocate Resources and Training	Costs of Direct Benefits to Donors	Management and General	Fundraising	
Personnel Expenses:						
Salaries	\$ 1,793,941	\$ 514,417	\$ -	\$ 310,835	\$ 346,376	\$ 2,965,569
Fellowships	217,937	-	-	-	-	217,937
Health, Disability, and Life Insurance	325,208	91,604	-	56,460	61,877	535,149
Payroll Taxes	144,916	40,610	-	25,736	27,479	238,741
Retirement Plan Contributions	68,423	19,475	-	12,022	13,176	113,096
Total Personnel Expenses	2,550,425	666,106	-	405,053	448,908	4,070,492
Consultants	29,845	21,230	-	20,239	25,009	96,323
Program Consultants	376,221	80,743	-	-	-	456,964
Sub-Grantees	208,900	-	-	-	-	208,900
VISTA Program	46,669	12,741	-	316	5,928	65,654
Auditing	-	-	-	23,700	-	23,700
Payroll and Benefits Administration	-	-	-	26,748	-	26,748
Technology	118,113	31,950	-	4,720	16,950	171,733
Occupancy	286,068	68,881	-	46,160	57,009	458,118
Liability Insurance	21,868	3,840	-	2,574	3,178	31,460
Telephone and Communications	14,254	6,395	-	2,300	2,841	25,790
Staff Travel	58,881	45,209	-	4,563	7,984	116,637
Equipment and Network Maintenance	6,845	1,648	-	1,105	1,364	10,962
Supplies	14,479	4,930	-	1,739	6,160	27,308
Postage	2,774	517	-	173	1,909	5,373
Printing and Copying	10,065	1,785	-	193	6,816	18,859
Conference and Fees	70,565	11,540	-	1,532	3,882	87,519
Convenings	140,736	42,850	-	-	-	183,586
Meetings and Special Events	17,511	24,477	85,630	367	184,772	312,757
Coalition Expense	5,838	-	-	-	776	6,614
Litigation and Client Costs	38,852	-	-	-	-	38,852
Board Costs	-	-	-	8,067	456	8,523
Dues and Fees	29,398	2,469	-	539	3,465	35,871
Subscriptions and Fees	18,486	4,082	-	38	8,999	31,605
Bank Charges and Interest	5,325	2,255	-	859	12,884	21,323
Uncollectible Promises to Give	-	-	-	123,833	-	123,833
Loss on Disposal of Property and Equipment	-	-	-	2,545	-	2,545
Unrelated Business Income Tax	-	-	-	8,948	-	8,948
Depreciation and Amortization	47,627	11,468	-	7,686	9,491	76,272
Total Expenses	\$ 4,119,745	\$ 1,045,116	\$ 85,630	\$ 693,997	\$ 808,781	\$ 6,753,269

See accompanying Notes to Financial Statements.

**SHRIVER CENTER ON POVERTY LAW
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received - Contributions	\$ 4,541,508	\$ 4,844,809
Cash Received - Special Events	1,036,555	783,366
Cash Received - Service Contracts	15,500	13,050
Cash Received - Earned Revenue	361,601	340,427
Cash Received - Attorney Fees, Court Fees, and Honorariums	647,971	117,072
Cash Received - Sale of Donated Stock	20,775	12,138
Cash Received - Interest and Dividend Income	39,957	33,967
Cash Used - Refund to Grantor	(227,000)	-
Payments for Wages and Other Operating Activities	<u>(6,908,059)</u>	<u>(6,458,710)</u>
Net Cash Used by Operating Activities	(471,192)	(313,881)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(39,570)	(34,662)
Transfer of Cash from Investments	46,000	-
Purchase of Property and Equipment	(120,323)	(64,815)
Purchase of Intangible Assets	<u>(54,625)</u>	<u>(54,375)</u>
Net Cash Used by Investing Activities	(168,518)	(153,852)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received - Endowment	1,000	2,500
Cash Received - John Bouman Action Fund	204,699	-
Transfer from Operations to Board Directed Fund	<u>-</u>	<u>(100,000)</u>
Net Cash Provided (Used) by Financing Activities	<u>205,699</u>	<u>(97,500)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(434,011)	(565,233)
Cash and Cash Equivalents - Beginning of Year	<u>1,781,571</u>	<u>2,346,804</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,347,560</u>	<u>\$ 1,781,571</u>

See accompanying Notes to Financial Statements.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Shriver 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 35 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 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 RJI alumni who are advancing race equity all throughout the country. RJI has cultivated 240 advocates representing 90 organizations in 31 states.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

The Shriver Center also connected and equipped 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. Clearinghouse Community program was discontinued in 2019 as part of the Shriver Center's rebranding.

In December 2018, the board of directors approved a new trade name and rebranding of the Shriver Center. The new name and logo was launched in 2019 and The Sargent Shriver National Center on Poverty Law became the Shriver Center on Poverty Law.

Income Tax Status

The Shriver Center is 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 is subject to income taxes on its unrelated business income. Income tax expense was \$-0- and \$8,948 for the years ended December 31, 2019 and 2018, respectively.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, as required by accounting principles generally accepted in the United States of America (U. S. GAAP) and defined as follows:

Net Assets Without Donor Restrictions – Those resources over which the board of directors (the board) has discretionary control.

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

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 restricted purposes.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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, 2019 and 2018, the Shriver Center's bank deposits exceeded federally insured limits by approximately \$1,411,000 and \$1,798,000, 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 opened a new Interest on Lawyers Trust Account (IOLTA) during 2018 pursuant to the terms of settlement on a class-action lawsuit. The Shriver Center received \$120,000 in the new interest-bearing account to be remitted in proportionate share to claimants. The balance of unpaid claims reflected as funds held on behalf of others at December 31, 2019 and 2018 amounted to \$18,500 and \$80,000, respectively, and is also reflected as a liability in the accompanying statements of financial position.

Grants and Pledges Receivable

Grants and pledges 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. Grants receivable is shown net of an allowance for uncollectible promises to give of \$-0- and \$50,000, respectively, and pledges receivable is shown net of an allowance for uncollectible promises to give of \$20,000 at December 31, 2019 and 2018 based on the Shriver Center's historical collection experience.

Other Receivables

In 2019 and 2018, 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, 2019 and 2018 based on the Shriver Center's historical collection experience.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

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 software licensing, as well as the naming rights and rebranding of the Shriver Center. 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 2019 and 2018.

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.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Support and Revenue

Revenue is recognized when earned. The Shriver Center recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In 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, 2019 and 2018, the Shriver Center received donated airline vouchers valued at \$36,000.

The Shriver Center reports gifts of land, buildings, and equipment as without donor restricted 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 with donor 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. No such donations were received during the years ended December 31, 2019 and 2018.

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. Donated services received and recorded by the Shriver Center totaled \$10,940 for the year ended December 31, 2019. The Shriver Center received no such donated services in 2018.

During 2019 and 2018, 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.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Donated Services (Continued)

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, housing stipends, professional development, and travel related to the AmeriCorps VISTA program were also incurred by the Shriver Center during 2019 and 2018. During the year ended December 31, 2019, the Shriver Center discontinued the VISTA program.

Special Events

Event revenue includes registrations, auction and raffle payments, and sponsorship and donation revenue for fundraising events held within the respective year. Income received in advance is deferred until the related event occurs.

Service Contracts

This includes revenue generated by the Shriver Center. Activities generating revenues include provision of guidance and monitoring of outcomes. Revenue is recognized ratably over the life of the contract. Amounts collected in advance of activities are recorded as unearned income and recognized as revenue in the period it relates to.

Earned Revenue

This includes revenue from training and workshop registrations as well as pre-training planning and development. Registration revenue is recognized at the time of the session. Work performed in advance of sessions, including any course or material development and planning meetings, is recognized over time as work is completed. Amounts collected in advance of activities are recorded as unearned income and recognized as revenue in the period it relates to.

Attorney Fees, Court Fees, and Honorariums

This includes revenue from settlements and honorariums paid in recognition of services performed by the Shriver Center related to casework and client litigation. Revenue is recognized when settlement is reached or the honorarium is awarded.

Certain Vulnerabilities and Concentrations

At December 31, 2019, 28% of grants receivable consisted of amounts due from one donor. There were no concentrations in excess of 10% of total funding from any one donor during the year ended December 31, 2019.

During the year ended December 31, 2018, the Shriver Center received approximately 33% of its funding from one major donor. At December 31 2018, 58% of grants receivable consisted of amounts due from two donors.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy costs which are allocated based on the number of employees dedicated to each functional area, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

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.

Liquidity

There is an established board-designated fund where the governing board has the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside of the typical life cycle of converting financial assets to cash or settling financial liabilities. The board has committed to grow the fund annually by \$100,000 from any operating surplus or special fundraising activities. The fund or liquidity reserve is at \$444,763 and \$435,439 as of December 31, 2019 and 2018, respectively.

In the event of an unanticipated liquidity need, Shriver Center also could draw upon \$250,000 of available line of credit. \$250,000 of the \$500,000 credit line is collateralized for a letter of credit on the Shriver Center's office lease.

The following reflects Shriver Center's financial assets as of December 31:

	<u>2019</u>	<u>2018</u>
Current Financial Assets, as of December 31:	\$ 4,419,352	\$ 4,997,454
Less:		
Inventory, Prepaid, Escrow, Restricted and Designated Investments	(1,097,128)	(879,402)
Net Contractual or Donor-Imposed Restrictions Making Financial Assets Unavailable for General Expenditure	<u>(2,941,030)</u>	<u>(3,344,694)</u>
Financial Assets Available Within One Year to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 381,194</u>	<u>\$ 773,358</u>

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Liquidity (Continued)

Amounts not available include amounts set aside for long-term investing in the board-directed fund (quasi-endowment) that could be drawn upon if the governing board approves that action, donor restricted endowment fund plus its earnings and grants-fellowships receivables.

Change in Accounting Principles

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The financial statements reflect the application of ASC 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Shriver Center's reported historical revenue.

Additionally in June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of this standard had no impact on the Shriver Center's financial statements.

NOTE 2 INVESTMENTS

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

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Domestic Large Cap Blend Fund - With Donor Restrictions	\$ 1,159,257	\$ 1,261,809	\$ 1,171,315	\$ 1,062,123
Money Market Fund - Board Designated	444,763	444,763	435,439	435,439
Total Investments	<u>\$ 1,604,020</u>	<u>\$ 1,706,572</u>	<u>\$ 1,606,754</u>	<u>\$ 1,497,562</u>

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 2 INVESTMENTS (CONTINUED)

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

	<u>2019</u>	<u>2018</u>
Without Donor Restrictions	\$ 444,763	\$ 435,439
With Donor Restrictions	1,261,809	1,062,123
Total	<u>\$ 1,706,572</u>	<u>\$ 1,497,562</u>

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

	<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and Dividends, Net of Fees	\$ 10,712	\$ 29,245	\$ 39,957
Unrealized Gain	-	215,442	215,442
Total Investment Income	<u>\$ 10,712</u>	<u>\$ 244,687</u>	<u>\$ 255,399</u>

	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and Dividends, Net of Fees	\$ 7,722	\$ 26,244	\$ 33,966
Unrealized Loss	-	(105,068)	(105,068)
Total Investment Income (Loss)	<u>\$ 7,722</u>	<u>\$ (78,824)</u>	<u>\$ (71,102)</u>

NOTE 3 FAIR VALUE MEASUREMENTS

U.S. GAAP defines 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.

U.S. GAAP establishes 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.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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>2019</u>	<u>2018</u>
Assets - Investments	<u>\$ 1,706,572</u>	<u>\$ 1,497,562</u>

NOTE 4 GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable at December 31 are due as follows:

	<u>2019</u>	<u>2018</u>
Within One Year, Net of Allowance for Uncollectible		
Promises to Give of \$20,000 and \$70,000, Respectively	\$ 1,841,930	\$ 1,598,917
One to Five Years, Net of Present Value Discount of		
\$4,179 and \$22,418, Respectively	170,931	760,619
Total	<u>\$ 2,012,861</u>	<u>\$ 2,359,536</u>

Grants and pledges receivable are designated by the donor for the following at December 31, 2019:

General Advocacy	\$ 125,000
Healthcare Advocacy	35,250
Legal Impact Network	575,000
Housing Advocacy	204,000
Community Justice	343,238
Economic Justice	150,000
Racial Justice Institute	115,000
Women's Law & Policy Program	40,000
Grants and Pledges, Shriver Challenge	150,313
Grants, Restricted for Time	275,060
Total Contributions Receivable	<u>\$ 2,012,861</u>

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 4 GRANTS AND PLEDGES RECEIVABLE (CONTINUED)

Grants and pledges receivable are designated by the donor for the following at December 31, 2018:

General Advocacy	\$ 247,417
Healthcare Advocacy	184,659
Legal Impact Network	1,064,678
Housing Advocacy	195,000
Fellowships	113,248
Grants and Pledges, Shriver Challenge	209,537
Grants, Restricted for Time	344,997
Total Contributions Receivable	<u><u>\$ 2,359,536</u></u>

As of December 31, 2019 and 2018, grants and pledges receivable more than one year in the future were discounted based upon payment terms using a discount factor of 1.69% and 3.07%, 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	2018 Accumulated Amortization	2018 Net Intangible Value	2019 Accumulated Amortization	2019 Net Intangible Value
Training Programs	6 Years	\$ 84,120	\$ (84,120)	\$ -	\$ (84,120)	\$ -
Trade Name	4 Years	7,757	(7,757)	-	(7,757)	-
Software License	7 Years	27,500	-	17,875	(3,274)	24,226
New Logo	3 Years	61,500	-	16,500	(11,958)	49,542
New Name - Rebranding	10 Years	20,000	-	20,000	(1,167)	18,833
Total		<u>\$ 200,877</u>	<u>\$ (91,877)</u>	<u>\$ 54,375</u>	<u>\$ (108,276)</u>	<u>\$ 92,601</u>

For the years ended December 31, 2019 and 2018, amortization expense was \$16,399 and \$-0-, respectively, and is reflected within depreciation and amortization on the statements of functional expense.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 6 PROPERTY AND EQUIPMENT

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

	2019	2018
Computer Equipment	\$ 370,753	\$ 250,429
Furniture	90,941	90,940
Office Equipment	103,177	103,177
Leasehold Improvements	61,741	61,741
Total Property and Equipment	<u>626,612</u>	<u>506,287</u>
Accumulated Depreciation	<u>288,385</u>	<u>212,885</u>
Property and Equipment, Net	<u>\$ 338,227</u>	<u>\$ 293,402</u>

For the years ended December 31, 2019 and 2018, depreciation expense was \$75,499 and \$76,272, respectively, and is reflected within depreciation and amortization on the statements of functional expense.

NOTE 7 LINES OF CREDIT

The Shriver Center has a line of credit with Wintrust Bank that was established on January 25, 2017, and provides for borrowings up to \$500,000. The line is secured by all inventory, chattel paper, accounts, equipment, and general intangibles, with interest payable monthly. The line of credit has been renewed for successive one-year terms and has a current maturity date of January 25, 2021. At December 31, 2019 and 2018, there was nothing borrowed against the existing agreement.

The Shriver Center is also obligated for credit cards issued in its name. At December 31, 2019 and 2018, the Shriver Center's maximum credit limit related to these credit cards is \$50,000, of which \$5,249 and \$7,923, respectively, was outstanding and included in accounts payable.

NOTE 8 NET REVENUES FROM SPECIAL EVENTS

Net revenues from special events consist of the following:

	2019	2018
Contributions, Including Sponsorship	\$ 855,810	\$ 763,111
Raffles and Auctions	33,535	25,925
Special Events Revenue, Ticket Portion	107,135	33,755
Revenue from Special Events	<u>996,480</u>	<u>822,791</u>
Less: Costs of Direct Benefits to Donors	<u>138,440</u>	<u>85,630</u>
Net Revenues from Special Events	<u>\$ 858,040</u>	<u>\$ 737,161</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.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 9 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. The Shriver Center board of directors has approved a 5% matching contribution for 2019 and 2018. For the years ended December 31, 2019 and 2018, the Shriver Center contributed and expensed \$129,291 and \$113,096, respectively, to the plan.

NOTE 10 LEASES

The Shriver Center entered into an office space lease in Chicago, Illinois effective January 1, 2018, under a 15-year agreement that expires December 31, 2032. Under the provisions of the lease, the Shriver Center pays a base rent plus a proportionate share of basic operating costs (e.g., for taxes, insurance, utilities, etc.). The lease terms provide for rental increases each year. Rent expense for this lease is 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.

The Shriver Center was obligated under an operating lease for equipment with monthly payments of \$752 through November 2019. The Shriver Center is obligated under a new operating lease for equipment with monthly payments of \$1,095 through August 2024.

Rent expense for these leases for the years ended December 31, 2019 and 2018 was \$444,003 and \$439,279, 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>
2020	\$ 408,699
2021	415,639
2022	422,578
2023	429,518
2024	430,981
Thereafter	3,636,335
Total	<u>\$ 5,743,749</u>

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 11 REVENUE, RECEIVABLES, AND UNEARNED INCOME

The following table shows the Shriver Center's revenue disaggregated according to the timing of the transfer of goods or services:

	2019	2018
Revenue Recognized at a Point in Time:		
Event Sponsorships and Donations	\$ 855,810	\$ 763,111
Event Registrations	33,535	25,925
Event Auction and Raffle	107,135	33,755
Attorney Fees and Honorariums	11,000	668,350
Earned Training Registrations	128,105	153,453
Total	\$ 1,135,585	\$ 1,644,594
Revenue Recognized over Time:		
Earned Training Contracts	\$ 360,932	\$ 194,250
Service Contracts	3,500	25,050
Earned Training Royalties	3,829	4,479
Total	\$ 368,261	\$ 223,779

At December 31, revenue earned not yet received consisted of the following amounts:

	2019	2018
Earned Training Contracts	\$ 108,940	\$ 28,216
Event Sponsorships and Donations	7,500	57,500
Service Contracts	-	12,000
Attorney Fees and Honorariums	-	636,971
Total	\$ 116,440	\$ 734,687

At December 31, unearned income consisted of the following amounts:

	2019	2018
Earned Training Contracts	\$ -	\$ 47,000
Earned Training Registrations	1,914	1,699
Total	\$ 1,914	\$ 48,699

NOTE 12 NET ASSETS WITHOUT DONOR RESTRICTIONS

Included in net assets without donor restrictions are \$444,763 and \$435,439 at December 31, 2019 and 2018, respectively, which the board has directed as an operating reserve. The operating reserve exists to provide sufficient liquidity to meet short-term and intermediate-term cash needs of the Shriver Center. Reserves are in place to sustain the Shriver Center through economic downturns as well as provide funding for cash flow shortages due to unanticipated delays in receipt of budgeted income or unexpected major expenditures.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 12 NET ASSETS WITHOUT DONOR RESTRICTIONS (CONTINUED)

During the year ended December 31, 2019, the board created the John Bouman Action Fund, a board-designated fund to honor the retiring president of the Shriver Center for the work he has performed and to continue to support the rapid response policy work and innovative programming that the Shriver Center performs. The John Bouman Action Fund has a balance of \$153,699 at December 31, 2019, and is included in net assets without donor restrictions.

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are for the following purposes and time periods as of December 31:

	2019
Subject to Expenditure for Specific Purpose or Passage of Time:	
General Advocacy, \$125,000 Included in Receivables	\$ 315,001
Legal Impact Network, \$575,000 Included in Receivables	880,516
Healthcare Advocacy, \$35,250 Included in Receivables	228,583
Advocate Resources and Training, \$115,000 Included in Receivables	115,000
Community Justice Advocacy, \$343,238 Included in Receivables	444,499
Housing Advocacy, \$204,000 Included in Receivables	274,893
Women's Law and Policy Project, \$40,000 Included in Receivables	72,000
Economic Justice Advocacy: Budget and Tax, \$150,000 Included in Receivables	168,717
Fellowships	40,417
Administrative	518
Transition - Succession	176,275
Donor Restricted Endowment Earnings for Legal Service Projects	394,542
Grants and Pledges, Shriver Challenge, \$219,373 Included in Receivables	169,313
Grants, Without Donor Restriction, \$206,000 Included in Receivables	548,479
Not Subject to Appropriation or Expenditure:	
Restricted to Investment in Perpetuity, \$1,000 Included in Receivables	868,267
Total	\$ 4,697,020

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2018
Subject to Expenditure for Specific Purpose or Passage of Time:	
General Advocacy, \$247,417 Included in Receivables	\$ 591,876
Legal Impact Network, \$1,064,678 Included in Receivables	1,599,600
Healthcare Advocacy, \$184,659 Included in Receivables	602,261
Advocate Resources and Training	204,385
Community Justice Advocacy	60,000
Housing Advocacy, \$195,000 Included in Receivables	232,500
Education Advocacy	346,987
Women's Law and Policy Project	30,000
Economic Justice Advocacy: Budget and Tax	35,852
Fellowships, \$113,248 Included in Receivables	183,996
Fundraising Assessment	20,000
Donor Restricted Endowment Earnings for Legal Service Projects	195,856
Grants and Pledges, Shriver Challenge, \$209,537 Included in Receivables	277,635
Grants, Without Donor Restriction, \$344,997 Included in Receivables	615,004
Not Subject to Appropriation or Expenditure:	
Restricted to Investment in Perpetuity, \$2,000 Included in Receivables	868,267
Total	\$ 5,864,219

NOTE 14 DONOR-RESTRICTED ENDOWMENT

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 net assets with donor restrictions (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.

**SHRIVER CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

NOTE 14 DONOR-RESTRICTED ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

Any portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions – not subject to appropriation or expenditure are classified as net assets with donor restrictions –subject to expenditure for a specific purpose 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 net assets with donor restrictions – not subject to appropriation or expenditure:

- (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, 2019 and 2018.

The changes in endowment net assets for the Shriver Center were as follows:

Endowment Net Assets - January 1, 2018	\$	1,145,430
Contributions		17
Investment Return:		
Interest and Dividends, Net of Fees		26,244
Net Unrealized Loss		<u>(105,068)</u>
Total Investment Loss		(78,824)
Write-Off of Uncollectible Pledge		<u>(2,500)</u>
Endowment Net Assets - December 31, 2018		1,064,123
Contributions		-
Investment Return:		
Interest and Dividends, Net of Fees		29,245
Net Realized Gain		-
Net Unrealized Gain		<u>215,442</u>
Total Investment Return		244,687
Appropriation of Endowment Assets for Expenditure in 2019		<u>(46,000)</u>
Endowment Net Assets - December 31, 2019	\$	<u><u>1,262,810</u></u>

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NOTE 14 DONOR-RESTRICTED ENDOWMENT (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 15 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 16 SUBSEQUENT EVENTS

For the fiscal year ended December 31, 2019, the Shriver Center's management has evaluated subsequent events through May 6, 2020, which is the date the financial statements were available to be issued.

Subsequent to year end, a pandemic of the Corona Virus (COVID-19) was declared by the World Health Organization. The impact on revenues and expenses for the organization's future programmatic events and general operations are uncertain at this time. In addition, both domestic and international equity markets have experienced significant declines since December 31, 2019. As of May 6, 2020, the amount and likelihood of loss relating to these events cannot be determined.

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NOTE 16 SUBSEQUENT EVENTS (CONTINUED)

In addition, the CARES Act was signed into law on March 27, 2020. The CARES Act established a Paycheck Protection Program through the U.S. Small Business Administration. The Shriver Center received a \$905,000 loan through this program on April 16, 2020. The loan contains a provision that enables the borrower to apply for forgiveness related to eligible costs spent over the first eight weeks after the loan is funded. Eligible costs relate primarily to payroll, rent, and utility payments. The portion of the loan that is not forgiven is due within two years and bears interest at a rate of 1%.

Subsequent to year-end, two grantors informed the Shriver Center that the programmatic grants awarded in 2019 could be used where needed most, to support general operations, in an effort to alleviate some of the pressures that organizations are facing due to COVID-19. Therefore, approximately \$283,000 of revenue that had been restricted to specific programs is now restricted for time as of December 31, 2019.

NOTE 17 RECENT ACCOUNTING PRONOUNCEMENTS

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Shriver Center's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for the year ending December 31, 2021. Early adoption is permitted.

Management is evaluating the impact of this standard on the Shriver Center's financial statements.

