

**SARGENT SHRIVER NATIONAL CENTER
ON POVERTY LAW**

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2016 AND 2015

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	11



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 statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2015 financial statements of Sargent Shriver National Center on Poverty Law were audited by other auditors whose report dated April 15, 2016, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
April 18, 2017

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015**

ASSETS	2016	2015
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,104,668	\$ 977,745
Investments:		
Unrestricted	312,978	292,140
Donor Restricted Endowment Fund, Accumulated Earnings	184,786	85,108
Grants Receivable	1,997,723	2,601,000
Pledges Receivable	87,200	109,950
Other Receivables	30,829	57,248
Prepaid Expenses	42,531	34,240
Inventory	18,800	12,800
Funds Held on Behalf of Others	686	734
Total Current Assets	4,780,201	4,170,965
OTHER ASSETS		
Net Property and Equipment	115,463	83,868
Pledges Receivable, Long-Term, Temporarily Restricted	152,689	162,059
Grants Receivable, Long-Term, Temporarily Restricted	280,141	1,617,051
Lease Deposit	21,242	21,242
Intangible Assets, Net	10,515	24,534
Cash - Permanently Restricted	7,000	42,767
Pledges Receivable - Permanently Restricted	7,951	22,919
Investments - Permanently Restricted	855,767	800,000
Total Other Assets	1,450,768	2,774,440
 Total Assets	 \$ 6,230,969	 \$ 6,945,405

See accompanying Notes to Financial Statements.

	<u>2016</u>	<u>2015</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 125,965	\$ 107,273
Accrued Compensation	177,934	120,592
Advances	-	782
Deferred Rent	27,461	42,687
Deferred Revenue	525	4,125
Funds Held on Behalf of Others	686	734
Total Current Liabilities	<u>332,571</u>	<u>276,193</u>
 DEFERRED RENT, LESS CURRENT PORTION		
	<u>-</u>	<u>27,461</u>
Total Liabilities	332,571	303,654
 NET ASSETS		
Unrestricted	314,079	176,482
Temporarily Restricted	4,713,601	5,599,583
Permanently Restricted	<u>870,718</u>	<u>865,686</u>
Total Net Assets	<u>5,898,398</u>	<u>6,641,751</u>
 Total Liabilities and Net Assets		
	<u>\$ 6,230,969</u>	<u>\$ 6,945,405</u>

**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	3,294,485	(3,294,485)	-	-
Satisfaction of Time Restrictions	380,250	(380,250)	-	-
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 ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Contributions - Foundation and Corporate	\$ 245,800	\$ 7,151,551	\$ -	\$ 7,397,351
Contributions - Individuals	242,402	153,493	50,928	446,823
Fellowship Contributions	-	5,000	-	5,000
Special Events	388,959	-	-	388,959
Cy Pres Awards	26,773	-	-	26,773
Service Contracts	105,060	-	-	105,060
Earned Revenue	219,101	-	-	219,101
In-Kind Donations	66,656	-	-	66,656
Donated Services	10,260	-	-	10,260
Attorney Fees, Court Fees, and Honorariums	2,350	-	-	2,350
Investment Loss - Net	(1,257)	(27,997)	-	(29,254)
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	3,079,606	(3,079,606)	-	-
Satisfaction of Time Restrictions	55,000	(55,000)	-	-
Total Public Support and Revenue	<u>4,440,710</u>	<u>4,147,441</u>	<u>50,928</u>	<u>8,639,079</u>
EXPENSES				
Program Services:				
Advocacy	2,986,139	-	-	2,986,139
Advocate Resources and Training	420,253	-	-	420,253
Total Program Services	<u>3,406,392</u>	<u>-</u>	<u>-</u>	<u>3,406,392</u>
Costs of Direct Benefits to Donors	129,408	-	-	129,408
Supporting Services:				
Management and General	410,594	-	-	410,594
Fundraising	566,287	-	-	566,287
Total Supporting Service	<u>976,881</u>	<u>-</u>	<u>-</u>	<u>976,881</u>
Total Expenses	<u>4,512,681</u>	<u>-</u>	<u>-</u>	<u>4,512,681</u>
CHANGE IN NET ASSETS	(71,971)	4,147,441	50,928	4,126,398
Net Assets - Beginning of Year	<u>248,453</u>	<u>1,452,142</u>	<u>814,758</u>	<u>2,515,353</u>
NET ASSETS - END OF YEAR	<u>\$ 176,482</u>	<u>\$ 5,599,583</u>	<u>\$ 865,686</u>	<u>\$ 6,641,751</u>

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
Fellowships	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
Client Costs	6,641	-	-	-	-	6,641
Delivery of Training Events	1,862	88,001	-	-	2,023	91,886
Contracted Services	-	-	-	-	-	-
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
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
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services		Costs of Direct Benefits to Donors	Supporting Services		Total
	Advocacy	Advocate Resources and Training		Management and General	Fundraising	
Personnel Expenses:						
Salaries	\$ 1,501,545	\$ 149,041	\$ -	\$ 238,639	\$ 313,963	\$ 2,203,188
Fellowships	43,500	-	-	-	-	43,500
Health, Disability, and Life Insurance	258,892	25,395	-	38,463	52,943	375,693
Payroll Taxes	127,491	12,723	-	19,270	26,525	186,009
Retirement Plan Contributions	36,698	3,662	-	5,547	7,635	53,542
Total Personnel Expenses	1,968,126	190,821	-	301,919	401,066	2,861,932
Client Costs	3,862	-	-	-	-	3,862
Delivery of Training Events	4,785	119,481	-	-	996	125,262
Contracted Services	-	-	-	11,925	-	11,925
Consultants	209,919	-	-	-	14,971	224,890
Program Consultants	-	-	-	-	-	-
Sub-Grantees	188,225	-	-	-	-	188,225
VISTA Program	77,165	1,225	-	1,225	1,225	80,840
Auditing	-	-	-	21,535	-	21,535
Payroll and Benefits Administration	15	-	-	17,625	15	17,655
Technology	47,116	7,471	-	1,544	3,773	59,904
Occupancy	214,688	30,668	-	29,840	39,302	314,498
Liability Insurance	20,515	2,136	-	2,356	4,100	29,107
Telephone and Communications	13,160	8,878	-	1,511	2,630	26,179
Staff Travel	60,126	36,521	-	933	17,470	115,050
Equipment and Network Maintenance	7,359	2,876	-	844	1,471	12,550
Supplies	8,908	958	-	653	6,512	17,031
Postage	2,929	357	-	210	2,616	6,112
Printing and Copying	3,081	2,289	-	40	2,905	8,315
Conference and Fees	27,699	3,751	-	479	1,513	33,442
Convenings	23,761	-	-	-	-	23,761
Meetings and Special Events	10,667	2,429	129,408	242	45,275	188,021
Coalition Expense	5,113	40	-	45	77	5,275
Board Costs	-	-	-	10,832	-	10,832
Dues and Fees	15,165	1,659	-	220	1,422	18,466
Subscriptions and Fees	40,027	3,253	-	66	7,393	50,739
Bank Charges and Interest	2,566	2,195	-	279	5,327	10,367
Depreciation and Amortization	31,162	3,245	-	6,271	6,228	46,906
Total Expenses	\$ 2,986,139	\$ 420,253	\$ 129,408	\$ 410,594	\$ 566,287	\$ 4,512,681

See accompanying Notes to Financial Statements.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received - Contributions	\$ 5,597,755	\$ 4,182,752
Cash Received - Special Events	511,516	388,959
Cash Received - Cy Pres Awards	37,821	26,773
Cash Received - Service Contracts	188,359	105,060
Cash Received - Earned Revenue	253,010	207,520
Cash Received - Attorney Fees, Court Fees, and Honorariums	700	2,350
Cash Received - Sale of Donated Stock	4,615	48,189
Cash Received - Interest and Dividend Income	30,210	26,559
Payments for Wages and Other Operating Activities	(5,398,105)	(4,751,003)
Net Cash Provided by Operating Activities	1,225,881	237,159
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(85,118)	(1,040,875)
Proceeds from Sale of Investments	12	1,039,353
Purchase of Property and Equipment	(68,944)	(33,106)
Proceeds from Sale of Property and Equipment	325	-
Net Cash Used by Investing Activities	(153,725)	(34,628)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received - Endowment	19,000	17,000
Cash Received - Sale of Donated Stock - Endowment	-	25,767
Net Cash Provided by Financing Activities	19,000	42,767
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,091,156	245,298
Cash and Cash Equivalents - Beginning of Year	1,020,512	775,214
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,111,668	\$ 1,020,512

See accompanying Notes to Financial Statements.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

Change in Net Assets	\$ (743,353)	\$ 4,126,398
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	49,910	46,906
Loss on Disposal of Property and Equipment	1,136	-
Unrealized/Realized (Gain) Loss on Investments	(91,178)	55,813
Endowment Contributions	(130)	(50,928)
Effects of Changes in Assets and Liabilities:		
Grants Receivable	1,940,184	(3,555,076)
Pledges Receivable	28,219	(12,229)
Other Receivables	26,419	(10,881)
Prepays	(8,291)	(14,850)
Inventory	(6,000)	(8,800)
Accounts Payable	18,692	(260,713)
Accrued Compensation	57,342	(43,344)
Advances	(782)	782
Deferred Revenue	(3,600)	(700)
Deferred Rent	(42,687)	(35,219)
Net Cash Provided by Operating Activities	<u>\$ 1,225,881</u>	<u>\$ 237,159</u>

See accompanying Notes to Financial Statements.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

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.

For 50 years now, the Sargent Shriver National Center on Poverty Law has been working to fight poverty in America. We work at the root, not the branch. Our goal is to make justice, equality, and opportunity work for everyone.

The Shriver Center's Advocacy Program focuses on issues that deeply affect the lives and social mobility of people living in poverty, including employment, housing, education, healthcare, and public benefits. Shriver Center advocates work with community organizations, service providers, legislators, and other allies at the federal and state level to effect systemic change that has broad impact. Shriver Center advocates have a track record of impressive accomplishments in the organization's home state of Illinois, and a growing docket of broader policy advocacy work in other states and at the federal level.

Through its Legal Impact Network, the Shriver Center connects and mobilizes lawyers, community organizers, and activists working on behalf of people living in poverty in 32 states across the country. Shriver Center advocates, who have a wide range of expertise in anti-poverty advocacy at the state level, are active participants in the Legal Impact Network's strategic working groups. By tracking advocacy strategies and tactics that worked in one state and modifying them for advocacy in the next, Legal Impact Network members are driving coordinated strategies to win broad policy and legal victories for and with people living in poverty.

The Shriver Center's Advocate Resources and Training Program builds the skills and capacities of equal justice advocates nationwide, thereby increasing their impact. The Shriver Center manages the Clearinghouse Community, a unique online community space for advocates to connect with one another and find important tools and resources to advance their advocacy work on behalf of low-income people. Over 2,500 advocates visit the Clearinghouse Community each month. The Shriver Center also offers numerous specialized training and leadership development programs designed to help equal justice advocates obtain bigger, better, and bolder gains for their clients. Rooted in social justice and racial equity values, Shriver Center training programs are designed to foster innovation and collaboration while building advocates' skills and capacities.

The Racial Justice Training Institute (RJTI) is a groundbreaking national leadership program, rooted in a commitment to race-equity as an integral and essential part of anti-poverty advocacy. The RJTI addresses the impact of structural racialization in housing, education, employment, healthcare, and more, and ensures that race is considered foremost in advocates' advocacy on behalf of people living in poverty. Now entering its fourth year, the RJTI has cultivated 117 advocates representing 62 organizations in 23 states. The Shriver Center coordinates and supports this growing network of RJTI alumni as they continue to work in concert on race equity issues in their communities.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

The Racial Justice Training Institute (RJTI) (Continued)

No one can do this work alone. We connect, equip and mobilize national networks – armies of lawyers, community organizers, activists, researchers, litigators and funders from every state. Working together we've helped to secure justice and opportunity through hundreds of victories, large and small.

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, 2016 AND 2015

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, 2016 and 2015, the Shriver Center's bank deposits exceeded federally insured limits by approximately \$1,860,000 and \$805,000, 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.

For purposes of the statement of cash flows, the Shriver Center considers all liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments are carried at fair value at each fiscal year-end. Realized and unrealized gains and losses are reflected in the statement 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 holds 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 and 2015, funds held on behalf of others amounted to \$686 and \$734, respectively, and have also been reflected as a liability in the accompanying statements of financial position.

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, 2016 and 2015 based on the Shriver Center's historical collection experience.

Other Receivables

In 2016, the Shriver Center's other receivables related to an outstanding payment for advocacy and related services provided. In 2015, the Shriver Center's other receivables were primarily related to an outstanding payment from an event benefactor and earned revenue for contracted training programs that occurred during 2015. 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, 2016 and 2015 based on the Shriver Center's historical collection experience.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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 2016 and 2015.

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, 2016 AND 2015

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. No such donations were received during the years ended December 31, 2016 and 2015.

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 \$9,234 and \$10,260 in 2016 and 2015, respectively, for an Equal Justice Works AmeriCorps VISTA attorney.

During 2016 and 2015 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 2016 and 2015.

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, 2016 and 2015, the Shriver Center received donated airline vouchers valued at \$36,000 and \$24,000, respectively, and donated use of the LexisNexis legal research site valued at \$18,000 and \$36,000 for 2016 and 2015, respectively. In 2016 the Shriver Center received donated film production services valued at \$6,750 and in 2015 the Shriver Center received donated catering services of \$6,656. As such, total in-kind contributions for 2016 and 2015 were \$60,750 and \$66,656, respectively.

Certain Vulnerabilities and Concentrations

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.

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain Vulnerabilities and Concentrations (Continued)

During the year ended December 31, 2015, the Shriver Center received approximately 45% of its funding from three major donors. At December 31 2015, 58% of grants receivable is from these major donors.

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:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Domestic Large Cap Blend Fund-Unrestricted	\$ 268,005	\$ 312,978	\$ 261,054	\$ 292,140
Domestic Large Cap Blend Fund-Restricted	963,843	1,040,553	-	-
Cash Equivalents	-	-	885,108	885,108
Total Investments	<u>\$ 1,231,848</u>	<u>\$ 1,353,531</u>	<u>\$ 1,146,162</u>	<u>\$ 1,177,248</u>

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

	2016	2015
Unrestricted	\$ 312,978	\$ 292,140
Temporarily Restricted	184,786	85,108
Permanently Restricted	855,767	800,000
Total	<u>\$ 1,353,531</u>	<u>\$ 1,177,248</u>

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 2 INVESTMENTS (CONTINUED)

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

	2016		
	Unrestricted	Temporarily Restricted	Total
	Interest and Dividends, net of fees	\$ 7,689	\$ 22,521
Realized Gain	134	447	581
Unrealized Gain	13,887	76,710	90,597
Total Investment Income	\$ 21,710	\$ 99,678	\$ 121,388
	2015		
	Unrestricted	Temporarily Restricted	Total
Interest and Dividends, net of fees	\$ 11,436	\$ 15,123	\$ 26,559
Realized Gain	-	40,260	40,260
Unrealized Loss	(12,693)	(83,380)	(96,073)
Total Investment Loss	\$ (1,257)	\$ (27,997)	\$ (29,254)

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, 2016 AND 2015**

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>2016</u>	<u>2015</u>
Assets - Investments	<u>\$ 1,353,531</u>	<u>\$ 1,177,248</u>

NOTE 4 GRANTS AND PLEDGES RECEIVABLE

Contributions receivable at December 31 are due as follows:

	<u>2016</u>	<u>2015</u>
Within One Year	<u>\$ 2,084,923</u>	<u>\$ 2,710,950</u>
One to Five Years, Net of Present Value Discount of \$8,481 and \$37,671, Respectively	<u>440,781</u>	<u>1,802,029</u>
Total	<u>\$ 2,525,704</u>	<u>\$ 4,512,979</u>

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
Grants and Pledges, Shriver Challenge	247,840
Grants and Pledges, Unrestricted	447,827
Total Contributions Receivable	<u>\$ 2,525,704</u>

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 4 GRANTS AND PLEDGES RECEIVABLE (CONTINUED)

Contributions receivable are designated by the donor for the following at December 31, 2015:

General Advocacy	\$ 1,260,212
Legal Impact Network	1,438,434
Healthcare Advocacy	275,848
Advocate Resources and Training	296,709
Community Justice Advocacy	218,348
Housing Advocacy	200,000
Education Advocacy	91,000
Women's Law and Policy Project	40,000
Asset Opportunity Advocacy	25,000
Endowment Pledges, Permanently Restricted	22,919
Grants and Pledges, Shriver Challenge	264,259
Grants and Pledges, Unrestricted	380,250
Total Contributions Receivable	<u>\$ 4,512,979</u>

As of December 31, 2016 and 2015, contributions receivable more than one year in the future were discounted based upon payment terms using a discount factor of 1.47% and 1.68%, 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	2015 Accumulated Amortization	2015 Net Intangible Value	2016 Accumulated Amortization	2016 Net Intangible Value
Training Programs	6 Years	\$ 84,120	\$ (59,586)	\$ 24,534	\$ (73,605)	\$ 10,515
Trade Name	4 Years	7,757	(7,757)	-	(7,757)	-
Total		<u>\$ 91,877</u>	<u>\$ (67,343)</u>	<u>\$ 24,534</u>	<u>\$ (81,362)</u>	<u>\$ 10,515</u>

For the years ended December 31, 2016 and 2015, amortization expense was \$14,019 and \$15,474, respectively. Estimated future amortization expense will be \$10,515 and will be incurred during the year ended December 31, 2017.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 6 PROPERTY AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Computer Equipment	\$ 218,756	\$ 151,770
Furniture	11,093	15,443
Office Equipment	<u>5,247</u>	<u>5,247</u>
Total Property and Equipment	235,096	172,460
Accumulated Depreciation	<u>119,633</u>	<u>88,592</u>
Property and Equipment, Net	<u><u>\$ 115,463</u></u>	<u><u>\$ 83,868</u></u>

For the years ending December 31, 2016 and 2015, depreciation expense was \$35,891 and \$31,432, respectively.

NOTE 7 DEFERRED REVENUE

Deferred revenue at December 31, 2016 and 2015 consists of funds received for training and conferences of \$525 and \$4,125, respectively.

NOTE 8 LINES OF CREDIT

The Shriver Center had a \$250,000 revolving line of credit with Bank of America, expiring August 1, 2016, which it renewed through August 1, 2017. At December 31, 2016 and 2015, there was nothing borrowed against the line. The Bank of America line is secured by the Shriver Center's equipment and receivables, with interest payable monthly. Subsequent to year-end, the Shriver Center terminated that agreement with Bank of America and opened a new line of credit with Wintrust on January 25, 2017 for \$500,000, expiring on January 25, 2018. The new line is secured by all inventory, chattel paper, accounts, equipment, and general intangibles, with interest payable monthly.

The Shriver Center is also obligated for credit cards issued in its name. At December 31, 2016 and 2015 the Shriver Center's maximum credit limit related to these credit cards is \$25,000, of which \$14,437 and \$10,194, respectively, was outstanding and included in accounts payable.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 9 NET REVENUES FROM SPECIAL EVENTS

Net revenues from special events consist of the following:

	2016	2015
Contributions, Including Sponsorship	\$ 442,206	\$ 160,084
Raffles and Auctions	14,920	-
Special Events Revenue, Ticket Portion	55,390	228,875
Revenue from Special Events	512,516	388,959
Less Costs of Direct Benefits to Donors	114,295	129,408
Net Revenues from Special Events	\$ 398,221	\$ 259,551

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. In 2014, the plan allowed for all employees who reach the age of 21 and have completed six months of service to contribute a portion of their pre-tax earnings. The plan was changed in 2015 to eliminate the six month waiting period. 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, 2016 and 2015, the Shriver Center contributed and expensed \$121,892 and \$53,542, respectively, to the plan.

NOTE 11 LEASES

The Shriver Center leases office space in Chicago, Illinois under a fifteen year agreement that expires July 31, 2017. 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. In 2017, the Shriver Center amended its current office space lease in Chicago to extend the expiration date until December 31, 2017. The Shriver Center expects to enter into a new office space lease in Chicago effective January 1, 2018.

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, 2016 AND 2015**

NOTE 11 LEASES (CONTINUED)

Rent expense for these leases for the years ended December 31, 2016 and 2015 was \$283,707 and \$260,887, respectively.

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

Year Ending December 31,	Amount
2017	\$ 273,690
2018	9,026
2019	8,274
Total	\$ 290,990

NOTE 12 UNRESTRICTED NET ASSETS

Included in unrestricted net assets are \$312,978 and \$292,140 at December 31, 2016 and 2015, 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, \$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, \$207,084 Included in Receivables	271,044
Fundraising Assessment	4,000
Donor Restricted Endowment Earnings for Legal Service Projects	184,786
Grants and Pledges, Shriver Challenge, \$244,100 Included in Receivables	239,889
Grants and Pledges, Unrestricted, \$450,000 included in Receivables	447,828
Total	\$ 4,713,601

**SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

NOTE 13 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

	2015
General Advocacy, \$1,260,212 Included in Receivables	\$ 1,753,213
Legal Impact Network, \$1,438,434 Included in Receivables	1,600,931
Healthcare Advocacy, \$275,848 Included in Receivables	433,848
Advocate Resources and Training, \$296,709 Included in Receivables	321,709
Community Justice Advocacy, \$218,348 Included in Receivables	300,348
Housing Advocacy, \$200,000 Included in Receivables	217,417
Education Advocacy, \$91,000 Included in Receivables	135,000
Women’s Law and Policy Project, \$40,000 Included in Receivables	55,000
Asset Opportunity Advocacy, \$25,000 Included in Receivables	40,000
Economic Justice Advocacy: Budget and Tax	12,500
Donor Restricted Endowment Earnings for Legal Service Projects	85,108
Grants and Pledges, Shriver Challenge	264,259
Grants and Pledges, Unrestricted	380,250
Total	\$ 5,599,583

NOTE 14 PERMANENTLY RESTRICTED NET ASSETS

As of December 31, 2016 and 2015, permanently restricted net assets of \$870,718 and \$865,686, respectively, are restricted to investments 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.

Permanently restricted activity during 2016 consisted of the following:

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

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.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

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.

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

	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, 2016 AND 2015**

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

Interpretation of Relevant Law (Continued)

	2015		
	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets - Beginning of Year	\$ 140,566	\$ 800,000	\$ 940,566
Reclassification	-	14,758	14,758
Contributions	-	50,928	50,928
Investment Return:			
Interest and dividends, net of fees	15,028	-	15,028
Net Realized Gain	40,260	-	40,260
Net Unrealized Loss	(83,285)	-	(83,285)
Total Investment Return	(27,997)	-	(27,997)
Appropriation of Endowment Assets for Expenditure in 2016	(27,461)	-	(27,461)
Endowment Net Assets - End of Year	<u>\$ 85,108</u>	<u>\$ 865,686</u>	<u>\$ 950,794</u>

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.

SARGENT SHRIVER NATIONAL CENTER ON POVERTY LAW
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 16 SUBSEQUENT EVENTS

For the fiscal year ended December 31, 2016, the Shriver Center's management has evaluated subsequent events through April 18, 2017, which is the date the financial statements were available to be issued.



Investment advisory services are offered through CliftonLarsonAllen
Wealth Advisors, LLC, an SEC-registered investment advisor.