



**Friends Committee on  
National Legislation**

A Quaker Lobby in the Public Interest

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**Consolidated Financial Statements and  
Supplemental Information**

*For The Year Ended June 30, 2017*

*(With Summarized Financial Information for the Year Ended June 30, 2016)*



**and  
Report Thereon**



**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

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For the Year Ended June 30, 2017**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Executive Committee of the  
Friends Committee on National Legislation and FCNL Education Fund

We have audited the accompanying consolidated financial statements of the Friends Committee on National Legislation and FCNL Education Fund (collectively referred to as the Organization), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and cash flows the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Friends Committee on National Legislation and FCNL Education Fund as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited the Organization's 2016 consolidated financial statements, and our report dated October 21, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### *Prior Period Adjustments*

As discussed in Note 16 to the consolidated financial statements, certain misstatements in bequest revenue recognition and reporting of board-designated funds were identified by management of the Organization during the current year. Accordingly, beginning of the year net assets have been restated to correct these misstatements. Our opinion is not modified with respect to this matter.

### *Report on Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 23 and 24 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the combined financial statements. The consolidated schedule of functional expenses on page 22 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
September 28, 2017

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017**  
**(With Summarized Financial Information as of June 30, 2016)**

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 6,226,974	\$ 5,174,822
Pledges and contributions receivable, current portion	842,531	1,615,744
Employee advances and other receivables	42,125	28,591
Prepaid expenses	110,989	129,757
<b>Total Current Assets</b>	7,222,619	6,948,914
Investments	20,006,627	18,666,706
Pledges and contributions receivable, net of current portion	1,436,707	861,114
Beneficial interest in planned giving agreements	232,798	517,299
Deposits	11,502	15,850
Cash surrender value of life insurance	23,131	28,557
Property and equipment, net	6,618,074	5,142,994
<b>TOTAL ASSETS</b>	<b>\$ 35,551,458</b>	<b>\$ 32,181,434</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 325,124	\$ 263,111
Planned giving agreement obligations, current portion	-	361,564
Loans and note payable, current portion	242,094	266,594
<b>Total Current Liabilities</b>	567,218	891,269
Planned giving agreement obligations, net of current portion	3,109,871	2,604,631
Loans and note payable	287,133	364,196
<b>TOTAL LIABILITIES</b>	3,964,222	3,860,096
Net Assets		
Unrestricted	19,105,468	15,841,100
Temporarily restricted	8,834,970	9,350,549
Permanently restricted	3,646,798	3,129,689
<b>TOTAL NET ASSETS</b>	31,587,236	28,321,338
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 35,551,458</b>	<b>\$ 32,181,434</b>

The accompanying notes are an integral part of these consolidated financial statements.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017  
(With Summarized Financial Information for the Year Ended June 30, 2016)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
<b>OPERATING REVENUE AND SUPPORT</b>					
Contributions	\$ 2,850,341	\$ 2,992,088	\$ 497,109	\$ 6,339,538	\$ 4,880,381
Bequests	553,394	-	20,000	573,394	3,270,699
Meeting registration	134,040	-	-	134,040	103,941
Rental income	-	-	-	-	30,815
Other income	4,957	-	-	4,957	7,874
Net assets released from restrictions:					
Satisfaction of program restrictions	4,230,703	(4,230,703)	-	-	-
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<b>7,773,435</b>	<b>(1,238,615)</b>	<b>517,109</b>	<b>7,051,929</b>	<b>8,293,710</b>
<b>EXPENSES</b>					
Program Services:					
Legislative and educational activities	2,293,317	-	-	2,293,317	2,152,134
Advocacy and outreach	1,065,175	-	-	1,065,175	974,901
Young adult program	571,621	-	-	571,621	540,497
<b>Total Program Services</b>	<b>3,930,113</b>	<b>-</b>	<b>-</b>	<b>3,930,113</b>	<b>3,667,532</b>
Supporting Services:					
Management and general	856,931	-	-	856,931	717,296
Fundraising					
General	1,237,906	-	-	1,237,906	1,267,765
Capital Campaign	550,811	-	-	550,811	609,647
<b>Total Fundraising</b>	<b>1,788,717</b>	<b>-</b>	<b>-</b>	<b>1,788,717</b>	<b>1,877,412</b>
<b>Total Supporting Services</b>	<b>2,645,648</b>	<b>-</b>	<b>-</b>	<b>2,645,648</b>	<b>2,594,708</b>
<b>TOTAL EXPENSES</b>	<b>6,575,761</b>	<b>-</b>	<b>-</b>	<b>6,575,761</b>	<b>6,262,240</b>
Change in net assets from operations	1,197,674	(1,238,615)	517,109	476,168	2,031,470
<b>NONOPERATING ACTIVITIES</b>					
Investment income, net	1,810,628	723,036	-	2,533,664	826,132
Contributions to planned giving	226,813	-	-	226,813	217,323
Change in value of interest of planned giving agreements	29,253	-	-	29,253	(26,220)
<b>CHANGE IN NET ASSETS</b>	<b>3,264,368</b>	<b>(515,579)</b>	<b>517,109</b>	<b>3,265,898</b>	<b>3,048,705</b>
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	<b>15,841,100</b>	<b>9,350,549</b>	<b>3,129,689</b>	<b>28,321,338</b>	<b>25,272,633</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 19,105,468</b>	<b>\$ 8,834,970</b>	<b>\$ 3,646,798</b>	<b>\$ 31,587,236</b>	<b>\$ 28,321,338</b>

The accompanying notes are an integral part of these consolidated financial statements.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
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**CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2017  
(With Summarized Financial Information for the Year Ended June 30, 2016)  
Increase (Decrease) in Cash and Cash Equivalents**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,265,898	\$ 3,048,705
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	245,301	242,003
Net realized and unrealized gains on investments	(2,344,886)	(589,709)
Contributions for long-term purposes	(497,109)	(531,354)
Change in value of beneficial interest in planned giving agreements	3,259	12,746
Change in value of planned giving agreement obligations	172,595	316,028
Change in value of cash surrender value of life insurance	5,426	(563)
Donated stock	(50,655)	(772,095)
Changes in assets and liabilities		
Pledges and contributions receivable	197,620	(163,977)
Beneficial interest in planned giving agreements	281,242	(285,137)
Employee advances and other receivable	(13,534)	(1,267)
Prepaid expenses	18,768	(40,946)
Deposits	4,348	(4,348)
Accounts payable and accrued expenses	62,013	99,527
Security deposits	-	(4,196)
	1,350,286	1,325,417
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	13,505,336	6,386,216
Purchases of investments	(12,337,911)	(7,147,649)
Purchases of property and equipment	(1,720,381)	(175,935)
	(552,956)	(937,368)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions for long-term purposes	497,109	531,354
Proceeds from planned giving agreements	157,773	-
Principal payments on loans and note payable	(101,563)	(81,236)
Payments to planned giving agreement beneficiaries	(298,497)	(360,449)
	254,822	89,669
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,052,152	477,718
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	5,174,822	4,697,104
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 6,226,974	\$ 5,174,822
Donated stock	\$ 50,655	\$ 772,095

The accompanying notes are an integral part of these consolidated financial statements.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

The Friends Committee on National Legislation (FCNL) was incorporated on May 14, 1958, under the laws of the District of Columbia. It was formed to bring the concerns and values of the Religious Society of Friends (Friends) to bear on public policy in our nation's capital. These activities are funded primarily from contributions and bequests.

The FCNL Education Fund (the Education Fund) is a nonprofit entity organized under the laws of the District of Columbia on May 28, 1982. It is a 501(c)(3) organization that exists in parallel with FCNL to support the research, analysis and education for which FCNL is known and respected. It operates a broad outreach and education program with members of Friends and other citizens and conducts analysis and research on issues of concern to Friends, including peace, social justice, human rights and the environment. The Education Fund is governed by a board which is appointed by the Executive Committee of FCNL.

205 C Street NE LLC (the Company) is a limited liability company incorporated under the laws of the District of Columbia. Its sole member is the Education Fund. The purpose and nature of the business is to own, manage and lease the real property located at 205 C Street, NE, Washington, D.C.

**Principles of Consolidation**

The consolidated financial statements of FCNL, the Education Fund and the Company (collectively known as the Organization) have been consolidated due to the presence of common control and economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated during consolidation.

**Basis of Accounting**

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with GAAP. Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

**Cash and Cash Equivalents**

Cash and cash equivalents include demand deposits and money market accounts and all highly liquid investments with initial maturities of three months or less.

**Investments**

Investments are comprised of equities, fixed-income securities, real estate funds, a pooled life income fund, certificates of deposit and equity mutual funds. Investments are recorded in the accompanying consolidated statement of financial position at fair value, with gains and losses included in the accompanying consolidated statement of activities. Fair value is the price that



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Investments (continued)**

would be received to sell an asset or liability through an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by a comparison of fair value at the beginning and end of the year.

**Pledges and Contributions Receivable**

Promises to give are recognized as revenue when the donor has made an unconditional promise to contribute funds to the Organization in future periods. Promises to give are recorded at their net realizable value if expected to be collected within one year, or at their present value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Balances that are still outstanding after management has used reasonable collection efforts are written off.

**Property and Equipment and Related Depreciation and Amortization**

The Organization capitalizes all expenditures for property and equipment in excess of \$2,500. Purchased property and equipment are recorded at cost. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Building and improvements	30 years
Furniture and fixtures	5-10 years
Computer equipment and software	5 years

Construction in progress is not depreciated until the construction is completed and the asset is placed in service. The cost of property and equipment retired or disposed of is removed from the accounts, along with the related accumulated depreciation or amortization, and any gain or loss is reflected in revenue and support or expenses in the accompanying statement of activities. Major additions are capitalized, and if construction is necessary prior to the property or equipment being placed into service, costs are accumulated in construction in progress. Replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

**Impairment of Long-Lived Assets**

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the year ended June 30, 2017.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Fair Value of Financial Instruments**

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Values that are based on unadjusted quoted prices for identical assets or liabilities in active markets that are accessible.

*Level 2* – Values that are based on quoted prices in the market that are not active or that are not based on information that is observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Values that are based on unobservable information for the asset or liability, including the reporting entity's own assumptions, in determining the fair value measurement.

As of June 30, 2017, the Organization's investments and certain split-interest agreements, as described in Note 5 of these consolidated financial statements, were measured at fair value on a recurring basis and subject to the disclosure requirements of the *Fair Value Measurement* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

**Classification of Net Assets**

The net assets of the Organization are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Organization's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.
- Permanently restricted net assets are subject to donor-imposed restrictions requiring that the original gift be held in perpetuity and that earnings be used for the purposes designated by the donor. The donor of these assets permits the Organization to use the investment return for research.

Continued

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Revenue Recognition**

The Organization recognizes all unconditional contributed support in the period in which the commitment is made. Grants and contributions are considered unrestricted revenue and support and available for general operations unless specifically restricted by the donor. The Organization reports contributions of cash and other assets as temporarily restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

The Organization recognizes bequests as contributions in the year in which the promise to give becomes unconditional, which is the year in which the probate court declares the will valid and the proceeds are measurable in amount. Irrevocable split-interest agreements, including charitable remainder trusts and pooled income funds, are recorded as revenue and support when the trust agreements are executed. Revenue from split-interest agreements is based on the present value of the expected cash flows to be received by the Organization.

Donated investments are recorded at the estimated fair value on the date received.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated proportionately among the programs and supporting services to which they relate on the basis of direct labor costs.

**Definition of Operations**

Operating revenue and expenses generally reflect those revenues and expenses that arise from the Organization's activities and exclude changes in present value of split-interest agreements; contributions to planned giving; investment income, which the Organization defines as all interest, dividends, realized and unrealized gains and losses; and investment fees from long-term investments.

**Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Donated Securities**

The Organization recognizes donated securities that have no donee-imposed limitation for sale or donor-imposed restriction on the use for long-term purposes, and that are nearly immediately converted into cash, as cash and cash equivalents from operating activities in the

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

1. Organization and Summary of Significant Accounting Policies (continued)

**Donated Securities (continued)**

accompanying consolidated statement of cash flows. As of June 30, 2017, donated investments of \$50,655 had not been sold (liquidated), and they are included in investments in the accompanying consolidated statements of financial position.

2. Pledges and Contributions

As of June 30, 2017, the Organization's pledges and contributions receivable were due as follows:

Due in less than one year	\$ 842,531
Due in one to five years	<u>1,529,362</u>
Total Pledges and Contributions Receivable	2,371,893
Less: Allowance on Doubtful Pledges	(12,000)
Less: Discount to Present Value (average rate of 3%)	<u>(80,655)</u>
Pledges and Contributions Receivable, Net	<u>\$ 2,279,238</u>

3. Investments

Investments, at fair value, consisted of the following as of June 30, 2017:

Equities	\$ 13,418,965
Fixed-income securities	4,038,902
Real estate funds	1,249,908
Pooled life income fund	780,188
Certificates of deposit	315,233
Equity mutual funds	<u>203,431</u>
Total Investments	<u>\$ 20,006,627</u>

For the year ended June 30, 2017, investment income consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 299,020	\$ 99,963	\$ 398,983
Realized gains	1,385,922	823,084	2,209,006
Unrealized gains/(losses)	285,570	(149,690)	135,880
Investment expenses	<u>(159,884)</u>	<u>(50,321)</u>	<u>(210,205)</u>
Investment Income, Net	<u>\$ 1,810,628</u>	<u>\$ 723,036</u>	<u>\$ 2,533,664</u>

Continued

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

4. Beneficial Interest in Planned Giving Agreements

The Education Fund receives charitable gift annuities that are initiated and issued by donors through the Friends Fiduciary Corporation and Lincoln National Financial. These donors listed the Organization as one of the charitable beneficiaries. The assets contributed by these donors are held and are under the control of the Friends Fiduciary Corporation and Lincoln National Financial. Accordingly, the Organization has recognized this beneficial interest in charitable gift annuities at its present value of \$232,798.

5. Fair Value Measurement

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of June 30, 2017, aggregated by the fair value hierarchy level within which these measurements were made:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Assets:</b>				
<b>Investments:</b>				
<b>Equities:</b>				
Large cap	\$ 7,938,103	\$ 7,938,103	\$ -	\$ -
Mid-cap	1,827,295	1,827,295	-	-
Small cap	2,320,856	2,320,856	-	-
Foreign stocks	<u>1,332,711</u>	<u>1,332,711</u>	-	-
<b>Total Equities</b>	<u>13,418,965</u>	<u>13,418,965</u>	-	-
<b>Fixed-income securities:</b>				
Corporate bonds	1,199,031	-	1,199,031	-
US government agency bonds	2,522,679	-	2,522,679	-
Foreign bonds	210,946	-	210,946	-
Municipal bonds	<u>106,246</u>	<u>-</u>	<u>106,246</u>	<u>-</u>
<b>Total Fixed Income         Securities</b>	<u>4,038,902</u>	<u>-</u>	<u>4,038,902</u>	<u>-</u>
<b>Real estate funds:</b>				
Real estate investment trust	1,249,908	1,249,908	-	-
Pooled life income fund	780,188	-	780,188	-
Certificates of deposit	315,233	-	315,233	-
<b>Equity mutual funds:</b>				
Large value	<u>203,431</u>	<u>203,431</u>	-	-
<b>Total Investments</b>	<u>20,006,627</u>	<u>14,872,304</u>	<u>5,134,323</u>	<u>-</u>

Continued

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

5. Fair Value Measurement (continued)

<i>(continued)</i>	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Beneficial interest in planned giving agreements	\$ 232,798	\$ -	\$ -	\$ 232,798
Total Assets	<u>\$20,239,425</u>	<u>\$ 14,872,304</u>	<u>\$ 5,134,323</u>	<u>\$ 232,798</u>

For the year ended June 30, 2017, the Organization used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

*Equities, equity mutual funds and real estate funds* – Value is derived from the net asset value (NAV) of shares held at year-end and based on quoted market prices in active markets.

*Fixed-income securities and certificates of deposit* – These are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

*Pooled life income fund* – The pooled life income fund consists primarily of fixed-income and equity mutual funds that are valued at the NAV of shares held by the Organization at year-end and are based on quoted market prices in active markets.

*Beneficial interest in planned giving agreements* – The expected future cash inflows from the interest in charitable gift annuities (CGA's) are based on the fair value of the investments, the future expected investment returns and the donor's life expectancy, and have been recorded at present value based on a discount rate of 2.2% and applicable mortality tables. CGA is recorded at the present value of the future distributions expected to be received over the term of the agreements. The investments of the CGA's include variable annuities, equities and options, and cash equivalents.

A roll forward of the fair value measurement using unobservable inputs (Level 3) is as follows for the years ended June 30, 2017:

	<u>Beneficial Interest in Charitable Gift Annuities</u>
Balance, June 30, 2016	\$ 517,299
Payment from charitable remainder trust	(281,242)
Change in value of existing planned giving agreements	<u>(3,259)</u>
Balance, June 30, 2017	<u>\$ 232,798</u>

Continued

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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5. Fair Value Measurement (continued)

The change in value of planned giving agreements (unrealized loss, net), and the new split-interest agreements, is included in nonoperating activities change in value of interest of planned giving agreements in the accompanying consolidated statement of activities and pertains to planned giving agreements held at year-end.

6. Property and Equipment and Accumulated Depreciation and Amortization

The Organization's property and equipment consisted of the following as of June 30, 2017:

Building and improvements	\$ 6,439,717
Building and improvements-construction in progress	1,837,233
Land	589,933
Furniture and fixtures	549,915
Computer equipment and software	<u>73,526</u>
Total Property and Equipment	9,490,324
Less: Accumulated Depreciation and Amortization	<u>(2,872,250)</u>
Property and Equipment, Net	<u>\$ 6,618,074</u>

As of June 30, 2017, construction in progress included the renovation and improvement of property to be used for rental purposes and program-related events. Before the property can be occupied and placed in service, a significant amount of redevelopment construction must occur, which is currently in process. For the year ended June 30, 2017, the Organization capitalized renovation costs totaling \$1,609,706.

Depreciation and amortization expense totaled \$245,301 for the year ended June 30, 2017, and is reported in program services and supporting services in the accompanying consolidated statement of activities.

7. Loans and Note Payable

**Loans**

The Organization receives financial support from individual donors in the form of interest-free loans, which range from \$500 to \$20,000 and are due upon demand by the donor. For each loan, the outstanding balance or any portion thereof is returned to the donor or converted to a gift upon request by the donor. In case of death of a donor, the balance is either returned to the donor's estate or converted to a gift according to the terms of the loan. For the year ended June 30, 2017, the Organization repaid \$22,000 of loans. A total of \$3,500 was converted to gifts and reported as contributions in the accompanying consolidated statement of activities. The balance outstanding at June 30, 2017, totaled \$165,031.

Continued

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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7. Loans and Note Payable (continued)

**Note Payable**

The Organization entered into a \$768,000 note payable agreement with a financial institution in connection with its purchase of an adjacent property at 205 C Street, NE. The note bears a fixed interest rate of 3.95% and is due in monthly payments at \$7,778, with a final payment due on September 22, 2021. As of June 30, 2017, the Organization was in compliance with all of its debt covenants. The balance outstanding as of June 30, 2017, totaled \$364,196.

As of June 30, 2017, future principal payments on the note payable were as follows:

<u>For the Year Ending June 30,</u>	
2018	\$ 80,208
2019	83,482
2020	86,890
2021	90,436
2022	<u>23,180</u>
Total	<u>\$ 364,196</u>

Interest expense related to this note totaled \$16,278 for the year ended June 30, 2017, and is included in management and general in the accompanying consolidated statement of activities.

8. Planned Giving Agreements

The Organization's planned giving agreements include a charitable gift annuity program, several charitable remainder trusts and a pooled life income fund.

Charitable gift annuities are arrangements between donors and the Organization in which the donors contribute assets to the Organization in exchange for promises by the Organization to pay a fixed amount for a specified period of time to the donors or individuals designated by the donors. The present value of the estimated future payments for the year ended June 30, 2017, was calculated using a discount rate of 2.2% based on Internal Revenue Service (IRS) Publication 1457 and the Annuity 2000 mortality table. Contribution revenue for the year ended June 30, 2017, from charitable gift annuities totaled \$157,773. As of June 30, 2017, the Organization's obligations to donors or individuals designated by donors under these charitable gift annuity arrangements totaled \$2,314,825. As of June 30, 2017, the assets of the gift annuities totaled \$6,472,478, and they are included in investments in the accompanying consolidated statements of financial position.

Charitable remainder trusts are arrangements in which donors establish and fund trusts with specified distributions to be made to designated beneficiaries over the trust's term. Upon termination of each trust, the Organization receives the assets remaining in the trust. The

Continued



**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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8. Planned Giving Agreements (continued)

Organization may ultimately have unrestricted use of these assets, or the donors may place permanent or temporary restrictions on their use. The present value of the estimated future payments for the year ended June 30, 2017, was calculated using a discount rate of 2.2% and applicable mortality tables. As of June 30, 2017, the present value of the estimated future payments of the trusts totaled \$366,296. As of June 30, 2017, the assets of the charitable remainder trusts totaled \$1,049,432, and they are included in investments in the accompanying consolidated statement of financial position.

The Organization has established a pooled life income fund. This fund is divided into units, and donors are assigned a specific number of units based on the proportion of the fair value of their contributions to the total fair value of the pooled income fund on the date of the donor's entry to the pooled fund. Until a donor's death, the donor is paid the actual income earned on the donor's assigned units. Upon the donor's death, the value of the units is available to the Organization for its unrestricted use. The present value of these units is calculated by discounting the market value using a discount rate of 3.377% and applicable mortality tables. As of June 30, 2017, the market value of the pooled life income fund totaled \$780,188, and it is included in investments in the accompanying consolidated statements of financial position. As of June 30, 2017, the present value discount on this total is \$369,746. As of June 30, 2017, \$2,517 of income earned in the last quarter of the year ending June 30, 2017, was owed to the donors to the fund.

9. Net Assets

Net assets consisted of the following as of June 30, 2017:

**Unrestricted Net Assets**

The unrestricted net assets of the Organization consisted of the following:

Undesignated	<u>\$ 5,544,732</u>
Board-designated:	
Plant and equipment	6,618,074
Annuities	3,282,865
Building maintenance reserve	1,690,137
Capital campaign initiatives	1,446,529
Forward planning initiatives	500,000
Life insurance policies	<u>23,131</u>
Total Board-Designated	<u>13,560,736</u>
Total Unrestricted Net Assets	<u>\$ 19,105,468</u>

Continued

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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9. Net Assets (continued)

**Unrestricted Net Assets (continued)**

The purposes of the board-designated net assets are as follows:

- Plant and equipment – represents the total book value (carrying value) of all property and equipment of the Organization.
- Annuities – represents the excess of assets (investments) of charitable gift annuities agreements and the related obligations to donor or donor-specified beneficiaries.
- Building maintenance reserve – represents the accumulated investment income on unrestricted funds for the purpose of providing a source of funds for capital and major repairs to the Organization’s buildings.
- Capital campaign initiatives – represents the accumulated investment income on capital campaign funds for the purpose of funding the Young Adult and Friend in Washington programs, sustaining lobbying and renovating the 205 C Street, NE, building.
- Forward planning initiatives – represents funds from bequests to support strategic initiatives regarding the Organization’s sustainability.
- Life insurance policies – represents the value of life insurance policies donated to the FCNL Education Fund, which is the policy beneficiary and owner.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets were available for the following purposes or time periods as of June 30, 2017:

Capital Campaign	\$ 3,880,385
Donor-restricted endowment income	2,915,871
Trust fund	840,419
Capital Campaign endowment earnings	411,013
Pooled income fund	407,926
Advocacy Teams	119,511
Nuclear Disarmament	78,763
Federal budget/Militarism	75,000
Other	44,680
Mass incarceration	28,571
Healthcare	17,000
Nuclear Threat Initiative	8,331
Immigration	<u>7,500</u>
Total Temporarily Restricted Net Assets	<u>\$ 8,834,970</u>

Continued

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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9. Net Assets (continued)

**Permanently Restricted Net Assets**

Permanently restricted net assets consisted of the following as of June 30, 2017:

Capital Campaign:	
Youth Involvement	\$ 1,474,259
Laura Wilcox Fund	551,804
Friend in Washington	96,819
Sustain Lobbying	<u>72,555</u>
Total Capital Campaign	2,195,437
D Intern Endowment	463,005
General Endowment	397,379
Freeman Intern	280,431
Lepke Intern Endowment	104,784
Native American	85,422
Builders of a Better World	78,485
Levering Fund	<u>41,855</u>
Total Permanently Restricted Net Assets	<u>\$ 3,646,798</u>

10. Endowment Funds

**Interpretation of Relevant Law**

The Organization's Board has interpreted the District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Organization and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.

Continued

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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10. Endowment Funds (continued)

**Interpretation of Relevant Law (continued)**

- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

**Return Objectives and Risk Parameters**

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Executive Committee of the Board, the endowment assets are invested in funds to achieve steady income growth without exposing the principal of the funds to significant fair value fluctuations. Actual returns in any given year may vary. The Organization has invested the permanently restricted assets in investment vehicles with a preferred asset allocation of 70% to 80% equity, with the remainder in fixed income. The portfolio should be consistent with the Organization's risk tolerance, cash flow needs and Guidelines for Socially Responsible Investing.

The primary investment objective, over the long term, is to earn an average annual return net of investment manager fees and transaction costs of at least 4% plus the inflation rate (as measured by the national Consumer Price Index). This goal allows the investment portfolio to generate income needed for various purposes and protect the purchasing power of the principal.

**Endowment Spending Harvesting Policy**

Investment earnings on the permanent endowment are available to fund the operations of the Organization. The investment earnings on the fund are considered to be appropriated for expenditure upon the approval of expenditures made in accordance with the Board's approval of the annual budget. All interest, dividends, and realized and unrealized capital gains on the endowment account will be retained in this account until expended. This account will be valued as of June 30 each year, and 5% of the average value of the endowment for the prior three years will be placed in the annual operating budget for the fiscal year that begins July 1 of that year. The aim is to provide steady yield from the endowment for programs while allowing the endowment to keep pace with inflation. In no year will payment be made that would reduce the value of the account below the aggregate value of all donations to the endowment account. If these aims are not realized over time, then the 5% figure will be reconsidered.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of June 30, 2017.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

10. Endowment Funds (continued)

**Endowment Net Asset Composition**

Endowment net asset composition by type of fund was as follows as of June 30, 2017.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 3,326,884	\$ 3,646,798	\$ 6,973,682

For the year ended June 30, 2017, the endowment funds had the following activity:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ -	\$ 2,804,349	\$ 3,129,689	\$ 5,934,038
Contributions	-	-	517,109	517,109
Investment income, net	-	723,036	-	723,036
Amounts appropriated for expenditure	-	(200,501)	-	(200,501)
Endowment Funds, End of Year	\$ -	\$ 3,326,884	\$ 3,646,798	\$ 6,973,682

**Permanently Restricted Net Assets**

The portion of perpetual endowment funds that is required to be retained permanently, either by explicit donor stipulation or by UPMIFA

\$ 3,646,798

**Temporarily Restricted Net Assets**

The portion of perpetual endowment funds subject to a purpose restriction under UPMIFA:

With purpose restriction	\$ 2,915,872
Without purpose restriction	<u>411,012</u>
Total	<u>\$ 3,326,884</u>

11. Commitments and Risks

**Hotel Contracts**

FCNL has entered into contracts for hotel rooms and event spaces for events occurring through March 2018. In the event of cancellation, FCNL is required to pay various cancellation fees as stipulated in the contracts; the amount is dependent on the date of cancellation. As of June 30, 2017, the estimated potential liability should FCNL cancel all future hotel contracts totaled approximately \$149,000. FCNL does not anticipate any cancellations; therefore, no loss has been provided for in these consolidated financial statements.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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12. Pension Plan

The Organization maintains a defined contribution plan pursuant to Section 401k of the Internal Revenue Code (the IRC) for its employees. Participation by employees in the Plan is voluntary. The Organization contributes 10% of the salary of each participant who has completed one year of service. Employees are fully vested after two years of service. During the year ended June 30, 2017, the Organization's contributions totaled \$229,201.

13. Income Taxes

FCNL is a not-for-profit organization defined under Section 501(c)(4) of the IRC as determined in an exemption letter dated September 10, 1946. The Education Fund qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC and is classified as a publicly supported organization under Section 509(a)(1) of the IRC. No provision for income taxes is required for the year ended June 30, 2017, as the Education Fund had no net unrelated business income.

The Company is treated as a disregarded entity for tax purposes, and its financial activities are therefore included in the tax return of the Education Fund.

The Organization performed an evaluation of uncertainty in income taxes for the year ended June 30, 2017, and determined that there are no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of June 30, 2017, the statute of limitations for tax years 2013 through 2015 remains open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which the Organization files tax returns. The Organization is not currently under audit by the IRS for the year ended June 30, 2017. It is the Organization's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax expense. As of June 30, 2017, the Organization had no accruals for interest and/or penalties.

14. Reclassifications

Certain amounts for 2016 have been reclassified to conform to the 2017 consolidated financial statements presentation.

15. Prior Year Summarized Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2016, from which the summarized information was derived.

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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16. Prior Period Adjustments

During the year ended June 30, 2017, the Organization restated its unrestricted and temporarily restricted net asset balances as of June 30, 2016, to properly account for revenue from bequests and funds designated by the Board of Directors for certain purposes. The Organization determined that a bequest received in the prior year had been recognized based on when payment was received rather than when the Organization received notification of the gift and probate status. In addition, the Organization determined that unrestricted funds that were designated to fund maintenance costs of the Organization's buildings were erroneously classified and reported as temporary restricted net assets. Accordingly, adjustments were made to properly state the beginning balances. The effect of these adjustments on the net assets of the Organization as of June 30, 2016, as previously reported, was to increase unrestricted net assets by \$1,821,565 and decrease of temporarily restricted net assets by \$1,501,201. The effect on the total change in net assets for the year ended June 30, 2016, as previously reported was an increase of \$320,364.

17. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 28, 2017, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these consolidated financial statements.

**SUPPLEMENTAL INFORMATION**



**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**CONSOLIDATED SCHEDULE OF FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2017

(With Summarized Financial Information for the Year Ended June 30, 2016)

	Program Services			Supporting Services			2016 Total
	Legislative and Educational Activities	Advocacy and Outreach	Young Adult Program	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,087,400	\$ 476,177	\$ 128,374	\$ 1,691,951	\$ 312,178	\$ 748,259	\$ 2,752,388
Meetings and travel	406,422	57,522	276,203	740,147	22,919	152,021	915,087
Professional fees	203,329	120,326	74,768	398,423	200,598	168,110	767,131
Employee benefits	279,901	138,089	35,658	453,648	73,997	197,840	725,485
Occupancy	169,105	70,819	21,769	261,693	101,483	117,011	480,187
Printing	57,220	124,180	22,595	203,995	14,559	191,028	409,582
Postage	7,239	15,982	2,637	25,858	6,932	121,923	154,713
Supplies, licenses and other expenses	23,455	10,767	3,422	37,644	48,478	48,323	134,445
Telephone	27,171	13,713	1,270	42,154	18,426	10,142	70,722
Dues, memberships and subscriptions	22,818	5,759	486	29,063	24,692	10,596	64,351
Web design and maintenance	1,810	30,870	541	33,221	613	2,595	36,429
List rental expense	-	-	-	-	-	17,175	17,175
Interest	-	-	-	-	16,945	-	16,945
Insurance	2,500	-	-	2,500	13,620	-	16,120
Advertising	4,947	971	3,898	9,816	1,491	3,694	15,001
<b>TOTAL EXPENSES</b>	<b>\$ 2,293,317</b>	<b>\$ 1,065,175</b>	<b>\$ 571,621</b>	<b>\$ 3,930,113</b>	<b>\$ 856,931</b>	<b>\$ 1,788,717</b>	<b>\$ 6,575,761</b>
							<b>\$ 2,645,648</b>
							<b>\$ 6,262,240</b>

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
June 30, 2017**

	FCNL	FCNL Education Fund	Eliminations	Total
<b>ASSETS</b>				
Current Assets				
Cash and cash equivalents	\$ 1,656,764	\$ 4,570,210	\$ -	\$ 6,226,974
Pledges and contributions receivable, current portion	393,780	448,751	-	842,531
Employee advances and other receivables	12,967	29,158	-	42,125
Due from affiliate	379,114	-	(379,114)	-
Prepaid expenses	72,125	38,864	-	110,989
Total Current Assets	2,514,750	5,086,983	(379,114)	7,222,619
Investments	3,709,821	16,296,806	-	20,006,627
Pledges and contributions receivable, net of current portion	254,419	1,182,288	-	1,436,707
Beneficial interest in planned giving agreements	-	232,798	-	232,798
Deposits	11,502	-	-	11,502
Cash surrender value of life insurance	-	23,131	-	23,131
Property and equipment, net	-	6,618,074	-	6,618,074
<b>TOTAL ASSETS</b>	<b>\$ 6,490,492</b>	<b>\$ 29,440,080</b>	<b>\$ (379,114)</b>	<b>\$ 35,551,458</b>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 128,416	\$ 196,708	\$ -	\$ 325,124
Due to affiliate	-	379,114	(379,114)	-
Loans and note payable, current portion	2,000	240,094	-	242,094
Total Current Liabilities	130,416	815,916	(379,114)	567,218
Planned giving agreement obligations	-	3,109,871	-	3,109,871
Loans and note payable, net of current portion	-	287,133	-	287,133
<b>TOTAL LIABILITIES</b>	<b>130,416</b>	<b>4,212,920</b>	<b>(379,114)</b>	<b>3,964,222</b>
Net Assets				
Unrestricted	4,390,153	14,715,315	-	19,105,468
Temporarily restricted	1,352,667	7,482,303	-	8,834,970
Permanently restricted	617,256	3,029,542	-	3,646,798
<b>TOTAL NET ASSETS</b>	<b>6,360,076</b>	<b>25,227,160</b>	<b>-</b>	<b>31,587,236</b>
<b>TOTAL LIABILITIES       AND NET ASSETS</b>	<b>\$ 6,490,492</b>	<b>\$ 29,440,080</b>	<b>\$ (379,114)</b>	<b>\$ 35,551,458</b>

**FRIENDS COMMITTEE ON NATIONAL LEGISLATION  
AND FCNL EDUCATION FUND**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2017**

	<u>FCNL</u>	<u>FCNL Education Fund</u>	<u>Eliminations</u>	<u>Total</u>
<b>OPERATING REVENUE AND SUPPORT</b>				
Contributions	\$ 2,452,845	\$ 3,886,693	\$ -	\$ 6,339,538
Bequests	282,546	290,848	-	573,394
Meeting registration	133,990	50	-	134,040
Other income	<u>2,475</u>	<u>2,482</u>	<u>-</u>	<u>4,957</u>
<b>TOTAL OPERATING REVENUE AND SUPPORT</b>	<u>2,871,856</u>	<u>4,180,073</u>	<u>-</u>	<u>7,051,929</u>
<b>EXPENSES</b>				
Program Services:				
Legislative and educational activities	1,263,712	1,029,605	-	2,293,317
Advocacy and outreach	429,779	635,396	-	1,065,175
Young adult program	<u>282,299</u>	<u>289,322</u>	<u>-</u>	<u>571,621</u>
<b>Total Program Services</b>	<u>1,975,790</u>	<u>1,954,323</u>	<u>-</u>	<u>3,930,113</u>
Supporting Services:				
Management and general	332,187	524,744	-	856,931
Fundraising				
General	590,064	647,842	-	1,237,906
Capital Campaign	<u>173,786</u>	<u>377,025</u>	<u>-</u>	<u>550,811</u>
<b>Total Fundraising</b>	<u>763,850</u>	<u>1,024,867</u>	<u>-</u>	<u>1,788,717</u>
<b>Total Supporting Services</b>	<u>1,096,037</u>	<u>1,549,611</u>	<u>-</u>	<u>2,645,648</u>
<b>TOTAL EXPENSES</b>	<u>3,071,827</u>	<u>3,503,934</u>	<u>-</u>	<u>6,575,761</u>
Change in net assets from operations	(199,971)	676,139	-	476,168
<b>NONOPERATING ACTIVITIES</b>				
Investment income, net	551,187	1,982,477	-	2,533,664
Contributions to planned giving	-	226,813	-	226,813
Change in value of interest of planned giving agreements	<u>-</u>	<u>29,253</u>	<u>-</u>	<u>29,253</u>
<b>CHANGE IN NET ASSETS</b>	351,216	2,914,682	-	3,265,898
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	<u>6,008,860</u>	<u>22,312,478</u>	<u>-</u>	<u>28,321,338</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 6,360,076</u>	<u>\$ 25,227,160</u>	<u>\$ -</u>	<u>\$ 31,587,236</u>

