

**FREEDOM OF THE PRESS FOUNDATION**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**FREEDOM OF THE PRESS FOUNDATION**

Contents  
December 31, 2020 and 2019

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## Independent Auditor's Report

To the Board of Directors of  
Freedom of the Press Foundation:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Freedom of the Press Foundation (a California nonprofit public benefit corporation) (the Organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Freedom of the Press Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 9, the Organization has restated its December 31, 2019 net assets and grants and contributions to account for certain intangible assets not previously reported. Our opinion is not modified with respect to this matter.

*AAFCPA, Inc.*

Westborough, Massachusetts  
July 29, 2021

## FREEDOM OF THE PRESS FOUNDATION

Statements of Financial Position  
December 31, 2020 and 2019

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<b>Assets</b>	<b>2020</b>	<b>2019</b> <b>(As Restated)</b>
Current Assets:		
Cash and cash equivalents	\$ 3,607,722	\$ 2,681,292
Accounts receivable	9,167	24,318
Pledges receivable	899,475	223,863
Prepaid expenses	14,473	-
Total current assets	4,530,837	2,929,473
Security Deposits	4,800	-
Intangible Assets	302,920	203,577
Total assets	<u>\$ 4,838,557</u>	<u>\$ 3,133,050</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 284,705	\$ 197,359
Deferred revenue	13,750	-
Total current liabilities	298,455	197,359
Note Payable	383,388	-
Total liabilities	681,843	197,359
Net Assets:		
Without donor restrictions	2,851,993	2,917,460
With donor restrictions	1,304,721	18,231
Total net assets	4,156,714	2,935,691
Total liabilities and net assets	<u>\$ 4,838,557</u>	<u>\$ 3,133,050</u>

**FREEDOM OF THE PRESS FOUNDATION**

Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2020 and 2019

	2020			2019 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue:</b>						
Grants and contributions	\$ 3,240,803	\$ 1,304,721	\$ 4,545,524	\$ 2,239,270	\$ 18,881	\$ 2,258,151
Service income	211,316	-	211,316	502,782	-	502,782
Donated services	-	-	-	144,900	-	144,900
Net assets released from restrictions:						
Purpose	18,231	(18,231)	-	1,195,257	(1,195,257)	-
Time	-	-	-	125,000	(125,000)	-
Total operating revenue	<u>3,470,350</u>	<u>1,286,490</u>	<u>4,756,840</u>	<u>4,207,209</u>	<u>(1,301,376)</u>	<u>2,905,833</u>
<b>Operating Expenses:</b>						
Program	3,147,379	-	3,147,379	3,751,597	-	3,751,597
General and administrative	227,611	-	227,611	313,309	-	313,309
Development	160,827	-	160,827	238,125	-	238,125
Total operating expenses	<u>3,535,817</u>	<u>-</u>	<u>3,535,817</u>	<u>4,303,031</u>	<u>-</u>	<u>4,303,031</u>
Changes in net assets	(65,467)	1,286,490	1,221,023	(95,822)	(1,301,376)	(1,397,198)
<b>Net Assets:</b>						
Beginning of year, as restated	<u>2,917,460</u>	<u>18,231</u>	<u>2,935,691</u>	<u>3,013,282</u>	<u>1,319,607</u>	<u>4,332,889</u>
End of year, as restated	<u>\$ 2,851,993</u>	<u>\$ 1,304,721</u>	<u>\$ 4,156,714</u>	<u>\$ 2,917,460</u>	<u>\$ 18,231</u>	<u>\$ 2,935,691</u>

The accompanying notes are an integral part of these statements.

**FREEDOM OF THE PRESS FOUNDATION**

## Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u> (As Restated)
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 1,221,023	\$ (1,397,198)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Donated intangible assets	(99,343)	(55,475)
Changes in operating assets and liabilities:		
Accounts receivable	15,151	6,374
Pledges receivable	(675,612)	257,577
Prepaid expenses	(14,473)	-
Security deposits	(4,800)	-
Accounts payable and accrued expenses	87,346	81,603
Deferred revenue	13,750	(356,589)
	<u>543,042</u>	<u>(1,463,708)</u>
Net cash provided by (used in) operating activities		
	<u>543,042</u>	<u>(1,463,708)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from note payable	<u>383,388</u>	<u>-</u>
<b>Net Change in Cash and Cash Equivalents</b>	926,430	(1,463,708)
<b>Cash and Cash equivalents:</b>		
Beginning of year	<u>2,681,292</u>	<u>4,145,000</u>
End of year	<u>\$ 3,607,722</u>	<u>\$ 2,681,292</u>

**FREEDOM OF THE PRESS FOUNDATION**

Statements of Functional Expenses  
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Program	General and Administrative	Development	Total	Program	General and Administrative	Development	Total
<b>Operating Expenses:</b>								
Personnel and related	\$ 2,106,089	\$ 158,940	\$ 154,499	\$ 2,419,528	\$ 1,800,001	\$ 193,335	\$ 225,700	\$ 2,219,036
Professional and consulting fees	733,553	60,186	2,706	796,445	724,921	76,765	-	801,686
Grants	177,107	-	-	177,107	1,040,000	-	-	1,040,000
Office supplies	37,763	1,436	1,065	40,264	3,334	23,819	-	27,153
Website and access fees	37,848	160	119	38,127	24,321	1,856	-	26,177
Rent	30,719	2,557	1,896	35,172	53,787	-	-	53,787
Fees and subscriptions	11,558	1,800	509	13,867	3,393	6,406	-	9,799
Travel and related	12,359	12	9	12,380	101,840	10,643	12,425	124,908
Interest	-	2,488	-	2,488	-	-	-	-
Miscellaneous	383	32	24	439	-	485	-	485
Total operating expenses	<u>\$ 3,147,379</u>	<u>\$ 227,611</u>	<u>\$ 160,827</u>	<u>\$ 3,535,817</u>	<u>\$ 3,751,597</u>	<u>\$ 313,309</u>	<u>\$ 238,125</u>	<u>\$ 4,303,031</u>



## **FREEDOM OF THE PRESS FOUNDATION**

Notes to Financial Statements  
December 31, 2020 and 2019

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### **1. OPERATIONS AND NONPROFIT STATUS**

Freedom of the Press Foundation (the Organization) is a California nonprofit public benefit corporation formed in 2012. The Organization supports and defends public interest journalism in the 21st century. Through the use of digital security, internet advocacy, and crowdfunding, the Organization protects journalists and whistleblowers worldwide.

The Organization has developed the SecureDrop whistleblower submission system, currently in use by over sixty major news organizations across the globe, and runs the U.S. Press Freedom Tracker project, which documents and tabulates press freedom violations in the United States. In addition, the Organization provides journalists with digital security training, builds other digital tools to keep reporters and activists safe, and advocates for strong press freedom rights locally, nationally, and internationally.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Contributions made to the Organization are deductible by donors within the requirements of the IRC.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The Organization prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. generally accepted accounting principles (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification (ASC).

#### **Cash and Cash Equivalents**

For the purpose of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

#### **Accounts Receivable**

Accounts receivable represent contract service receivables recognized when the right to consideration is unconditional and only the passage of time is required before the payment of that consideration is due. Any estimated uncollectible amounts are generally considered implicit price concessions which directly reduces the value of accounts receivable and service income. There were no such allowance for doubtful accounts as of December 31, 2020 and 2019. Changes to the estimate of the transaction price are generally recorded as adjustments to service income in the period of change. Subsequent changes that are determined to be the result of an adverse change in the payer's ability to pay are recorded as bad debt expense.

#### **Pledges Receivable**

Unconditional promises to give are reported as pledges receivable at net realizable value on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, and those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. All pledges are expected to be collected in the next fiscal year.

#### **Allowance for Pledges Receivable**

The Organization receives grants and pledges from various donors. An allowance for doubtful accounts, if any, is based on management's best estimate of amounts that may become uncollectible. There was no allowance as of December 31, 2020 and 2019.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2020 and 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Intangible Assets

The Organization accounts for intangible assets in accordance with Accounting Standards Codification (ASC) 350, *Intangibles – Goodwill and other*. Intangible assets consist of the Organization's digital assets (primarily Bitcoin, Ethereum, Litecoin, Bitcoin Cash, ZCash and Stellar). The Organization accounts for its digital assets as indefinite-lived intangible assets, which are initially recorded at market value on the date of donation, or cost on the date of purchase. Subsequently, they are measured at cost, net of any impairment losses incurred since the date of acquisition. The Organization determines the value of its digital assets based on quoted prices on the active exchange that the Organization has determined is its principal market for these digital assets. The Organization considers the lowest price of each digital asset quoted on the active exchange at any time since acquiring the specific digital asset. If the carrying value of a digital assets exceeds that lowest price, an impairment loss is recognized. As of December 31, 2020, the Organization had not experienced such impairment losses.

#### Deferred Revenue

Deferred revenue represents cash received on contracts where services have not yet been completed. Deferred revenue at December 31, 2020, is expected to be recognized in 2021.

#### Net Assets

The Organization has grouped its net assets into the following categories:

**Without Donor Restrictions** - Those net resources that bear no external restrictions and are generally available for use by the Organization.

**With Donor Restrictions** - The Organization receives grants and contributions that are designated by donors for specific purposes or specific time periods. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purpose or over their designated time period.

Net assets with donor restrictions are restricted as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Program grants	\$ 261,666	\$ 18,231
Operations (time restricted)	<u>1,043,055</u>	<u>-</u>
Net assets with donor restrictions	<u>\$ 1,304,721</u>	<u>\$ 18,231</u>

#### Revenue Recognition

##### *Service Income*

The Organization follows FASB's Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). In accordance with Topic 606, the Organization uses a five-step model for recognizing and measuring revenue from contracts with customers, which includes 1) identifying the contract with the customer, 2) identifying the performance obligation(s) promised within the contract, 3) determining the transaction price (the amount of consideration to which the Organization expects to be entitled), 4) allocating the transaction price to the performance obligations, and 5) recognizing revenue when (or as) the performance obligations are satisfied.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2020 and 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Service Income (Continued)*

The Organization assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. The contract term can differ from the stated term in contracts that include certain termination or renewal rights, depending on whether there are penalties associated with those rights. Customer contracts generally are standardized and non-cancellable for the duration of the stated contract term.

Service income contains a single performance obligation (period of service) and revenue is recognized over time as the services are rendered (output method), provided that no significant obligations remain, and collection of the receivable is considered probable. The Organization has elected the practical expedient that permits an entity not to recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less. The Organization does not typically enter into contracts in which the period between payment by the customer and the transfer of the promised goods or services to the customer is greater than twelve months.

The timing of revenue recognition may not align with the right to invoice the customer. The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized and the goods or services has been provided. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded.

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price, which includes fixed consideration and estimates of variable consideration. The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

##### *Grants and Contributions*

Grants and contributions may either be conditional or unconditional in accordance with ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. A grant or contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional grants and contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity, and other stipulations related to the grant or contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers.

Grants and contributions are recorded as revenue when received or unconditionally committed. Grants and contributions with donor restrictions are transferred to net assets without donor restrictions as costs related to purpose restrictions are incurred or time restrictions have lapsed. Grants and contributions received with donor-imposed conditions that are met in the same year are reported as grants and contributions and net assets without donor restrictions.

All other revenue is recorded when earned.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2020 and 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Donated Services

The Organization receives donated professional services in support of its programs. The donated services are estimated based upon values determined by donor. The value of the donated services for the year ended December 31, 2019, was \$144,900. There were no donated services for the year ended December 31, 2020.

#### Fair Value Measurements

The Organization follows the accounting and disclosure standards pertaining to *Fair Value Measurements* for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

#### Grant Expense

Grant expense is recorded at the time grants are awarded by the Organization.

#### Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2020 and 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related, which are allocated on the basis of estimates of time and effort; professional and consulting fees, which are allocated on the basis of hours incurred on projects worked, rent which is based on square footage occupied and office supplies, website and access fees, which are allocated based on usage studies conducted annually.

#### Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2020 and 2019. The Organization's information and tax returns are subject to examination by the Federal and state jurisdictions.

#### Advertising

The Organization expenses advertising costs as they are incurred. There were no advertising costs for the years ended December 31, 2020 and 2019.

#### Subsequent Events

Subsequent events have been evaluated through July 29, 2021, which is the date the financial statements were available to be issued. See Note 10 for events that met the criteria for recognition or disclosure in the financial statements.

### 3. CONCENTRATIONS

The Organization maintains its cash balances in a bank in California. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash.

Two donors represent 29% of total operating revenue for the year ended December 31, 2020, and one donor represents 20% of total operating revenue for the year ended December 31, 2019. Three donors represent 91% of pledges receivable as of December 31, 2020, and two donors represent 71% of pledges receivable as of December 31, 2019.

## **FREEDOM OF THE PRESS FOUNDATION**

Notes to Financial Statements  
December 31, 2020 and 2019

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### **4. RETIREMENT PLAN**

The Organization maintains a 401(k) Profit Sharing Plan (the Plan) covering all eligible employees. Employees who are twenty-one years or older and are scheduled to work at least 1,000 hours during the plan year are deemed eligible. Each year, participants may elect to contribute up to 100% of their annual pretax compensation to the Plan up to the maximum allowed by the IRC. The Organization may make discretionary matching contributions and/or discretionary profit-sharing contributions, not to exceed 100% of total employee compensation, and up to a fixed-dollar amount as defined in the Plan agreement. For the years ended December 31, 2020 and 2019, the Organization made matching contributions of \$73,916 and \$66,749, respectively, which are included in personnel and related in the accompanying statements of functional expenses. The Organization did not make a profit-sharing contribution for the years ended December 31, 2020 and 2019.

### **5. FACILITY LEASE**

During 2020, the Organization entered into a two-year office lease agreement that expires in February 2022. The monthly lease payment under the terms of the lease agreement ranges from \$2,400 to \$2,495. Prior to this agreement, the Organization occupied a separate office space as a tenant-at-will. For the years ended December 31, 2020 and 2019, the Organization paid \$35,172 and \$53,787, respectively, under these agreements, which is recorded as rent in the accompanying statements of functional expenses. The future cash payments under the current lease agreement for the remainder of the lease term are \$29,750 and \$4,990 for 2021 and 2022, respectively.

### **6. NOTES PAYABLE**

The Organization applied for and was awarded a forgivable loan of \$383,388 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through a bank. The funds will be used to pay certain payroll costs, including benefits during the covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred until the Small Business Administration notifies the lender of the amount of the loan that will be forgiven, provided that the Organization submits the application for forgiveness within ten months after the completion of the covered period. Any balance of the note which is not forgiven, plus interest, will be due in equal monthly payments through the maturity date as defined by the bank. There are no covenants with which to comply and the note is not secured by any collateral.

### **7. CONTINGENCY**

During fiscal year 2020, COVID-19 was recognized as a global pandemic. The impact of COVID-19 on the Organization's future operations and the demand for its products/services will depend upon, among other things, the duration, spread and intensity of the pandemic, related government responses, such as required physical distancing, restrictions on business operations and travel, the pace of recovery of economic activity and the impact to consumers, all of which are uncertain and impossible to predict. The financial impact to the Organization, if any, cannot be reasonably estimated at this time.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2020 and 2019

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### 8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the Organization within one year from the statements of financial position date are as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,607,722	\$ 2,681,292
Pledges and accounts receivable	<u>908,642</u>	<u>248,181</u>
Total financial assets	4,516,364	2,929,473
Less - donor-imposed restricted net assets	<u>(611,666)</u>	<u>(18,231)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,904,698</u>	<u>\$ 2,911,242</u>

The Organization is substantially supported by grants and contributions without donor restrictions; however, there are restricted funds that are received throughout the year. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has financial assets without donor restrictions equal to approximately thirteen and eight months of operating expenses at December 31, 2020 and 2019, respectively.

### 9. PRIOR PERIOD ADJUSTMENT

During fiscal year 2020, the Organization discovered that certain intangible assets under their ownership were not previously reported at December 31, 2019 and 2018. The effect of this misstatement resulted in net assets being understated by \$203,577 at December 31, 2019.

Net assets as of December 31, 2019 and 2018, have been restated as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance, December 31, 2019, as previously stated	\$ 2,713,883	\$ 18,231	\$ 2,732,114
To properly recognize the donation of intangible assets in:			
2018	148,102	-	148,102
2019	<u>55,475</u>	<u>-</u>	<u>55,475</u>
Balance, December 31, 2019, as restated	<u>\$ 2,917,460</u>	<u>\$ 18,231</u>	<u>\$ 2,935,691</u>

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2020 and 2019

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### 9. PRIOR PERIOD ADJUSTMENT (Continued)

Grants and contributions, as well as changes in net assets for the year ended December 31, 2019, have been restated as follows based on the adjustment previously noted:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Grants and contributions, as previously stated	\$ 2,183,795	\$ 18,881	\$ 2,202,676
To properly recognize the donation of intangible assets for the year ended December 31, 2019	<u>55,475</u>	<u>-</u>	<u>55,475</u>
Grants and contributions for the year ended December 31, 2019, as restated	<u>\$ 2,239,270</u>	<u>\$ 18,881</u>	<u>\$ 2,258,151</u>
Changes in net assets for the year ended December 31, 2019, as previously stated	\$ (151,297)	\$ (1,301,376)	\$ (1,452,673)
To properly recognize the donation of intangible assets for the year ended December 31, 2019	<u>55,475</u>	<u>-</u>	<u>55,475</u>
Changes in net assets for the year ended December 31, 2019, as restated	<u>\$ (95,822)</u>	<u>\$ (1,301,376)</u>	<u>\$ (1,397,198)</u>

### 10. SUBSEQUENT EVENT

Subsequent to year end, the Organization liquidated certain intangible assets with the carrying value of \$3,088,981 as of the date of sale, for \$5,039,001. The related realized gain will be recorded in fiscal year 2021.

### 11. RECLASSIFICATION

Certain amounts in the 2019 financial statements have been reclassified to conform with the 2020 presentation.