

**FREEDOM OF THE PRESS FOUNDATION**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**FREEDOM OF THE PRESS FOUNDATION**

Contents  
December 31, 2021 and 2020

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## Independent Auditor's Report

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

### **Opinion**

We have audited the 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, 2021 and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Freedom of the Press Foundation as of December 31, 2021 and 2020, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*AAFCPA, Inc.*

Westborough, Massachusetts  
July 21, 2022

**FREEDOM OF THE PRESS FOUNDATION**Statements of Financial Position  
December 31, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current Assets:		
Cash and cash equivalents	\$ 10,309,447	\$ 3,607,722
Accounts receivable	11,845	9,167
Current portion of pledges receivable	273,760	724,475
Prepaid expenses	115,672	14,473
Total current assets	10,710,724	4,355,837
Security Deposits	4,800	4,800
Pledges Receivable, net of current portion	50,000	175,000
Intangible Assets	1,553,534	302,920
Total assets	<u>\$ 12,319,058</u>	<u>\$ 4,838,557</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 371,991	\$ 284,705
Deferred revenue	16,074	13,750
Total current liabilities	388,065	298,455
Note Payable	-	383,388
Total liabilities	<u>388,065</u>	<u>681,843</u>
Net Assets:		
Without donor restrictions	10,105,057	2,851,993
With donor restrictions	1,825,936	1,304,721
Total net assets	<u>11,930,993</u>	<u>4,156,714</u>
Total liabilities and net assets	<u>\$ 12,319,058</u>	<u>\$ 4,838,557</u>

**FREEDOM OF THE PRESS FOUNDATION**

 Statements of Activities and Changes in Net Assets  
 For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue:</b>						
Grants and contributions	\$ 3,357,638	\$ 1,249,549	\$ 4,607,187	\$ 3,240,803	\$ 1,304,721	\$ 4,545,524
Special event, net of related cost of \$810,952 at December 31, 2021	4,595,392	-	4,595,392	-	-	-
Service income	121,134	-	121,134	211,316	-	211,316
Donated services	2,333	-	2,333	-	-	-
Interest income	6,581	-	6,581	-	-	-
Net assets released from restrictions:						
Purpose	161,667	(161,667)	-	18,231	(18,231)	-
Time	566,667	(566,667)	-	-	-	-
Total operating revenue	<u>8,811,412</u>	<u>521,215</u>	<u>9,332,627</u>	<u>3,470,350</u>	<u>1,286,490</u>	<u>4,756,840</u>
<b>Operating Expenses:</b>						
Program	3,069,736	-	3,069,736	3,147,379	-	3,147,379
General and administrative	529,050	-	529,050	227,611	-	227,611
Development	202,828	-	202,828	160,827	-	160,827
Total operating expenses	<u>3,801,614</u>	<u>-</u>	<u>3,801,614</u>	<u>3,535,817</u>	<u>-</u>	<u>3,535,817</u>
Changes in net assets from operations	<u>5,009,798</u>	<u>521,215</u>	<u>5,531,013</u>	<u>(65,467)</u>	<u>1,286,490</u>	<u>1,221,023</u>
<b>Non-Operating Revenue:</b>						
Realized gains on sales of intangible assets	1,859,878	-	1,859,878	-	-	-
Forgiveness of debt	383,388	-	383,388	-	-	-
Total non-operating revenue	<u>2,243,266</u>	<u>-</u>	<u>2,243,266</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	<u>7,253,064</u>	<u>521,215</u>	<u>7,774,279</u>	<u>(65,467)</u>	<u>1,286,490</u>	<u>1,221,023</u>
<b>Net Assets:</b>						
Beginning of year	<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>
End of year	<u>\$ 10,105,057</u>	<u>\$ 1,825,936</u>	<u>\$ 11,930,993</u>	<u>\$ 2,851,993</u>	<u>\$ 1,304,721</u>	<u>\$ 4,156,714</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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 7,774,279	\$ 1,221,023
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Donated intangible assets	(4,926,039)	(99,343)
Forgiveness of debt	(383,388)	-
Bad debt expense	(7,500)	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,678)	15,151
Pledges receivable	583,215	(675,612)
Prepaid expenses	(101,199)	(14,473)
Security deposits	-	(4,800)
Accounts payable and accrued expenses	87,286	87,346
Deferred revenue	2,324	13,750
	<u>3,026,300</u>	<u>543,042</u>
Net cash provided by operating activities		
	3,026,300	543,042
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sales of intangible assets	3,675,425	-
<b>Cash Flows from Financing Activities:</b>		
Proceeds from note payable	-	383,388
<b>Net Change in Cash and Cash Equivalents</b>	<u>6,701,725</u>	<u>926,430</u>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>3,607,722</u>	<u>2,681,292</u>
End of year	<u>\$ 10,309,447</u>	<u>\$ 3,607,722</u>

**FREEDOM OF THE PRESS FOUNDATION**

Statements of Functional Expenses  
For the Years Ended December 31, 2021 and 2020

	2021			2020				
	Program	General and Administrative	Development	Total	Program	General and Administrative	Development	Total
<b>Operating Expenses:</b>								
Personnel and related	\$ 2,235,683	\$ 168,154	\$ 190,707	\$ 2,594,544	\$ 2,106,089	\$ 158,940	\$ 154,499	\$ 2,419,528
Professional and consulting fees	107,684	119,396	810,952	1,038,032	733,553	60,186	2,706	796,445
Website and access fees	644,930	31,202	279	676,411	37,848	160	119	38,127
Fees and subscriptions	-	88,568	-	88,568	11,558	1,800	509	13,867
Advertising and marketing	2,448	45,899	1,377	49,724	-	-	-	-
Equipment rental	28,434	10,178	3,019	41,631	20,498	-	-	20,498
Rent	4,254	30,563	-	34,817	30,719	2,557	1,896	35,172
Grants	31,500	-	-	31,500	177,107	-	-	177,107
Office supplies	8,265	13,173	5,033	26,471	17,265	1,436	1,065	19,766
Miscellaneous	1,483	12,377	1,530	15,390	383	32	24	439
Travel and related	2,555	4,540	883	7,978	12,359	12	9	12,380
Bad debt	2,500	5,000	-	7,500	-	-	-	-
Interest	-	-	-	-	-	2,488	-	2,488
Total operating expenses	3,069,736	529,050	1,013,780	4,612,566	3,147,379	227,611	160,827	3,535,817
<b>Direct Event Expense</b>	-	-	(810,952)	(810,952)	-	-	-	-
Total operating expenses, net of direct event expense	<u>\$ 3,069,736</u>	<u>\$ 529,050</u>	<u>\$ 202,828</u>	<u>\$ 3,801,614</u>	<u>\$ 3,147,379</u>	<u>\$ 227,611</u>	<u>\$ 160,827</u>	<u>\$ 3,535,817</u>



## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2021 and 2020

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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 was no such allowance for doubtful accounts as of December 31, 2021 and 2020. 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.

#### 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, 2021 and 2020.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2021 and 2020

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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, 2021 and 2020, the Organization had not experienced such impairment losses.

As of December 31, 2021, the Organization had acquired 3.55 units of Bitcoin at various times over the last two years for an average of \$47,478 per unit. On June 17, 2022, it was observed that the price of Bitcoin had declined to \$20,563 per unit. The Organization deemed this a triggering event for impairment and wrote down its Bitcoin assets to a new carrying value of \$20,563 per unit and recorded an impairment loss for the decline in value.

As of December 31, 2021, the Organization had acquired 744.68 units of Ethereum at various times over the last two years for an average of \$2,523 per unit. On June 17, 2022, it was observed that the price of Ethereum had declined to \$1,204 per unit. The Organization deemed this a triggering event for impairment and wrote down its Ethereum assets to a new carrying value of \$1,204 per unit and recorded an impairment loss for the decline in value.

The aggregate impairment loss recorded subsequent to year end relative to the above transactions was approximately \$1,077,000.

#### Deferred Revenue

Deferred revenue represents cash received on contracts where services have not yet been completed. Deferred revenue at December 31, 2021, is expected to be recognized in 2022.

#### 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>2021</u>	<u>2020</u>
Program grants	\$ 1,349,548	\$ 261,666
Operations (time restricted)	<u>476,388</u>	<u>1,043,055</u>
Net assets with donor restrictions	<u>\$ 1,825,936</u>	<u>\$ 1,304,721</u>

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

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 have 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.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition (Continued)

##### *Grants and Contributions (Continued)*

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.

##### *Sales of Intangible Assets*

The Organization records gains or losses on sales of intangible assets when realized, net of any related transactional fees. As sales of these assets are ancillary to the operations of the Organization, they are shown as non-operating in the accompanying statements of activities and changes in net assets. Realized gain on sales of intangible assets includes transactional fees of \$82,505 as of December 31, 2021.

Revenue from special events is recognized when the event occurs. All other revenue is recorded when earned.

#### 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, 2021, was \$2,333. 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.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Fair Value Measurements (Continued)

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.

#### 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.

#### 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, 2021 and 2020. 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. Advertising costs of approximately \$50,000 are included in advertising and marketing in the accompanying statement of functional expenses for the year ended December 31, 2021. There were no advertising costs for the year ended December 31, 2020.

#### Subsequent Events

Subsequent events have been evaluated through July 21, 2022, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements except as described on page 7 and in Note 3.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2021 and 2020

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and operating expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue includes intangible assets' return activity and debt forgiveness.

### 3. FACILITY LEASE

During 2020, the Organization entered into a two-year office lease agreement that expired in February 2022. The monthly lease payment under the terms of the lease agreement ranged from \$2,400 to \$2,495. For the years ended December 31, 2021 and 2020, the Organization paid \$34,817 and \$35,172, respectively, under the agreement, which is recorded as rent in the accompanying statements of functional expenses. Subsequent to year-end, the Organization entered into a new lease agreement through April 2027. Under this agreement, monthly lease payments range from \$11,129 to \$12,165. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	
2022	\$ 94,022
2023	135,548
2024	138,596
2025	141,716
2026	144,908
Thereafter	<u>60,825</u>
	<u>\$ 715,615</u>

### 4. 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.

One donor represents 19% of total operating revenue for the year ended December 31, 2021, and two donors represent 29% of total operating revenue for the year ended December 31, 2020. Three donors represent 100% of pledges receivable as of December 31, 2021, and three donors represent 91% of pledges receivable as of December 31, 2020.

### 5. 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, 2021 and 2020, the Organization made matching contributions of \$133,291 and \$73,916, 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, 2021 and 2020.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2021 and 2020

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### 6. NOTE PAYABLE

During 2020, 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 were used to pay certain payroll costs, including benefits, as well as rent and utilities during a twenty-four-week period (the covered period) as defined in the CARES Act. These funds were forgiven in full in 2021 and are reflected as forgiveness of debt in the accompanying 2021 statement of activities and changes in net assets.

### 7. 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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 10,309,447	\$ 3,607,722
Pledges and accounts receivable	<u>285,605</u>	<u>733,642</u>
Total financial assets	10,595,052	4,341,364
Less - donor-imposed restricted net assets	<u>(1,373,853)</u>	<u>(611,666)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,221,199</u>	<u>\$ 3,729,698</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 twenty-nine and thirteen months of operating expenses at December 31, 2021 and 2020, respectively.

### 8. CONDITIONAL GRANT

During 2021, a foundation awarded the Organization a grant of \$5,777,848, of which \$1,745,574 has been recognized through December 31, 2021. Of this amount, \$1,163,716 has been recorded as net assets with donor restrictions at December 31, 2021. The balance of \$4,032,274 is conditional upon the Organization achieving adequate progress of the grant's goals as determined by the funder at the end of the grant period. As such, it is not reflected in the accompanying financial statements at December 31, 2021.