



FREE PRESS AND FREE PRESS ACTION FUND

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2022





FREE PRESS AND FREE PRESS ACTION FUND

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

Boards of Directors
Free Press and Free Press Action Fund

Opinion

We have audited the accompanying combined financial statements of Free Press and Free Press Action Fund (the Organizations), which comprise the combined statements of financial position as of December 31, 2022 and 2021, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Free Press and Free Press Action Fund as of December 31, 2022 and 2021, and the combined changes in their net assets and their combined cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

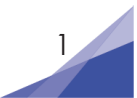
Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Free Press and Free Press Action Fund 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.

Responsibilities of Management for the Combined Financial Statements

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

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





Auditor's Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 generally accepted auditing standards 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, including omissions, 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 Free Press and Free Press Action Fund'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 Free Press and Free Press Action Fund'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.



Report on Combining Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information on pages 18 through 21 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and is not a required part of the combined 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 combining information has been subjected to the auditing procedures applied in the audits 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 combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

CalibreCPAGroup, PLLC

Bethesda, MD
March 20, 2023



FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Assets		
Cash and cash equivalents	\$ 2,288,148	\$ 2,278,258
Investments	3,392,081	2,295,381
Contributions receivable	4,695,726	700,000
Accounts receivable	384,098	395,468
Prepaid expenses	96,635	64,574
Property and equipment, net	2,581	7,707
ROU asset - operating lease	596,059	-
Security deposit	<u>12,881</u>	<u>12,881</u>
Total assets	<u>\$ 11,468,209</u>	<u>\$ 5,754,269</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 94,804	\$ 52,746
Operating lease liability	679,615	-
Accrued vacation	<u>231,280</u>	<u>336,194</u>
Total liabilities	<u>1,005,699</u>	<u>388,940</u>
Net assets		
Without donor restrictions		
Undesignated	1,495,992	1,217,329
Board designated - Operating reserve	1,650,000	1,650,000
Board designated - Program reserve	<u>1,000,000</u>	<u>1,000,000</u>
Total without donor restrictions	4,145,992	3,867,329
With donor restrictions	<u>6,316,518</u>	<u>1,498,000</u>
Total net assets	<u>10,462,510</u>	<u>5,365,329</u>
Total liabilities and net assets	<u>\$ 11,468,209</u>	<u>\$ 5,754,269</u>

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions						
Membership	\$ 99,159	\$ -	\$ 99,159	\$ 137,415	\$ -	\$ 137,415
Other	3,209,512	7,540,000	10,749,512	2,502,400	1,069,500	3,571,900
Investment income	38,022	-	38,022	8,980	-	8,980
Other income	59,255	-	59,255	93,970	-	93,970
Net assets released from restrictions	<u>2,721,482</u>	<u>(2,721,482)</u>	<u>-</u>	<u>1,965,475</u>	<u>(1,965,475)</u>	<u>-</u>
Total support and revenue	<u>6,127,430</u>	<u>4,818,518</u>	<u>10,945,948</u>	<u>4,708,240</u>	<u>(895,975)</u>	<u>3,812,265</u>
Expenses						
Program services	4,980,684	-	4,980,684	4,437,142	-	4,437,142
Management and general	268,552	-	268,552	258,378	-	258,378
Fund raising	<u>599,531</u>	<u>-</u>	<u>599,531</u>	<u>591,214</u>	<u>-</u>	<u>591,214</u>
Total expenses	<u>5,848,767</u>	<u>-</u>	<u>5,848,767</u>	<u>5,286,734</u>	<u>-</u>	<u>5,286,734</u>
Change in net assets	278,663	4,818,518	5,097,181	(578,494)	(895,975)	(1,474,469)
Net assets						
Beginning of year	<u>3,867,329</u>	<u>1,498,000</u>	<u>5,365,329</u>	<u>4,445,823</u>	<u>2,393,975</u>	<u>6,839,798</u>
End of year	<u>\$ 4,145,992</u>	<u>\$ 6,316,518</u>	<u>\$ 10,462,510</u>	<u>\$ 3,867,329</u>	<u>\$ 1,498,000</u>	<u>\$ 5,365,329</u>

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022						
	Program Services			Total Program Services	Management and General	Fund Raising	Total
	Future of the Internet	Democracy and Digital Civil Rights	Future of Journalism				
Combined totals							
Communications	\$ 58,518	\$ 57,775	\$ 77,578	\$ 193,871	\$ 10,533	\$ 30,120	\$ 234,524
Equipment and furnishings	9,894	9,828	12,925	32,647	1,614	3,987	38,248
Occupancy and operating	64,171	63,684	84,682	212,537	20,159	35,834	268,530
Professional services	5,031	4,987	6,531	16,549	27,645	11,021	55,215
Special projects	2,453	3,071	304,819	310,343	215	517	311,075
Staffing costs	1,232,949	1,307,299	1,644,588	4,184,836	208,107	517,348	4,910,291
Travel costs	2,709	4,882	22,310	29,901	279	704	30,884
	<u>\$ 1,375,725</u>	<u>\$ 1,451,526</u>	<u>\$ 2,153,433</u>	<u>\$ 4,980,684</u>	<u>\$ 268,552</u>	<u>\$ 599,531</u>	<u>\$ 5,848,767</u>
	2021						
	Program Services			Total Program Services	Management and General	Fund Raising	Total
	Future of the Internet	Democracy and Digital Civil Rights	Future of Journalism				
Combined totals							
Communications	\$ 44,588	\$ 50,714	\$ 72,601	\$ 167,903	\$ 6,589	\$ 31,029	\$ 205,521
Equipment and furnishings	2,687	2,392	2,754	7,833	398	941	9,172
Occupancy and operating	70,627	62,882	72,054	205,563	21,029	39,457	266,049
Professional services	5,281	9,879	8,537	23,697	26,859	11,130	61,686
Special projects	2,362	3,309	215,803	221,474	299	769	222,542
Staffing costs	1,266,886	1,185,795	1,351,300	3,803,981	202,935	507,480	4,514,396
Travel costs	2,912	1,095	2,684	6,691	269	408	7,368
	<u>\$ 1,395,343</u>	<u>\$ 1,316,066</u>	<u>\$ 1,725,733</u>	<u>\$ 4,437,142</u>	<u>\$ 258,378</u>	<u>\$ 591,214</u>	<u>\$ 5,286,734</u>

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 5,097,181	\$ (1,474,469)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Change in measurement of operating lease	83,556	-
Depreciation	5,126	5,126
Unrealized loss (gain)	(3,772)	898
Donated securities	(160,979)	(122,106)
Changes in assets		
Contributions and accounts receivable	(3,984,356)	(142,384)
Prepaid expenses	(32,061)	5,430
Changes in liabilities		
Accounts payable	42,058	(9,268)
Accrued expenses	(104,914)	(12,385)
Net cash provided by (used for) operating activities	<u>941,839</u>	<u>(1,749,158)</u>
Cash flows from investing activities		
Proceeds from sale/maturity of investments	161,425	369,610
Purchase of investments	<u>(1,093,374)</u>	<u>(130,844)</u>
Net cash provided by (used for) investing activities	<u>(931,949)</u>	<u>238,766</u>
Net change in cash and cash equivalents	9,890	(1,510,392)
Cash and cash equivalents		
Beginning of year	<u>2,278,258</u>	<u>3,788,650</u>
End of year	<u>\$ 2,288,148</u>	<u>\$ 2,278,258</u>

See accompanying notes to combined financial statements.



FREE PRESS AND FREE PRESS ACTION FUND

NOTES TO COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1. THE ORGANIZATIONS AND NATURE OF OPERATIONS

Free Press

Free Press, founded in 2003, is a national, non-partisan, not-for-profit organization working to increase informed public participation in crucial media policy debates and to generate policies that will produce a more competitive and public-orientated system with a strong nonprofit and noncommercial sector.

Free Press was created for the charitable and educational purposes of conducting research on how the current media system influences the development of public policy and to educate the public and policy-makers on how a more diverse and public service-orientated media system can strengthen American democracy.

Free Press works to preserve rights to free expression, communication and privacy online and in person. Areas of focus include Future of the Internet; Democracy and Digital Civil Rights; and Future of Journalism.

Free Press Action Fund

Free Press Action Fund, founded in 2003, is a national, non-partisan, not-for-profit, social welfare organization working to educate its members and the general public on how a diverse and public service-oriented media system can strengthen American democracy. Free Press Action Fund advocates and lobbies for media policy that will promote diverse and independent media ownership, strong public media, and universal access to communications.

The accompanying combined financial statements include the accounts of Free Press and Free Press Action Fund (the Organizations). All intercompany transactions have been eliminated in the combined financial statements.

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Organizations are required to report information regarding their financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents - For reporting purposes, the Organizations consider all investments with original maturities of three months or less to be cash and cash equivalents. In addition, cash and cash equivalents include amounts on deposit with a financial institution that limits withdrawals to once per month.

Investment Valuation and Income Recognition - Investments consist of amounts held in certificates of deposits, an equity mutual fund, and a money market mutual fund, which are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair value of certificates of deposit is based on market interest rates, and the fair values of the mutual funds are based on quoted market prices. Investment income includes interest, dividends, and changes in fair value. Investment income is reported in the statements of activities net of all external and direct internal investment expenses.

Promises to Give - Unconditional promises to give are recognized as revenues or gains in the period the promise is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Accounts Receivable - Accounts receivable are carried at their net realizable value. Management considers all current accounts receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they are charged to operations when that determination is made.

Property and Equipment - The Organizations capitalize all expenditures for property and equipment in excess of \$10,000 and having a useful life of greater than three years. Purchased property and equipment are capitalized at cost. Donated property and equipment are capitalized at the estimated fair value at the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Operating Leases - In its statement of financial position, the Organizations record a right-of-use asset and lease liability, initially measured at the present value of total lease payments using a risk-free rate that approximates the remaining term of the lease. The Organizations consider the likelihood of exercising renewal or termination clauses (if any) in measuring its right-of-use assets and lease liabilities. A single lease cost calculated so that the cost of the lease is allocated over the lease term on straight-line basis. Short-term leases (those with an initial term of twelve months or less and no purchase option) are expensed over their terms, with no corresponding right-of-use asset or lease liability recorded. The Organizations do not separate non-lease components (if any) from lease components in determining the lease payments for leases of office equipment.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets - Net assets are reported in two distinct classes as follows:

Net assets without donor restrictions - These net assets are available to finance the general operations of the Organizations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organizations, the environments in which they operate, and the purposes specified in their organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Organizations is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

Donated Securities - From time to time, the Organizations receive, as donations, financial securities. Revenue is recognized on such donations based on the fair value at the time the donation is received and is reported as a component of contributions.

Contributions - Contributions received are reported as increases in net assets not subject to donor restrictions unless received with donor stipulations that require the assets be used for specific purposes or in specific time periods. All donor-restricted revenue is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grants - Most grant agreements are accounted for as contribution transactions. When an agreement includes both a barrier and either a right of return of assets to the resource provider or a right of release from obligation by the resource provider, the contribution is considered to be conditional. Amounts received under conditional transfers are reported as a liability and recognized as contribution revenue only when the conditions are met.

Functional Allocation of Expenses - The costs of providing the various programs and supporting activities of the Organizations have been summarized on a functional basis in the statements of activities and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies. Information technology costs are allocated based on the relative benefit of related activity use. Other common costs such as occupancy, depreciation and related infrastructure costs are allocated based on employee time and effort studies.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates - The preparation of combined financial statements in conformity with U.S. generally accepted principles 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 combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement Adopted - During the year ended December 31, 2022, the Organizations adopted the provisions of Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This guidance is intended to increase transparency and comparability among lessees by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 requires lessees to report a right-of-use asset along with a lease liability.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The standard requires lessees to recognize the assets and liabilities that arise from leases in the combined statements of financial position. Additionally, in July 2018, the FASB issued ASU 2018-11, Leases (Topic 842) – Targeted Improvements, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the combined financial statements and instead recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The Organizations adopted ASU 2016-02 and its related amendments as of January 1, 2022, which resulted in the recognition of an operating right-of-use asset totaling \$758,128 as well as an operating lease liability totaling \$846,764. The Organizations elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of January 1, 2022, without restating any prior-year amounts or disclosures. The related additional lease disclosures can be found in Note 11. There was no cumulative effect adjustment to the opening balance of net assets required.

The Organizations elected to apply all practical expedients available under the ASU, allowing it to 1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; 2) not reassess the lease classification for any expired or existing leases; 3) not reassess initial direct costs for any existing leases; and 4) risk-free interest rate. The Organizations also elected to apply the practical expedient to use hindsight in determining the lease term which in the year of implementation the Organizations have determined to be the remaining lease term.

NOTE 3. TAX STATUS

Free Press is exempt from Federal income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code (IRC) and is similarly exempt from state income taxes under Massachusetts law. Free Press Action Fund is exempt from Federal income taxes under Section 501(c)(4) of the IRC and is similarly exempt from state income taxes under Massachusetts law. However, income from activities not directly related to the

NOTE 3. TAX STATUS (CONTINUED)

Organizations' tax-exempt purposes may be subject to tax as unrelated business income. To date, the Organizations have not engaged in such activities and, therefore, no provision has been made for Federal or State income taxes in the accompanying combined financial statements.

The Organizations account for income taxes in accordance with the ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organizations performed an evaluation of uncertain tax positions for the years ended December 31, 2022 and 2021, and determined that there were no matters that would require recognition in the combined financial statements or that may have an effect on their tax-exempt status. It is the Organizations' policy to recognize interest and/or penalties related to uncertain tax positions, if any, in unrelated business income tax expense.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Organizations' liquidity management, they have a policy to structure their financial assets to be available as their general expenditures, liabilities, and other obligations come due. In addition, the Organizations maintain three to six months of operating expenses in reserves. The following table represents the Organizations' combined financial assets available to meet cash needs for general expenditures within one year of December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Financial assets at end of year		
Cash and cash equivalents	\$ 2,288,148	\$ 2,278,258
Investments	3,392,081	2,295,381
Contributions receivable	4,695,726	700,000
Accounts receivable	<u>384,098</u>	<u>395,468</u>
	10,760,053	5,669,107
Less amounts unavailable for general expenditures within one year		
Board designated - Operating reserve	(1,650,000)	(1,650,000)
Board designated - Program reserve	(1,000,000)	(1,000,000)
Restricted by donors for specific purposes	(1,356,518)	(1,098,000)
Restricted by donors for general support in more than one year	<u>3,430,000</u>	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 10,183,535</u>	<u>\$ 1,921,107</u>

NOTE 5. PROMISES TO GIVE

As of December 31, 2022 and 2021, contributions receivable are expected to be collected as follows.

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 1,347,244	\$ 700,000
Due in 1 - 5 years	<u>3,430,000</u>	<u>-</u>
	4,777,244	700,000
Less discount to net present value	<u>(81,518)</u>	<u>-</u>
	<u>\$ 4,695,726</u>	<u>\$ 700,000</u>

NOTE 6. INVESTMENTS

Investments consist of amounts held in bank certificates of deposit, an equity mutual fund and money market mutual funds. The certificates of deposit are reported at estimated fair value based on the principal balances invested, since due to their relatively short maturities their interest rates approximate current market rates. The mutual funds are reported at fair value based on quoted market prices. There have been no changes in methodologies used at December 31, 2022 and 2021. Investment income reported in the combined statements of activities for the years ended December 31, 2022 and 2021 consists of interest of \$34,250 and \$9,878, respectively, and net appreciation (depreciation) of \$3,772 and \$(898), respectively.

NOTE 7. FAIR VALUE MEASUREMENTS

The Organizations report fair value measurements of financial assets and liabilities using a hierarchy for observable independent market inputs and unobservable market assumptions. Considerable judgments are required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The three levels of the fair value hierarchy and the inputs used to determine fair values as of December 31, 2022 and 2021 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organizations have the ability to access.
- Level 2 Inputs to the valuation methodology include other significant observable inputs including:

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Fair values of investments were based on the following inputs as of December 31.

The following tables set forth by level, within the fair value hierarchy, the Organizations' assets at fair value as of December 31, 2022 and 2021:

	2022			
	Total Investments	Quoted Price Market for Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 1,949,023	\$ -	\$ 1,949,023	\$ -
Common stock	5,007	5,007	-	-
US Treasury securities	496,310	496,310	-	-
Money market mutual fund	941,741	941,741	-	-
	<u>\$ 3,392,081</u>	<u>\$ 1,443,058</u>	<u>\$ 1,949,023</u>	<u>\$ -</u>

	2021			
	Total Investments	Quoted Price Market for Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 1,249,325	\$ -	\$ 1,249,325	\$ -
Money market mutual fund	1,046,056	1,046,056	-	-
	<u>\$ 2,295,381</u>	<u>\$ 1,046,056</u>	<u>\$ 1,249,325</u>	<u>\$ -</u>

NOTE 7. FAIR VALUE MEASUREMENTS (CONTINUED)

Certificates of deposit: Value is estimated using rates currently offered for deposits of similar remaining maturities.

Common stock, US Treasury securities and money market mutual funds: Valued based on quoted market prices of identical investments as of the last business day of the year.

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31,:

	<u>2022</u>	<u>2021</u>
Office furniture and equipment	\$ 25,631	\$ 25,631
Less accumulated depreciation	<u>(23,050)</u>	<u>(17,924)</u>
	<u>\$ 2,581</u>	<u>\$ 7,707</u>

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with temporary donor restrictions as of December 31, 2022 and 2021, and net assets released from restrictions during the year then ended related to the following programs and time restrictions.

	<u>December 31, 2022</u>			
	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Net Assets Released</u>	<u>End Of Year</u>
Time-restricted for general support	\$ 400,000	\$ 6,340,000	\$ (1,780,000)	\$ 4,960,000
Future of the Internet	-			-
News Voices Program	647,500	125,000	(318,982)	453,518
Future of Journalism	57,500	100,000	(50,000)	107,500
Democracy and Digital Civil Rights	93,000	975,000	(572,500)	495,500
C. Edwin Baker Fellowship Program	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
	<u>\$ 1,498,000</u>	<u>\$ 7,540,000</u>	<u>\$ (2,721,482)</u>	<u>\$ 6,316,518</u>
	<u>December 31, 2021</u>			
	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Net Assets Released</u>	<u>End Of Year</u>
Time-restricted for general support	\$ 550,000	\$ 150,000	\$ (300,000)	\$ 400,000
Future of the Internet	30,000	195,000	(225,000)	-
News Voices Program	1,273,975	312,500	(938,975)	647,500
Future of Journalism	-	142,000	(84,500)	57,500
Democracy and Digital Civil Rights	240,000	270,000	(417,000)	93,000
C. Edwin Baker Fellowship Program	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
	<u>\$ 2,393,975</u>	<u>\$ 1,069,500</u>	<u>\$ (1,965,475)</u>	<u>\$ 1,498,000</u>

NOTE 10. RETIREMENT BENEFITS

Effective October 1, 2018, the Organization contributes to a Section 403(b) plan on behalf of substantially all employees. In order to be eligible, an employee must have earned a minimum of \$450 during the preceding twelve months; must be a minimum of 18 years old; and must be a U.S. citizen or certain nonresident alien. The retirement plan contribution can vary each year from 0% to 25% of compensation (said limits are subject to change by federal legislation). Pension expense for the years ended December 31, 2022 and 2021 was \$142,001 and \$138,587, respectively.

NOTE 11. OPERATING LEASE

The organizations conduct their operations from a facility located in Washington, D.C. and also have a significant portion of their employees working remotely. The Washington, D.C. lease, which commenced March 1, 2012, with an original expiration date of February 28, 2019, was extended through July 31, 2026. As part of the amended lease agreement, the monthly rent was abated for a period of five months. During 2020, the Organizations requested that the rent increase due to take place in September of that year be deferred for one year due to the Coronavirus pandemic. The deferred amount will be applied to the last year of the lease.

Operating lease expense totaled \$168,864 and \$161,099 for the years ended December 31, 2022 and 2021, respectively. The Organization had no variable or short-term lease expense in 2022 or 2021 and does not have any finance leases.

Supplemental qualitative information related to operating leases is as follows:

	Year Ended December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows	\$ -
Right-of-use assets obtained in exchange for lease obligations	758,128
Weighted-average remaining lease term (in years)	3.58
Weighted-average discount rate	1.04%

The maturity of the lease liability under the Organization's operating lease as of December 31, 2022 is as follows:

Year ended December 31,		
	2023	\$ 182,175
	2024	189,462
	2025	199,365
	2026	<u>122,034</u>
	Undiscounted future cash flows	693,036
	Less discount to present value (with a rate of 1.04%)	<u>(13,421)</u>
	Total lease liability	<u>\$ 679,615</u>



NOTE 12. CONCENTRATIONS

The Organizations maintain their cash, cash equivalents and certificates of deposit with two financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures deposits are up to \$250,000 per depositor. The Organizations had cash balances on deposit with the financial institutions at December 31, 2022 that exceeded the balances insured by the FDIC by approximately \$1,581,000. These amounts are fully insured by the Depositors Insurance Fund (DIF), which insures all deposits above FDIC limits at Massachusetts chartered savings banks.

Concentrations in revenue with respect to contributions are generally limited due to the large number of contributors comprising the Organizations' contributor bases and their dispersion across different industries and geographic areas. However, during 2022, approximately 79% of total contributions were received from eight donors, and amounts due from three donors comprised 96% of total contributions receivable as of December 31, 2022. During 2021, approximately 57% of total contributions were received from seven donors, and amounts due from two donors comprised 93% of total contributions receivable as of December 31, 2021.

NOTE 13. COVID RELIEF FUNDING

Under the provisions of the CARES Act, Free Press was eligible for a refundable employee retention tax credit subject to certain criteria. The Organization recognized revenue during 2021 in the amount of \$383,906 related to the employee retention credit and has filed for refunds of the credit. This amount has not yet been received and is included in accounts receivable as of December 31, 2022 and 2021.

NOTE 14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 20, 2023, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.



SUPPLEMENTAL INFORMATION



FREE PRESS AND FREE ACTION FUND

COMBINING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2021)

	Free Press	Free Press Action Fund	Total	Eliminations	2022 Total	2021 Total
Assets						
Assets						
Cash and cash equivalents	\$ 1,490,325	\$ 797,823	\$ 2,288,148	\$ -	\$ 2,288,148	\$ 2,278,258
Investments	3,392,081	-	3,392,081	-	3,392,081	2,295,381
Contributions receivable	4,645,726	50,000	4,695,726	-	4,695,726	700,000
Accounts receivable	384,098	-	384,098	-	384,098	395,468
Due from affiliate	116,847	-	116,847	(116,847)	-	-
Prepaid expenses	95,120	1,515	96,635	-	96,635	64,574
Affiliate advance	-	125,000	125,000	(125,000)	-	-
Property and equipment, net	2,581	-	2,581	-	2,581	7,707
ROU asset - operating lease	549,656	46,403	596,059	-	596,059	-
Security deposit	12,881	-	12,881	-	12,881	12,881
Total assets	<u>\$ 10,689,315</u>	<u>\$ 1,020,741</u>	<u>\$ 11,710,056</u>	<u>\$ (241,847)</u>	<u>\$ 11,468,209</u>	<u>\$ 5,754,269</u>
Liabilities and Net Assets						
Liabilities						
Due to affiliate	\$ -	\$ 116,847	\$ 116,847	\$ (116,847)	\$ -	\$ -
Accounts payable	94,804	-	94,804	-	94,804	52,746
Accrued expenses	216,189	15,091	231,280	-	231,280	336,194
Operating lease liability	626,707	52,908	679,615	-	679,615	-
Advance from affiliate	125,000	-	125,000	(125,000)	-	-
Total liabilities	<u>1,062,700</u>	<u>184,846</u>	<u>1,247,546</u>	<u>(241,847)</u>	<u>1,005,699</u>	<u>388,940</u>
Net assets						
Without donor restrictions						
Undesignated	825,097	670,895	1,495,992	-	1,495,992	1,217,329
Board designated - Operating reserve	1,500,000	150,000	1,650,000	-	1,650,000	1,650,000
Board designated - Program reserve	1,000,000	-	1,000,000	-	1,000,000	1,000,000
Total without donor restrictions	3,325,097	820,895	4,145,992	-	4,145,992	3,867,329
With donor restrictions	6,301,518	15,000	6,316,518	-	6,316,518	1,498,000
Total net assets	<u>9,626,615</u>	<u>835,895</u>	<u>10,462,510</u>	<u>-</u>	<u>10,462,510</u>	<u>5,365,329</u>
Total liabilities and net assets	<u>\$ 10,689,315</u>	<u>\$ 1,020,741</u>	<u>\$ 11,710,056</u>	<u>\$ (241,847)</u>	<u>\$ 11,468,209</u>	<u>\$ 5,754,269</u>

FREE PRESS AND FREE ACTION FUND

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2021)

	2022						2021			
	Without Donor Restrictions			With Donor Restrictions			2022 Total	Without Donor Restrictions	With Donor Restrictions	2021 Total
	Free Press	Free Press Action Fund	Total	Free Press	Free Press Action Fund	Total				
Support and revenue										
Contributions										
Membership	\$ -	\$ 99,159	\$ 99,159	\$ -	\$ -	\$ -	\$ 99,159	\$ 137,415	\$ -	\$ 137,415
Other	2,623,720	585,792	3,209,512	7,440,000	100,000	7,540,000	10,749,512	2,502,400	1,069,500	3,571,900
Investment income	34,530	3,492	38,022	-	-	-	38,022	8,980	-	8,980
Other income	59,255	-	59,255	-	-	-	59,255	93,970	-	93,970
Net assets released from restrictions	<u>2,591,482</u>	<u>130,000</u>	<u>2,721,482</u>	<u>(2,591,482)</u>	<u>(130,000)</u>	<u>(2,721,482)</u>	<u>-</u>	<u>1,965,475</u>	<u>(1,965,475)</u>	<u>-</u>
Total support and revenue	<u>5,308,987</u>	<u>818,443</u>	<u>6,127,430</u>	<u>4,848,518</u>	<u>(30,000)</u>	<u>4,818,518</u>	<u>10,945,948</u>	<u>4,708,240</u>	<u>(895,975)</u>	<u>3,812,265</u>
Expenses										
Program services	4,558,200	422,484	4,980,684	-	-	-	4,980,684	4,437,142	-	4,437,142
Management and general	198,230	70,322	268,552	-	-	-	268,552	258,378	-	258,378
Fund raising	<u>499,188</u>	<u>100,343</u>	<u>599,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,531</u>	<u>591,214</u>	<u>-</u>	<u>591,214</u>
Total expenses	<u>5,255,618</u>	<u>593,149</u>	<u>5,848,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,848,767</u>	<u>5,286,734</u>	<u>-</u>	<u>5,286,734</u>
Change in net assets	53,369	225,294	278,663	4,848,518	(30,000)	4,818,518	5,097,181	(578,494)	(895,975)	(1,474,469)
Net assets										
Beginning of year	<u>3,271,728</u>	<u>595,601</u>	<u>3,992,329</u>	<u>1,453,000</u>	<u>45,000</u>	<u>1,373,000</u>	<u>5,365,329</u>	<u>4,445,823</u>	<u>2,393,975</u>	<u>6,839,798</u>
End of year	<u>\$ 3,325,097</u>	<u>\$ 820,895</u>	<u>\$ 4,270,992</u>	<u>\$ 6,301,518</u>	<u>\$ 15,000</u>	<u>\$ 6,191,518</u>	<u>\$ 10,462,510</u>	<u>\$ 3,867,329</u>	<u>\$ 1,498,000</u>	<u>\$ 5,365,329</u>

Note: Contributions and program services expense have been eliminated in combination in the amount of \$-0- and \$125,000 in 2022 and 2021, respectively.

FREE PRESS AND FREE ACTION FUND

COMBINING STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2021)

	Program Services			Total Program Services	Management and General	Fund Raising	2022 Total	2021 Total
	Future of the Internet	Democracy and Digital Civil Rights	Future of Journalism					
Free Press								
Communications	\$ 48,426	\$ 49,432	\$ 71,022	\$ 168,880	\$ 6,685	\$ 21,302	\$ 196,867	\$ 167,046
Equipment and furnishings	9,099	9,171	12,409	30,679	1,315	3,554	35,548	7,820
Occupancy and operating	58,650	59,117	81,085	198,852	14,993	26,780	240,625	219,368
Professional services	4,569	4,605	6,230	15,404	17,692	6,344	39,440	46,566
Special projects	2,348	2,985	304,751	310,084	178	451	310,713	321,371
Staffing costs	1,083,247	1,165,333	1,556,145	3,804,725	157,136	440,132	4,401,993	3,793,078
Travel costs	2,578	4,774	22,224	29,576	231	625	30,432	6,866
	<u>\$ 1,208,917</u>	<u>\$ 1,295,417</u>	<u>\$ 2,053,866</u>	<u>\$ 4,558,200</u>	<u>\$ 198,230</u>	<u>\$ 499,188</u>	<u>\$ 5,255,618</u>	<u>\$ 4,562,115</u>
Free Press Action Fund								
Communications	\$ 10,092	\$ 8,343	\$ 6,556	\$ 24,991	\$ 3,848	\$ 8,818	\$ 37,657	\$ 38,475
Equipment and furnishings	795	657	516	1,968	299	433	2,700	1,352
Occupancy and operating	5,521	4,567	3,597	13,685	5,166	9,054	27,905	46,681
Professional services	462	382	301	1,145	9,953	4,677	15,775	15,120
Special projects	105	86	68	259	37	66	362	1,171
Staffing costs	149,702	141,966	88,443	380,111	50,971	77,216	508,298	721,318
Travel costs	131	108	86	325	48	79	452	502
	<u>\$ 166,808</u>	<u>\$ 156,109</u>	<u>\$ 99,567</u>	<u>\$ 422,484</u>	<u>\$ 70,322</u>	<u>\$ 100,343</u>	<u>\$ 593,149</u>	<u>\$ 824,619</u>
Combined totals								
Communications	\$ 58,518	\$ 57,775	\$ 77,578	\$ 193,871	\$ 10,533	\$ 30,120	\$ 234,524	\$ 205,521
Equipment and furnishings	9,894	9,828	12,925	32,647	1,614	3,987	38,248	9,172
Occupancy and operating	64,171	63,684	84,682	212,537	20,159	35,834	268,530	266,049
Professional services	5,031	4,987	6,531	16,549	27,645	11,021	55,215	61,686
Special projects	2,453	3,071	304,819	310,343	215	517	311,075	322,542
Staffing costs	1,232,949	1,307,299	1,644,588	4,184,836	208,107	517,348	4,910,291	4,514,396
Travel costs	2,709	4,882	22,310	29,901	279	704	30,884	7,368
	<u>\$ 1,375,725</u>	<u>\$ 1,451,526</u>	<u>\$ 2,153,433</u>	<u>\$ 4,980,684</u>	<u>\$ 268,552</u>	<u>\$ 599,531</u>	<u>\$ 5,848,767</u>	<u>\$ 5,386,734</u>

Note: Special projects expense has been reduced by \$0- and \$100,000 in combination in 2022 and 2021, respectively.

FREE PRESS AND FREE ACTION FUND

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2021)

	Free Press	Free Press Action Fund	Eliminations	2022 Total	2021 Total
Cash flows from operating activities					
Change in net assets	\$ 4,901,887	\$ 195,294	\$ -	\$ 5,097,181	\$ (1,474,469)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities					
Depreciation	5,126	-	-	5,126	5,126
Change in measurement of operating lease	77,051	6,505	-	83,556	-
Unrealized loss (gain) on investments	(3,772)	-	-	(3,772)	898
Donated securities	(160,979)	-	-	(160,979)	(122,106)
Change in assets					
Contributions and accounts receivable	(3,934,356)	(50,000)	-	(3,984,356)	(142,384)
Due from affiliate	52,848	-	(52,848)	-	-
Prepaid expenses	(31,976)	(85)	-	(32,061)	5,430
Change in liabilities					
Due to affiliate	-	(52,848)	52,848	-	-
Accounts payable	42,058	-	-	42,058	(9,268)
Grant payable to affiliate	-	-	-	-	-
Accrued expenses	(107,085)	2,171	-	(104,914)	(12,385)
Net cash provided by (used for) operating activities	840,802	101,037	-	941,839	(1,749,158)
Cash flows from investing activities					
Proceeds from sale/maturity of investments	161,425	-	-	161,425	369,610
Purchases of investments	(1,093,374)	-	-	(1,093,374)	(130,844)
Net cash provided by (used for) investing activities	(931,949)	-	-	(931,949)	238,766
Net change in cash and cash equivalents	(91,147)	101,037	-	9,890	(1,510,392)
Cash and cash equivalents					
Beginning of year	1,581,472	696,786	-	2,278,258	3,788,650
End of year	\$ 1,490,325	\$ 797,823	\$ -	\$ 2,288,148	\$ 2,278,258