

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2018



FREE PRESS AND FREE PRESS ACTION FUND

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 2017

CONTENTS

	PAGE
Report of Independent Auditors	1
Combined Statements of Financial Position	3
Combined Statements of Activities	4
Combined Statements of Functional Expenses	5
Combined Statements of Cash Flows	6
Notes to Combined Financial Statements	7
Supplementary Information	
Combining Statement of Financial Position	15
Combining Statement of Activities	16
Combining Statement of Functional Expenses	17
Combining Statement of Cash Flows	18



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REPORT OF INDEPENDENT AUDITORS

Boards of Directors
Free Press and Free Press Action Fund

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, 2018 and 2017, 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.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Free Press and Free Press Action Fund as of December 31, 2018 and 2017, 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.

Supplementary 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 15 through 18 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 basic 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.

CaliberCPAGroup, PLLC

Bethesda, MD
April 18, 2019

FREE PRESS AND FREE PRESS ACTION FUND
COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

ASSETS	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 948,443	\$ 1,355,332
Investments	1,469,524	1,710,010
Contributions receivable	1,997,059	3,575,260
Accounts receivable	25,549	59,913
Prepaid expenses	87,735	55,513
Property and equipment, net	23,084	-
Security deposit	<u>21,428</u>	<u>20,290</u>
Total assets	<u>\$ 4,572,822</u>	<u>\$ 6,776,318</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 285,573	\$ 248,319
Accrued vacation	<u>148,768</u>	<u>120,409</u>
Total liabilities	<u>434,341</u>	<u>368,728</u>
NET ASSETS		
Without donor restrictions		
Undesignated	154,922	1,008,340
Board designated		
Operating reserve	<u>1,325,000</u>	<u>1,000,000</u>
Total without donor restrictions	1,479,922	2,008,340
With donor restrictions	<u>2,658,559</u>	<u>4,399,250</u>
Total net assets	<u>4,138,481</u>	<u>6,407,590</u>
Total liabilities and net assets	<u>\$ 4,572,822</u>	<u>\$ 6,776,318</u>

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2018 AND 2017

2018

	Program Services				Management and General	Fund Raising	Total
	Internet Freedom	Platform Accountability	Press Freedom	Total Program Services			
COMBINED TOTALS	\$ 72,719	\$ 18,193	\$ 36,792	\$ 127,704	\$ 2,192	\$ 12,742	\$ 142,638
Communications	9,477	5,892	6,431	21,800	3,928	1,726	27,454
Equipment and furnishings	188,444	62,000	150,018	400,462	16,436	75,955	492,853
Occupancy and operating	45,142	8,579	2,375	56,096	29,604	892	86,592
Professional services	31,649	9,062	26,032	66,743	514	1,037	68,294
Special projects	1,587,702	614,872	1,257,041	3,459,615	111,281	405,999	3,976,895
Staffing costs	44,268	17,924	54,580	116,772	496	738	118,006
Travel costs	\$ 1,979,401	\$ 736,522	\$ 1,533,269	\$ 4,249,192	\$ 164,451	\$ 499,089	\$ 4,912,732

2017

	Program Services				Management and General	Fund Raising	Total
	Internet Freedom	Platform Accountability	Press Freedom	Total Program Services			
COMBINED TOTALS	\$ 44,525	\$ 11,945	\$ 37,227	\$ 93,697	\$ 2,015	\$ 20,163	\$ 115,875
Communications	9,794	3,745	8,637	22,176	739	3,545	26,460
Equipment and furnishings	160,131	59,970	142,013	362,114	17,923	91,241	471,278
Occupancy and operating	3,129	1,198	2,762	7,089	35,327	845	43,261
Professional services	17,635	9,488	19,251	46,374	51	246	46,671
Special projects	1,318,563	493,540	1,269,609	3,081,712	127,490	425,237	3,634,439
Staffing costs	47,960	18,016	66,700	132,676	702	3,069	136,447
Travel costs	\$ 1,601,737	\$ 597,902	\$ 1,546,199	\$ 3,745,838	\$ 184,247	\$ 544,346	\$ 4,474,431

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,269,109)	\$ 2,150,732
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	2,547	13,676
(Increase) decrease in		
Contributions and accounts receivable	1,612,565	(1,004,889)
Prepaid expenses	(32,222)	66,101
Security deposit	(1,138)	-
Increase (decrease) in		
Accounts payable and accrued expenses	37,254	(106,714)
Accrued vacation	28,359	38,716
Net cash provided by (used for) operating activities	<u>(621,744)</u>	<u>1,157,622</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(25,631)	-
Purchases of investments	(1,125,493)	(672,022)
Proceeds from sale/maturity of investments	1,365,979	1,850
Net cash provided by (used for) investing activities	<u>214,855</u>	<u>(670,172)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(406,889)	487,450
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,355,332</u>	<u>867,882</u>
End of year	<u>\$ 948,443</u>	<u>\$ 1,355,332</u>

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2018 AND 2017

NOTE 1. ORGANIZATIONS AND NATURE OF OPERATION

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 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Organization is required to report information regarding its 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 (CONTINUED)

Tax Exempt Status - Free Press is exempt from Federal income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code 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 Internal Revenue Code and is similarly exempt from state income taxes under Massachusetts law; 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 Accounting Standards Codification (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, 2018 and 2017, 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. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remains open with the U.S. federal jurisdiction and the state of Massachusetts. It is the Organizations' policy to recognize interest and/or penalties related to uncertain tax positions, if any, in unrelated business income tax expense.

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

Investments - Investments consist of amounts held in certificates of deposits 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 value of the mutual fund is based on quoted market prices. Investment income includes interest, dividends, and changes in fair value. Investment income is reported in the statement 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 permanent.

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

Contributions - Donor-restricted contributions are generally reported as increases 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 statement of activities as net assets released from donor restrictions.

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.

Use of Estimates - The preparation of this 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement Adopted - During the year ended December 31, 2018, the Organizations adopted the provisions of Accounting Standards Update 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities* (the Update). The Update amends the reporting model for not-for-profit organizations and enhances required disclosures. The major changes include: requiring the presentation of only two classes of net assets - those with donor restrictions and those without donor restrictions; requiring all not-for-profits to present an analysis of expenses by both function and nature in a single location, generally as a separate financial statement or by disclosure in the notes, and to provide additional information about the methods used to allocate costs across functional reporting categories; requiring disclosure of both quantitative and qualitative information about liquidity and the availability of financial resources; requiring the presentation of investment return net of all external and direct internal expenses; and modifying the presentation of underwater endowment funds and related disclosures. Certain amounts previously reported for the year ended December 31, 2017 were reclassified to conform to the 2018 presentation.

NOTE 3. 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 its 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, 2018.

Total assets at end of year		\$4,572,822
Less nonfinancial assets		
Prepaid expenses and deposits	\$109,163	
Net property and equipment	<u>23,084</u>	<u>132,247</u>
Total financial assets at end of year		4,440,575
Less amounts unavailable for general expenditures within one year		
Restricted by donor with time or purpose restrictions		<u>2,658,559</u>
Total financial assets available for general expenditures within one year		<u><u>\$1,782,016</u></u>

NOTE 4. PROMISES TO GIVE

As of December 31, 2018 and 2017, contributions receivable are expected to be collected as follows.

	<u>2018</u>	<u>2017</u>
Due in less than one year	\$ 1,100,000	\$ 1,824,010
Due in 2 - 5 years	<u>915,000</u>	<u>1,800,000</u>
	2,015,000	3,624,010
Less discount to net present value	<u>(17,941)</u>	<u>(48,750)</u>
	<u>\$ 1,997,059</u>	<u>\$ 3,575,260</u>

NOTE 5. INVESTMENTS

Investments consist of amounts held in bank certificates of deposit 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 money market mutual funds are reported at fair value based on quoted prices. There have been no changes in methodologies used at December 31, 2018 and 2017. Investment income reported in the combined statements of activities for the years ended December 31, 2018 and 2017 consists of interest of \$27,249 and \$23,475, respectively.

NOTE 6. 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, 2018 and 2017 are described below:

Level 1 – Quoted prices in active markets for identical investments.

Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including the Organizations' own assumptions in determining the fair value of investments).

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.

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

	2018			
	Total Investments	Quoted Price Market for Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 526,200	\$ -	526,200	\$ -
Money market mutual fund	<u>943,324</u>	<u>943,324</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,469,524</u>	<u>\$ 943,324</u>	<u>\$ 526,200</u>	<u>\$ -</u>
	2017			
	Total Investments	Quoted Price Market for Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	<u>\$ 1,710,010</u>	<u>\$ -</u>	<u>\$ 1,710,010</u>	<u>\$ -</u>

NOTE 7. PROPERTY AND EQUIPMENT

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

	2018	2017
Office furniture and equipment	\$ 56,377	\$ 30,746
Leasehold improvements	<u>229,146</u>	<u>229,146</u>
	285,523	259,892
Less: accumulated depreciation	<u>(262,439)</u>	<u>(259,892)</u>
	<u>\$ 23,084</u>	<u>\$ -</u>

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with temporary donor restrictions as of December 31, 2018 and 2017 were subject to restriction as follows:

	<u>2018</u>	<u>2017</u>
Time-restricted	\$ 1,997,059	\$ 3,576,250
Internet	7,500	9,000
News Voices Program	339,000	389,000
C. Edwin Baker Fellowship Program	300,000	300,000
Stop Sinclair Broadcast Group - Tribune Media Merge	-	125,000
Surveillance Program	<u>15,000</u>	<u>-</u>
	<u>\$ 2,658,559</u>	<u>\$ 4,399,250</u>

Net assets released from restriction during 2018 of \$3,131,800 resulted from the expiration of time restrictions in the amount of \$1,825,000 and the satisfaction of purpose restrictions in the amount of \$1,306,800. Net assets released from restriction during 2017 of \$1,787,265 resulted from the expiration of time restrictions in the amount of \$725,000 and the satisfaction of purpose restrictions in the amount of \$1,062,265.

NOTE 9. BOARD-DESIGNATED NET ASSETS

During 2018, the Board increased the amount of designated net assets without donor restrictions. As of December 31, 2018 and 2017, \$1,325,000 and \$1,000,000, respectively, of net assets without donor restrictions were designated to serve as an operating reserve.

NOTE 10. RETIREMENT BENEFITS

The Organizations contribute to a Simplified Employee Pension (SEP) Individual Retirement Account (IRA) for employees who are eligible for coverage under the plan. 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, 2018 and 2017 was \$118,642 and \$90,945, respectively.

NOTE 11. LEASES

Free Press conducts its operations from facilities located in Florence, Massachusetts and Washington, D.C. The Florence lease expires on January 31, 2020. The Washington, D.C. lease, which commenced March 1, 2012 with an original expiration of February 28, 2019, was extended through July 31, 2026. In addition to the base minimum rent, Free Press is responsible for its pro-rata share of any increases in real estate taxes. Future minimum lease payments by fiscal year are due as follows:

2019	\$ 215,302
2020	167,985
2021	168,431
2022	175,168
2023	182,175
Thereafter	<u>504,468</u>
	<u>\$ 1,413,529</u>

Rent expense for the years ended December 31, 2018 and 2017 was \$185,281 and \$174,762, respectively.

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 up to \$250,000 per depositor. The Organizations had cash balances on deposit with the financial institutions at December 31, 2018 that exceeded the balances insured by the FDIC by approximately \$2,134,000. 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 2018, approximately 58% of total contributions were received from 7 donors, and amounts due from 3 donors comprised 99% of total contributions receivable as of December 31, 2018. During 2017 approximately 80% of total contributions were received from 11 donors, and amounts due from 4 donors comprised 98% of total contributions receivable as of December 31, 2017.

NOTE 13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 18, 2019, which is the date the combined financial statements were available to be issued. This review and evaluation of subsequent events revealed no new material events or transactions which would require an adjustment to or disclosure in the accompanying combined financial statements.

SUPPLEMENTARY INFORMATION

FREE PRESS AND FREE ACTION FUND
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2017)

	Free Press	Free Press Action Fund	Total	Eliminations	2018 Total	2017 Total
ASSETS						
Cash and cash equivalents	\$ 713,273	\$ 235,170	\$ 948,443	\$ -	\$ 948,443	\$ 1,355,332
Investments	1,447,993	21,531	1,469,524	-	1,469,524	1,710,010
Contributions receivable	1,997,059	-	1,997,059	-	1,997,059	3,575,260
Due from affiliate	191,859	-	191,859	(191,859)	-	-
Accounts receivable	446	25,103	25,549	-	25,549	59,913
Prepaid expenses	86,026	1,709	87,735	-	87,735	55,513
Affiliate advance	-	125,000	125,000	(125,000)	-	-
Property and equipment, net	23,084	-	23,084	-	23,084	-
Security deposit	21,428	-	21,428	-	21,428	20,290
Total assets	<u>\$ 4,481,168</u>	<u>\$ 408,513</u>	<u>\$ 4,889,681</u>	<u>\$ (316,859)</u>	<u>\$ 4,572,822</u>	<u>\$ 6,776,318</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable and accrued expenses	\$ 268,947	\$ 208,485	\$ 477,432	\$ (191,859)	\$ 285,573	\$ 248,319
Accrued vacation	148,768	-	148,768	-	148,768	120,409
Advance from affiliate	125,000	-	125,000	(125,000)	-	-
Total liabilities	<u>542,715</u>	<u>208,485</u>	<u>751,200</u>	<u>(316,859)</u>	<u>434,341</u>	<u>368,728</u>
NET ASSETS						
Without donor restrictions						
Undesignated	87,394	67,528	154,922	-	154,922	1,008,340
Board designated						
Operating reserve	1,200,000	125,000	1,325,000	-	1,325,000	1,000,000
Total without donor restrictions	1,287,394	192,528	1,479,922	-	1,479,922	2,008,340
With donor restrictions	2,651,059	7,500	2,658,559	-	2,658,559	4,399,250
Total net assets	<u>3,938,453</u>	<u>200,028</u>	<u>4,138,481</u>	<u>-</u>	<u>4,138,481</u>	<u>6,407,590</u>
Total liabilities and net assets	<u>\$ 4,481,168</u>	<u>\$ 408,513</u>	<u>\$ 4,889,681</u>	<u>\$ (316,859)</u>	<u>\$ 4,572,822</u>	<u>\$ 6,776,318</u>

FREE PRESS AND FREE ACTION FUND
COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017)

	2018				2017			
	Without Donor Restrictions		With Donor Restrictions		2018 Total	Without Donor Restrictions	With Donor Restrictions	2017 Total
	Free Press	Action Fund	Free Press	Action Fund				
SUPPORT AND REVENUE								
Contributions								
Membership	\$ -	\$ 327,255	\$ -	\$ -	\$ 327,255	\$ 577,927	\$ -	\$ 577,927
Press Freedom	-	-	-	50,000	50,000	-	75,000	75,000
Internet Freedom	-	-	-	95,000	95,000	-	160,000	160,000
Other	724,550	473,460	1,246,109	-	2,144,119	2,337,511	3,451,250	5,788,761
Investment income	25,158	2,091	27,249	-	27,249	23,475	-	23,475
Net assets released from restriction	2,985,300	146,500	(2,985,300)	(146,500)	-	1,787,265	(1,787,265)	-
Total support and revenue	3,735,008	949,306	(1,739,191)	(1,500)	2,643,623	4,726,178	1,898,985	6,625,163
EXPENSES								
Program services	3,672,474	876,718	-	-	4,249,192	3,745,838	-	3,745,838
Management and general	140,101	24,350	-	-	164,451	184,247	-	184,247
Fund raising	364,788	134,301	-	-	499,089	544,346	-	544,346
Total expenses	4,177,363	1,035,369	-	-	4,912,732	4,474,431	-	4,474,431
CHANGE IN NET ASSETS	(442,355)	(86,063)	(1,739,191)	(1,500)	(2,269,109)	251,747	1,898,985	2,150,732
NET ASSETS								
Beginning of year	1,729,749	278,591	2,008,340	9,000	6,407,590	1,756,593	2,500,265	4,256,858
End of year	\$ 1,287,394	\$ 192,528	\$ 1,479,922	\$ 7,500	\$ 4,138,481	\$ 2,008,340	\$ 4,399,250	\$ 6,407,590

NOTE: 2018 unrestricted contributions and program services expenses in the amount of \$300,000 each have been eliminated in combination.

FREE PRESS AND FREE ACTION FUND

COMBINING STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017)

	Program Services				Management and General	Fund Raising	2018 Total	2017 Total
	Internet Freedom	Platform Accountability	Press Freedom	Total Program Services				
FREE PRESS								
Communications	\$ 34,089	\$ 13,351	\$ 18,254	\$ 65,694	\$ 1,986	\$ 7,650	\$ 75,330	\$ 62,603
Equipment and furnishings	4,647	1,706	3,610	9,963	3,882	1,286	15,131	20,427
Occupancy and operating	140,015	50,110	126,225	316,350	12,809	45,310	374,469	344,170
Professional services	44,426	6,894	1,957	53,277	19,360	679	73,316	24,218
Special projects	195,287	8,993	155,900	360,180	506	962	361,648	32,820
Staffing costs	1,247,193	524,950	980,151	2,752,294	101,080	308,336	3,161,710	2,682,009
Travel costs	43,557	17,705	53,454	114,716	478	565	115,759	112,090
	<u>\$ 1,709,214</u>	<u>\$ 623,709</u>	<u>\$ 1,339,551</u>	<u>\$ 3,672,474</u>	<u>\$ 140,101</u>	<u>\$ 364,788</u>	<u>\$ 4,177,363</u>	<u>\$ 3,278,337</u>
FREE PRESS ACTION FUND								
Communications	\$ 38,630	\$ 4,842	\$ 18,538	\$ 62,010	\$ 206	\$ 5,092	\$ 67,308	\$ 53,272
Equipment and furnishings	4,830	4,186	2,821	11,837	46	440	12,323	6,033
Occupancy and operating	48,429	11,890	23,793	84,112	3,627	30,645	118,384	127,108
Professional services	716	1,685	418	2,819	10,244	213	13,276	19,043
Special projects	6,362	69	132	6,563	8	75	6,646	13,851
Staffing costs	340,509	89,922	276,890	707,321	10,201	97,663	815,185	952,430
Travel costs	711	219	1,126	2,056	18	173	2,247	24,357
	<u>\$ 440,187</u>	<u>\$ 112,813</u>	<u>\$ 323,718</u>	<u>\$ 876,718</u>	<u>\$ 24,350</u>	<u>\$ 134,301</u>	<u>\$ 1,035,369</u>	<u>\$ 1,196,094</u>
COMBINED TOTALS								
Communications	\$ 72,719	\$ 18,193	\$ 36,792	\$ 127,704	\$ 2,192	\$ 12,742	\$ 142,638	\$ 115,875
Equipment and furnishings	9,477	5,892	6,431	21,800	3,928	1,726	27,454	26,460
Occupancy and operating	188,444	62,000	150,018	400,462	16,436	75,955	492,853	471,278
Professional services	45,142	8,579	2,375	56,096	29,604	892	86,592	43,261
Special projects	31,649	9,062	26,032	66,743	514	1,037	68,294	46,671
Staffing costs	1,587,702	614,872	1,257,041	3,459,615	111,281	405,999	3,976,895	3,634,439
Travel costs	44,268	17,924	54,580	116,772	496	738	118,006	136,447
	<u>\$ 1,979,401</u>	<u>\$ 736,522</u>	<u>\$ 1,533,269</u>	<u>\$ 4,249,192</u>	<u>\$ 164,451</u>	<u>\$ 499,089</u>	<u>\$ 4,912,732</u>	<u>\$ 4,474,431</u>

NOTE: 2018 special projects expense has been reduced by \$300,000 in combination.

FREE PRESS AND FREE ACTION FUND

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2017)

	Free Press	Free Press Action Fund	Eliminations	2018 Total	2017 Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ (2,181,546)	\$ (87,563)	\$ -	\$ (2,269,109)	\$ 2,150,732
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities					
Depreciation	2,547	-	-	2,547	13,676
(Increase) decrease in					
Contributions and accounts receivable	1,568,755	43,810	-	1,612,565	(1,004,889)
Due from affiliate	118,292	-	(118,292)	-	-
Prepaid expenses	(31,933)	(289)	-	(32,222)	66,101
Affiliate advance	-	(30,000)	30,000	-	-
Security deposit	(1,138)	-	-	(1,138)	-
Increase (decrease) in					
Accounts payable and accrued expenses	55,572	(136,610)	118,292	37,254	(106,714)
Accrued vacation	28,359	-	-	28,359	38,716
Advance from affiliate	30,000	-	(30,000)	-	-
Net cash provided by (used for) operating activities	<u>(411,092)</u>	<u>(210,652)</u>	<u>-</u>	<u>(621,744)</u>	<u>1,157,622</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property and equipment	(25,631)	-	-	(25,631)	-
Purchases of investments	(1,122,569)	(2,924)	-	(1,125,493)	(672,022)
Proceeds from sale/maturity of investments	1,062,082	303,897	-	1,365,979	1,850
Net cash provided by (used for) investing activities	<u>(86,118)</u>	<u>300,973</u>	<u>-</u>	<u>214,855</u>	<u>(670,172)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(497,210)	90,321	-	(406,889)	487,450
CASH AND CASH EQUIVALENTS					
Beginning of year	<u>1,210,483</u>	<u>144,849</u>	<u>-</u>	<u>1,355,332</u>	<u>867,882</u>
End of year	<u>\$ 713,273</u>	<u>\$ 235,170</u>	<u>\$ -</u>	<u>\$ 948,443</u>	<u>\$ 1,355,332</u>