

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2020



FREE PRESS AND FREE PRESS ACTION FUND

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

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	16
Combining Statement of Activities	17
Combining Statement of Functional Expenses	18
Combining Statement of Cash Flows	19



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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, 2020 and 2019, 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, 2020 and 2019, 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 16 through 19 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.

Calibre CPA Group, PLLC

Bethesda, MD
March 18, 2021

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

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 3,788,650	\$ 705,009
Investments	2,412,939	2,606,641
Contributions receivable	925,000	1,235,000
Accounts receivable	28,084	15,105
Prepaid expenses	70,004	59,806
Property and equipment, net	12,833	17,959
Security deposit	12,881	12,881
Total assets	\$ 7,250,391	\$ 4,652,401
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 188,492	\$ 208,043
Accrued vacation	222,101	169,579
Total liabilities	410,593	377,622
NET ASSETS		
Without donor restrictions		
Undesignated	1,795,823	422,279
Board designated - Operating reserve	1,650,000	1,325,000
Board designated - Program reserve	1,000,000	-
Total without donor restrictions	4,445,823	1,747,279
With donor restrictions	2,393,975	2,527,500
Total net assets	6,839,798	4,274,779
Total liabilities and net assets	\$ 7,250,391	\$ 4,652,401

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions						
Membership	\$ 177,692	\$ -	\$ 177,692	\$ 246,686	\$ -	\$ 246,686
Other	4,480,575	2,432,000	6,912,575	2,926,455	1,876,000	4,802,455
Investment income	19,482	-	19,482	32,662	-	32,662
Other income	38,515	-	38,515	32,329	-	32,329
Net assets released from restrictions	2,565,525	(2,565,525)	-	2,007,059	(2,007,059)	-
Total support and revenue	<u>7,281,789</u>	<u>(133,525)</u>	<u>7,148,264</u>	<u>5,245,191</u>	<u>(131,059)</u>	<u>5,114,132</u>
EXPENSES						
Program services	3,737,659	-	3,737,659	4,188,063	-	4,188,063
Management and general	223,112	-	223,112	196,535	-	196,535
Fund raising	622,474	-	622,474	593,236	-	593,236
Total expenses	<u>4,583,245</u>	<u>-</u>	<u>4,583,245</u>	<u>4,977,834</u>	<u>-</u>	<u>4,977,834</u>
CHANGE IN NET ASSETS	2,698,544	(133,525)	2,565,019	267,357	(131,059)	136,298
NET ASSETS						
Beginning of year	<u>1,747,279</u>	<u>2,527,500</u>	<u>4,274,779</u>	<u>1,479,922</u>	<u>2,658,559</u>	<u>4,138,481</u>
End of year	<u>\$ 4,445,823</u>	<u>\$ 2,393,975</u>	<u>\$ 6,839,798</u>	<u>\$ 1,747,279</u>	<u>\$ 2,527,500</u>	<u>\$ 4,274,779</u>

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020						
	Program Services				Management and General	Fund Raising	Total
	Internet Freedom	Platform Accountability	Press Freedom	Total Program Services			
COMBINED TOTALS							
Communications	\$ 54,322	\$ 56,567	\$ 16,176	\$ 127,065	\$ 3,408	\$ 24,786	\$ 155,259
Equipment and furnishings	-	-	-	-	(210)	-	(210)
Occupancy and operating	89,867	76,990	72,668	239,525	22,350	51,429	313,304
Professional services	4,353	3,736	2,961	11,050	26,006	1,574	38,630
Special projects	3,263	3,263	3,403	9,929	309	495	10,733
Staffing costs	1,295,070	1,134,433	909,129	3,338,632	170,939	543,361	4,052,932
Travel costs	1,956	3,739	5,763	11,458	310	829	12,597
	<u>\$ 1,448,831</u>	<u>\$ 1,278,728</u>	<u>\$ 1,010,100</u>	<u>\$ 3,737,659</u>	<u>\$ 223,112</u>	<u>\$ 622,474</u>	<u>\$ 4,583,245</u>
	2019						
	Program Services				Management and General	Fund Raising	Total
	Internet Freedom	Platform Accountability	Press Freedom	Total Program Services			
COMBINED TOTALS							
Communications	\$ 33,799	\$ 22,612	\$ 9,863	\$ 66,274	\$ 1,762	\$ 20,561	\$ 88,597
Equipment and furnishings	2,846	3,846	1,569	8,261	99	318	8,678
Occupancy and operating	150,712	96,291	83,886	330,889	20,615	64,578	416,082
Professional services	59,959	19,169	3,592	82,720	32,407	2,184	117,311
Special projects	31,285	24,001	36,672	91,958	325	421	92,704
Staffing costs	1,590,090	1,108,624	810,563	3,509,277	138,273	504,180	4,151,730
Travel costs	31,680	20,788	46,216	98,684	3,054	994	102,732
	<u>\$ 1,900,371</u>	<u>\$ 1,295,331</u>	<u>\$ 992,361</u>	<u>\$ 4,188,063</u>	<u>\$ 196,535</u>	<u>\$ 593,236</u>	<u>\$ 4,977,834</u>

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,565,019	\$ 136,298
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	5,126	5,125
Unrealized gain	(491)	-
Gain on sale of property and equipment	-	(13,500)
Donated securities	(18,676)	(14,902)
Changes in assets		
Contributions and accounts receivable	47,021	772,503
Prepaid expenses	(10,198)	27,929
Security deposit	-	8,547
Changes in liabilities		
Accounts payable and accrued expenses	230,449	(77,530)
Accrued vacation	52,522	20,811
Net cash provided by operating activities	2,870,772	865,281
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	13,500
Proceeds from sale/maturity of investments	962,000	2,758,667
Purchase of investments	(749,131)	(3,881,885)
Net cash provided by (used for) investing activities	212,869	(1,109,718)
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,083,641	(244,437)
CASH AND CASH EQUIVALENTS		
Beginning of year	705,009	949,446
End of year	\$ 3,788,650	\$ 705,009

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1. THE 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.

Programs include promoting an affordable, fast internet for every American, fighting media consolidation and promoting a more diverse and local media, and promoting public broadcasting, as well as reforming the media through education and advocacy.

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 (FASB) 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. However, income from activities not directly related to the 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, 2020 and 2019, 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. As of December 31, 2020, the statute of limitations for tax years 2017 through 2019 remains open with the U.S. federal jurisdiction and the state of Massachusetts.

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, 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.

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 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.

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 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, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Financial assets at end of year		
Cash and cash equivalents	\$ 3,788,650	\$ 705,009
Investments	2,412,939	2,606,641
Contributions receivable	925,000	1,235,000
Accounts receivable	<u>28,084</u>	<u>15,105</u>
	7,154,673	4,561,755
Less amounts unavailable for general expenditures within one year		
Board designated - Operating reserve	(1,650,000)	(1,325,000)
Board designated - Program reserve	(1,000,000)	-
Restricted by donors for specific purposes	(1,843,975)	(1,292,500)
Restricted by donors for general support in more than one year	<u>(250,000)</u>	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 2,410,698</u>	<u>\$ 1,944,255</u>

NOTE 4. PROMISES TO GIVE

As of December 31, 2020 and 2019, contributions receivable are expected to be collected as follows.

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$ 425,000	\$ 1,235,000
Due in 1 - 5 years	<u>500,000</u>	<u>-</u>
	<u>\$ 925,000</u>	<u>\$ 1,235,000</u>

NOTE 5. 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, 2020 and 2019. Investment income reported in the combined statements of activities for the years ended December 31, 2020 and 2019 consists of interest of \$18,991 and \$32,662, respectively, and net appreciation of \$491 and \$-0-, 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, 2020 and 2019 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. Fair values of investments were based on the following inputs as of December 31.

	2020			
	Total Investments	Quoted Price Market for Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 361,595	\$ -	\$ 361,595	\$ -
Equity mutual fund	14,086	14,086	-	-
Money market mutual fund	<u>2,037,258</u>	<u>2,037,258</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,412,939</u>	<u>\$ 2,051,344</u>	<u>\$ 361,595</u>	<u>\$ -</u>

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

	2019			
	<u>Total</u>	<u>Quoted Price</u>	<u>Other</u>	<u>Significant</u>
	<u>Investments</u>	<u>Market for</u>	<u>Observable</u>	<u>Unobservable</u>
		<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Certificates of deposit	\$ 227,927	\$ -	\$ 227,927	\$ -
Money market mutual fund	<u>2,378,714</u>	<u>2,378,714</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,606,641</u>	<u>\$ 2,378,714</u>	<u>\$ 227,927</u>	<u>\$ -</u>

NOTE 7. PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Office furniture and equipment	\$ 25,631	\$ 25,631
Less accumulated depreciation	<u>(12,798)</u>	<u>(7,672)</u>
	<u>\$ 12,833</u>	<u>\$ 17,959</u>

NOTE 8. PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization received a loan in the amount of \$501,315 under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans and accrued interest are forgivable after a covered period (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, primarily payroll, benefits, rent and utilities. Any unforgiven portion of a PPP loan is payable over two to five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. Management of the Organization believes it used the loan proceeds for purposes consistent with the PPP requirements and applied for forgiveness within 10 months of the end of the covered period.

The Organization initially recorded the note payable as a refundable advance and subsequently recognized contribution income related to the debt forgiveness when the loan obligation was legally released in November 2020. The amount of contribution income recognized during the year ended December 31, 2020 was \$501,315.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with temporary donor restrictions as of December 31, 2020 and 2019 were subject to restriction as follows:

	<u>2020</u>	<u>2019</u>
Time-restricted for general support	\$ 550,000	\$ 1,235,000
News Voices Program	1,303,975	992,500
Change the Terms Program	115,000	-
Platform Accountability Program	125,000	-
C. Edwin Baker Fellowship Program	<u>300,000</u>	<u>300,000</u>
	<u>\$ 2,393,975</u>	<u>\$ 2,527,500</u>

Net assets released from restrictions during 2020 of \$2,565,525 resulted from the expiration of time restrictions in the amount of \$1,235,000 and the satisfaction of purpose restrictions in the amount of \$1,330,525. Net assets released from restrictions during 2019 of \$2,007,059 resulted from the expiration of time restrictions in the amount of \$1,297,059 and the satisfaction of purpose restrictions in the amount of \$710,000.

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, 2020 and 2019 was \$136,074 and \$133,694, respectively.

NOTE 11. LEASES

Free Press conducts its operations from a facility located in Washington, D.C. as well as a significant portion of the employees working remotely. 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 2020, the Organization requested that the rent increase due to take place in September be deferred for one year due to the Coronavirus pandemic. The deferred amount will be applied to the last year of the lease. In addition to the base minimum rent, Free Press is responsible for its pro-rata share of any increases in real estate taxes.

NOTE 11. LEASES (CONTINUED)

Future minimum lease payments by fiscal year are due as follows:

2021	\$	164,169
2022		175,168
2023		182,175
2024		189,462
2025		199,365
Thereafter		122,033
	\$	<u>1,032,372</u>

Rent expense for the years ended December 31, 2020 and 2019 was \$149,978 and \$191,083, 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, 2020 that exceeded the balances insured by the FDIC by approximately \$3,102,000. 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 2020, approximately 70% of total contributions were received from seven donors, and amounts due from two donors comprised 89% of total contributions receivable as of December 31, 2020. During 2019, approximately 78% of total contributions were received from eight donors, and amounts due from four donors comprised 99% of total contributions receivable as of December 31, 2019.

NOTE 13. SIGNIFICANT UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The extent of the impact of the pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's donors, employees, and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Organization's financial position, changes in net assets, and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

NOTE 14. SUBSEQUENT EVENTS

All subsequent events have been evaluated through March 18, 2021, 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.

SUPPLEMENTARY INFORMATION

FREE PRESS AND FREE ACTION FUND
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)

ASSETS	Free Press	Free Press Action Fund	Total	Eliminations	2020 Total	2019 Total
ASSETS						
Cash and cash equivalents	\$ 3,304,716	\$ 483,934	\$ 3,788,650	\$ -	\$ 3,788,650	\$ 705,009
Investments	2,391,790	21,149	2,412,939	-	2,412,939	2,606,641
Contributions receivable	925,000	125,000	1,050,000	(125,000)	925,000	1,235,000
Due from affiliate	124,842	-	124,842	(124,842)	-	-
Accounts receivable	28,084	-	28,084	-	28,084	15,105
Prepaid expenses	68,266	1,738	70,004	-	70,004	59,806
Affiliate advance	-	125,000	125,000	(125,000)	-	-
Property and equipment, net	12,833	-	12,833	-	12,833	17,959
Security deposit	12,881	-	12,881	-	12,881	12,881
Total assets	<u>\$ 6,868,412</u>	<u>\$ 756,821</u>	<u>\$ 7,625,233</u>	<u>\$ (374,842)</u>	<u>\$ 7,250,391</u>	<u>\$ 4,652,401</u>
LIABILITIES AND NET ASSETS						
LIABILITIES						
Accounts payable and accrued expenses	\$ 299,012	\$ 139,322	\$ 438,334	\$ (249,842)	\$ 188,492	\$ 208,043
Accrued vacation	222,101	-	222,101	-	222,101	169,579
Advance from affiliate	125,000	-	125,000	(125,000)	-	-
Total liabilities	<u>646,113</u>	<u>139,322</u>	<u>785,435</u>	<u>(374,842)</u>	<u>410,593</u>	<u>377,622</u>
NET ASSETS						
Without donor restrictions						
Undesignated	1,503,324	167,499	1,670,823	-	1,670,823	422,279
Board designated - Operating reserve	1,500,000	150,000	1,650,000	-	1,650,000	1,325,000
Board designated - Program reserve	1,000,000	-	1,000,000	-	1,000,000	-
Total without donor restrictions	<u>4,003,324</u>	<u>317,499</u>	<u>4,320,823</u>	<u>-</u>	<u>4,320,823</u>	<u>1,747,279</u>
With donor restrictions	<u>2,218,975</u>	<u>300,000</u>	<u>2,518,975</u>	<u>-</u>	<u>2,518,975</u>	<u>2,527,500</u>
Total net assets	<u>6,222,299</u>	<u>617,499</u>	<u>6,839,798</u>	<u>-</u>	<u>6,839,798</u>	<u>4,274,779</u>
Total liabilities and net assets	<u>\$ 6,868,412</u>	<u>\$ 756,821</u>	<u>\$ 7,625,233</u>	<u>\$ (374,842)</u>	<u>\$ 7,250,391</u>	<u>\$ 4,652,401</u>

FREE PRESS AND FREE ACTION FUND
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)

	2020						2019			
	Without Donor Restrictions			With Donor Restrictions			2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
	Free Press	Free Press Action Fund	Total	Free Press	Free Press Action Fund	Total				
SUPPORT AND REVENUE										
Contributions										
Membership	\$ -	\$ 177,692	\$ 177,692	\$ -	\$ -	\$ -	\$ 177,692	\$ 246,686	\$ -	\$ 246,686
Other	4,465,716	14,859	4,480,575	1,805,000	752,000	2,432,000	6,912,575	2,926,455	1,876,000	4,802,455
Investment income	16,872	2,610	19,482	-	-	-	19,482	32,662	-	32,662
Other income	38,515	-	38,515	-	-	-	38,515	32,329	-	32,329
Net assets released from restriction	<u>2,113,525</u>	<u>452,000</u>	<u>2,565,525</u>	<u>(2,113,525)</u>	<u>(452,000)</u>	<u>(2,565,525)</u>	<u>-</u>	<u>2,007,059</u>	<u>(2,007,059)</u>	<u>-</u>
Total support and revenue	<u>6,634,628</u>	<u>647,161</u>	<u>7,281,789</u>	<u>(308,525)</u>	<u>300,000</u>	<u>(133,525)</u>	<u>7,148,264</u>	<u>5,245,191</u>	<u>(131,059)</u>	<u>5,114,132</u>
EXPENSES										
Program services	3,504,986	357,673	3,737,659	-	-	-	3,737,659	4,188,063	-	4,188,063
Management and general	192,909	30,203	223,112	-	-	-	223,112	196,535	-	196,535
Fund raising	463,244	159,230	622,474	-	-	-	622,474	593,236	-	593,236
Total expenses	<u>4,161,139</u>	<u>547,106</u>	<u>4,583,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,583,245</u>	<u>4,977,834</u>	<u>-</u>	<u>4,977,834</u>
CHANGE IN NET ASSETS	2,473,489	100,055	2,698,544	(308,525)	300,000	(133,525)	2,565,019	267,357	(131,059)	136,298
NET ASSETS										
Beginning of year	<u>1,529,835</u>	<u>217,444</u>	<u>1,747,279</u>	<u>2,527,500</u>	<u>-</u>	<u>2,527,500</u>	<u>4,274,779</u>	<u>1,479,922</u>	<u>2,658,559</u>	<u>4,138,481</u>
End of year	<u>\$ 4,003,324</u>	<u>\$ 317,499</u>	<u>\$ 4,445,823</u>	<u>\$ 2,218,975</u>	<u>\$ 300,000</u>	<u>\$ 2,393,975</u>	<u>\$ 6,839,798</u>	<u>\$ 1,747,279</u>	<u>\$ 2,527,500</u>	<u>\$ 4,274,779</u>

Note: Contributions and program services expense have been eliminated in combination in the amount of \$125,000 each in 2020.

FREE PRESS AND FREE ACTION FUND
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)

	Program Services				Management and General	Fund Raising	2020 Total	2019 Total
	Internet Freedom	Platform Accountability	Press Freedom	Total Program Services				
FREE PRESS								
Communications	\$ 45,689	\$ 53,179	\$ 15,462	\$ 114,330	\$ 3,072	\$ 10,408	\$ 127,810	\$ 75,836
Equipment and furnishings	-	-	-	-	(210)	-	(210)	2,378
Occupancy and operating	78,089	68,560	71,220	217,869	17,582	34,149	269,600	352,603
Professional services	3,861	3,390	2,888	10,139	16,754	1,270	28,163	104,887
Special projects	50,628	44,418	39,633	134,679	296	403	135,378	241,398
Staffing costs	1,130,437	1,019,737	866,632	3,016,806	155,136	416,274	3,588,216	3,676,440
Travel costs	1,797	3,627	5,739	11,163	279	740	12,182	102,179
	<u>\$ 1,310,501</u>	<u>\$ 1,192,911</u>	<u>\$ 1,001,574</u>	<u>\$ 3,504,986</u>	<u>\$ 192,909</u>	<u>\$ 463,244</u>	<u>\$ 4,161,139</u>	<u>\$ 4,555,721</u>
FREE PRESS ACTION FUND								
Communications	\$ 8,633	\$ 3,388	\$ 714	\$ 12,735	\$ 336	\$ 14,378	\$ 27,449	\$ 16,760
Equipment and furnishings	-	-	-	-	-	-	-	415
Occupancy and operating	11,778	8,430	1,448	21,656	4,768	17,280	43,704	65,365
Professional services	492	346	73	911	9,252	304	10,467	12,424
Special projects	135	95	20	250	13	92	355	1,306
Staffing costs	164,633	114,696	42,497	321,826	15,803	127,087	464,716	475,290
Travel costs	159	112	24	295	31	89	415	553
	<u>\$ 185,830</u>	<u>\$ 127,067</u>	<u>\$ 44,776</u>	<u>\$ 357,673</u>	<u>\$ 30,203</u>	<u>\$ 159,230</u>	<u>\$ 547,106</u>	<u>\$ 572,113</u>
COMBINED TOTALS								
Communications	\$ 54,322	\$ 56,567	\$ 16,176	\$ 127,065	\$ 3,408	\$ 24,786	\$ 155,259	\$ 92,596
Equipment and furnishings	-	-	-	-	(210)	-	(210)	2,793
Occupancy and operating	89,867	76,990	72,668	239,525	22,350	51,429	313,304	417,968
Professional services	4,353	3,736	2,961	11,050	26,006	1,574	38,630	117,311
Special projects	3,263	3,263	3,403	9,929	309	495	10,733	92,704
Staffing costs	1,295,070	1,134,433	909,129	3,338,632	170,939	543,361	4,052,932	4,151,730
Travel costs	1,956	3,739	5,763	11,458	310	829	12,597	102,732
	<u>\$ 1,448,831</u>	<u>\$ 1,278,728</u>	<u>\$ 1,010,100</u>	<u>\$ 3,737,659</u>	<u>\$ 223,112</u>	<u>\$ 622,474</u>	<u>\$ 4,583,245</u>	<u>\$ 4,977,834</u>

Note: Special projects expense has been reduced by \$125,000 and \$150,000 in combination in 2020 and 2019, respectively.

FREE PRESS AND FREE ACTION FUND
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)

	<u>Free Press</u>	<u>Free Press Action Fund</u>	<u>Eliminations</u>	<u>2020 Total</u>	<u>2019 Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ 2,164,964	\$ 400,055	\$ -	\$ 2,565,019	\$ 136,298
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	5,126	-	-	5,126	5,125
Unrealized gain on investments	(491)	-	-	(491)	-
Gain on sale of property and equipment	-	-	-	-	(13,500)
Donated securities	(18,676)	-	-	(18,676)	(14,902)
(Increase) decrease in					
Contributions and accounts receivable	283,553	(111,532)	(125,000)	47,021	772,503
Due from affiliate	(11,519)	-	11,519	-	-
Prepaid expenses	(9,992)	(206)	-	(10,198)	27,929
Security deposit	-	-	-	-	8,547
Increase (decrease) in					
Accounts payable and accrued expenses	105,735	11,233	113,481	230,449	(77,530)
Accrued vacation	52,522	-	-	52,522	20,811
Net cash provided by operating activities	<u>2,571,222</u>	<u>299,550</u>	<u>-</u>	<u>2,870,772</u>	<u>865,281</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property and equipment	-	-	-	-	13,500
Proceeds from sale/maturity of investments	962,000	-	-	962,000	2,758,667
Purchases of investments	(748,818)	(313)	-	(749,131)	(3,881,885)
Net cash provided by (used for) investing activities	<u>213,182</u>	<u>(313)</u>	<u>-</u>	<u>212,869</u>	<u>(1,109,718)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,784,404	299,237	-	3,083,641	(244,437)
CASH AND CASH EQUIVALENTS					
Beginning of year	<u>520,312</u>	<u>184,697</u>	<u>-</u>	<u>705,009</u>	<u>949,446</u>
End of year	<u>\$ 3,304,716</u>	<u>\$ 483,934</u>	<u>\$ -</u>	<u>\$ 3,788,650</u>	<u>\$ 705,009</u>