



FREE PRESS AND FREE PRESS ACTION FUND

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2021





FREE PRESS AND FREE PRESS ACTION FUND

COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

CONTENTS

	PAGE
Independent Auditor's Report	1
Combined Statements of Financial Position	4
Combined Statements of Activities	5
Combined Statements of Functional Expenses	6
Combined Statements of Cash Flows	7
Notes to Combined Financial Statements	8
Supplementary Information	
Combining Statement of Financial Position	17
Combining Statement of Activities	18
Combining Statement of Functional Expenses	19
Combining Statement of Cash Flows	20





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, 2021 and 2020, 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, 2021 and 2020, 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 17 through 20 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.

CaliberCPAGroup, PLLC

Bethesda, MD
May 11, 2022



FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Assets		
Cash and cash equivalents	\$ 2,278,258	\$ 3,788,650
Investments	2,295,381	2,412,939
Contributions receivable	700,000	925,000
Accounts receivable	395,468	28,084
Prepaid expenses	64,574	70,004
Property and equipment, net	7,707	12,833
Security deposit	<u>12,881</u>	<u>12,881</u>
Total assets	<u>\$ 5,754,269</u>	<u>\$ 7,250,391</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 52,746	\$ 62,014
Accrued vacation	<u>336,194</u>	<u>348,579</u>
Total liabilities	<u>388,940</u>	<u>410,593</u>
Net assets		
Without donor restrictions		
Undesignated	1,217,329	1,795,823
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	3,867,329	4,445,823
With donor restrictions	<u>1,498,000</u>	<u>2,393,975</u>
Total net assets	<u>5,365,329</u>	<u>6,839,798</u>
Total liabilities and net assets	<u>\$ 5,754,269</u>	<u>\$ 7,250,391</u>

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Contributions						
Membership	\$ 137,415	\$ -	\$ 137,415	\$ 177,692	\$ -	\$ 177,692
Other	2,502,400	1,069,500	3,571,900	4,480,575	2,432,000	6,912,575
Investment income	8,980	-	8,980	19,482	-	19,482
Other income	93,970	-	93,970	38,515	-	38,515
Net assets released from restrictions	1,965,475	(1,965,475)	-	2,565,525	(2,565,525)	-
Total support and revenue	<u>4,708,240</u>	<u>(895,975)</u>	<u>3,812,265</u>	<u>7,281,789</u>	<u>(133,525)</u>	<u>7,148,264</u>
Expenses						
Program services	4,437,142	-	4,437,142	3,737,659	-	3,737,659
Management and general	258,378	-	258,378	223,112	-	223,112
Fund raising	591,214	-	591,214	622,474	-	622,474
Total expenses	<u>5,286,734</u>	<u>-</u>	<u>5,286,734</u>	<u>4,583,245</u>	<u>-</u>	<u>4,583,245</u>
Change in net assets	(578,494)	(895,975)	(1,474,469)	2,698,544	(133,525)	2,565,019
Net assets						
Beginning 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>
End 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>

See accompanying notes to combined financial statements.

FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021						
	Program Services						
	Internet Freedom	Platform Accountability	Press Freedom	Total Program Services	Management and General	Fund Raising	Total
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>
	2020						
	Program Services						
	Internet Freedom	Platform Accountability	Press Freedom	Total Program Services	Management and General	Fund Raising	Total
Combined totals							
Communications	\$ 53,587	\$ 56,192	\$ 27,739	\$ 137,518	\$ 3,408	\$ 24,786	\$ 165,712
Equipment and furnishings	-	-	-	-	(210)	-	(210)
Occupancy and operating	87,852	75,430	60,909	224,191	21,332	43,377	288,900
Professional services	4,353	3,736	2,961	11,050	27,024	9,626	47,700
Special projects	2,140	4,386	3,753	10,279	309	495	11,083
Staffing costs	1,297,820	1,136,368	908,975	3,343,163	170,939	543,361	4,057,463
Travel costs	1,956	3,739	5,763	11,458	310	829	12,597
	<u>\$ 1,447,708</u>	<u>\$ 1,279,851</u>	<u>\$ 1,010,100</u>	<u>\$ 3,737,659</u>	<u>\$ 223,112</u>	<u>\$ 622,474</u>	<u>\$ 4,583,245</u>

See accompanying notes to combined financial statements.



FREE PRESS AND FREE PRESS ACTION FUND

COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ (1,474,469)	\$ 2,565,019
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation	5,126	5,126
Unrealized loss (gain)	898	(491)
Donated securities	(122,106)	(18,676)
Changes in assets		
Contributions and accounts receivable	(142,384)	47,021
Prepaid expenses	5,430	(10,198)
Changes in liabilities		
Accounts payable	(9,268)	230,449
Accrued expenses	(12,385)	52,522
Net cash provided by (used for) operating activities	<u>(1,749,158)</u>	<u>2,870,772</u>
Cash flows from investing activities		
Proceeds from sale/maturity of investments	369,610	962,000
Purchase of investments	(130,844)	(749,131)
Net cash provided by investing activities	<u>238,766</u>	<u>212,869</u>
Net change in cash and cash equivalents	(1,510,392)	3,083,641
Cash and cash equivalents		
Beginning of year	<u>3,788,650</u>	<u>705,009</u>
End of year	<u>\$ 2,278,258</u>	<u>\$ 3,788,650</u>

See accompanying notes to combined financial statements.



FREE PRESS AND FREE PRESS ACTION FUND

NOTES TO COMBINED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

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

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 (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 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, 2021 and 2020, 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, 2021, the statute of limitations for tax years 2018 through 2020 remains open with the U.S. federal jurisdiction and the state of Massachusetts.

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.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 on the next page represents the Organizations' combined financial assets available to meet cash needs for general expenditures within one year of December 31, 2021 and 2020.

	2021	2020
Financial assets at end of year		
Cash and cash equivalents	\$ 2,278,258	\$ 3,788,650
Investments	2,295,381	2,412,939
Contributions receivable	700,000	925,000
Accounts receivable	395,468	28,084
	<u>5,669,107</u>	<u>7,154,673</u>
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	(1,098,000)	(1,843,975)
Restricted by donors for general support in more than one year	<u>-</u>	<u>(250,000)</u>
Financial assets available for general expenditures within one year	<u>\$ 1,921,107</u>	<u>\$ 2,410,698</u>

NOTE 4. PROMISES TO GIVE

Contributions receivable at year-end are expected to be collected as follows.

	<u>2021</u>	<u>2020</u>
Due in less than one year	\$ 700,000	\$ 425,000
Due in 1 - 5 years	<u>-</u>	<u>500,000</u>
	<u>\$ 700,000</u>	<u>\$ 925,000</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, 2021 and 2020. Investment income reported in the combined statements of activities for the years ended December 31, 2021 and 2020 consists of interest of \$9,878 and \$18,991, respectively, and net appreciation of \$(898) and \$491, 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, 2021 and 2020 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).

NOTE 6. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

	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	<u>1,046,056</u>	<u>1,046,056</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,295,381</u>	<u>\$ 1,046,056</u>	<u>\$ 1,249,325</u>	<u>\$ -</u>
	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 7. PROPERTY AND EQUIPMENT

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

	2021	2020
Office furniture and equipment	\$ 25,631	\$ 25,631
Less accumulated depreciation	<u>(17,924)</u>	<u>(12,798)</u>
	<u>\$ 7,707</u>	<u>\$ 12,833</u>

NOTE 8. COVID RELIEF FUNDING

In May 2020, Free Press 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 related amount of contribution income recognized during the year ended December 31, 2020 was \$501,315.

Additionally, 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 which are included in accounts receivables as of December 31, 2021.

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31, 2021			
	Beginning of Year	Contributions	Net Assets Released	End Of Year
Time-restricted for general support	\$ 550,000	\$ 150,000	\$ (300,000)	\$ 400,000
Internet Freedom	30,000	195,000	(225,000)	-
News Voices Program	1,273,975	312,500	(938,975)	647,500
Press Freedom	-	142,000	(84,500)	57,500
Platform Accountability	240,000	270,000	(417,000)	93,000
C. Edwin Baker Fellowship Program	300,000	-	-	300,000
	<u>\$ 2,393,975</u>	<u>\$ 1,069,500</u>	<u>\$ (1,965,475)</u>	<u>\$ 1,498,000</u>

NOTE 9. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with temporary donor restrictions as of December 31, 2020, and net assets released from restrictions during the year then ended related to the following programs and time restrictions.

	December 31, 2020			
	Beginning of Year	Contributions	Net Assets Released	End Of Year
Time-restricted for general support	\$ 1,235,000	\$ 550,000	\$ (1,235,000)	\$ 550,000
Internet Freedom	-	132,000	(102,000)	30,000
News Voices Program	992,500	1,060,000	(778,525)	1,273,975
Platform Accountability	-	540,000	(300,000)	240,000
Press Freedom	-	150,000	(150,000)	-
C. Edwin Baker Fellowship Program	300,000	-	-	300,000
	<u>\$ 2,527,500</u>	<u>\$ 2,432,000</u>	<u>\$ (2,565,525)</u>	<u>\$ 2,393,975</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, 2021 and 2020 was \$138,587 and \$136,074, 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. Future minimum lease payments by fiscal year are due as indicated in the table on the next page.



NOTE 11. LEASES (CONTINUED)

2022	\$	175,168
2023		182,175
2024		189,462
2025		199,365
2026		<u>122,033</u>
	\$	<u>868,203</u>

Rent expense for the years ended December 31, 2021 and 2020 was \$138,431 and \$149,978, 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, 2021 that exceeded the balances insured by the FDIC by approximately \$1,598,000. 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 2021, approximately 57% of total contributions were received from eight donors, and amounts due from three donors comprised 93% of total contributions receivable as of December 31, 2021. 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.

NOTE 13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 11, 2022, 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, 2021
(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2020)

	Free Press	Free Press Action Fund	Total	Eliminations	2021 Total	2020 Total
Assets						
Cash and cash equivalents	\$ 1,581,472	\$ 696,786	\$ 2,278,258	\$ -	\$ 2,278,258	\$ 3,788,650
Investments	2,295,381	-	2,295,381	-	2,295,381	2,412,939
Contributions receivable	700,000	-	700,000	-	700,000	925,000
Accounts receivable	395,468	-	395,468	-	395,468	28,084
Due from affiliate	169,695	-	169,695	(169,695)	-	-
Prepaid expenses	63,144	1,430	64,574	-	64,574	70,004
Affiliate advance	-	125,000	125,000	(125,000)	-	-
Property and equipment, net	7,707	-	7,707	-	7,707	12,833
Security deposit	12,881	-	12,881	-	12,881	12,881
Total assets	<u>\$ 5,225,748</u>	<u>\$ 823,216</u>	<u>\$ 6,048,964</u>	<u>\$ (294,695)</u>	<u>\$ 5,754,269</u>	<u>\$ 7,250,391</u>
 Liabilities and Net Assets						
Liabilities						
Due to affiliate	\$ -	\$ 169,695	\$ 169,695	\$ (169,695)	\$ -	\$ -
Accounts payable	52,746	-	52,746	-	52,746	62,014
Accrued expenses	323,274	12,920	336,194	-	336,194	348,579
Advance from affiliate	125,000	-	125,000	(125,000)	-	-
Total liabilities	<u>501,020</u>	<u>182,615</u>	<u>683,635</u>	<u>(294,695)</u>	<u>388,940</u>	<u>410,593</u>
 Net assets						
Without donor restrictions						
Undesignated	771,728	445,601	1,217,329	-	1,217,329	1,670,823
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	<u>3,271,728</u>	<u>595,601</u>	<u>3,867,329</u>	<u>-</u>	<u>3,867,329</u>	<u>4,320,823</u>
With donor restrictions	<u>1,453,000</u>	<u>45,000</u>	<u>1,498,000</u>	<u>-</u>	<u>1,498,000</u>	<u>2,518,975</u>
Total net assets	<u>4,724,728</u>	<u>640,601</u>	<u>5,365,329</u>	<u>-</u>	<u>5,365,329</u>	<u>6,839,798</u>
Total liabilities and net assets	<u>\$ 5,225,748</u>	<u>\$ 823,216</u>	<u>\$ 6,048,964</u>	<u>\$ (294,695)</u>	<u>\$ 5,754,269</u>	<u>\$ 7,250,391</u>

FREE PRESS AND FREE ACTION FUND

COMBINING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	2021						2020			
	Without Donor Restrictions			With Donor Restrictions			2021 Total	Without Donor Restrictions	With Donor Restrictions	2020 Total
	Free Press	Free Press Action Fund	Total	Free Press	Free Press Action Fund	Total				
Support and revenue										
Contributions										
Membership	\$ -	\$ 137,415	\$ 137,415	\$ -	\$ -	\$ -	\$ 137,415	\$ 177,692	\$ -	\$ 177,692
Other	2,057,633	444,767	2,502,400	904,500	265,000	1,069,500	3,571,900	4,480,575	2,432,000	6,912,575
Investment income	8,441	539	8,980	-	-	-	8,980	19,482	-	19,482
Other income	93,970	-	93,970	-	-	-	93,970	38,515	-	38,515
Net assets released from restrictions	<u>1,670,475</u>	<u>520,000</u>	<u>1,965,475</u>	<u>(1,670,475)</u>	<u>(520,000)</u>	<u>(1,965,475)</u>	<u>-</u>	<u>2,565,525</u>	<u>(2,565,525)</u>	<u>-</u>
Total support and revenue	<u>3,830,519</u>	<u>1,102,721</u>	<u>4,708,240</u>	<u>(765,975)</u>	<u>(255,000)</u>	<u>(895,975)</u>	<u>3,812,265</u>	<u>7,281,789</u>	<u>(133,525)</u>	<u>7,148,264</u>
Expenses										
Program services	3,895,259	641,883	4,437,142	-	-	-	4,437,142	3,737,659	-	3,737,659
Management and general	192,707	65,671	258,378	-	-	-	258,378	223,112	-	223,112
Fund raising	<u>474,149</u>	<u>117,065</u>	<u>591,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,214</u>	<u>622,474</u>	<u>-</u>	<u>622,474</u>
Total expenses	<u>4,562,115</u>	<u>824,619</u>	<u>5,286,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,286,734</u>	<u>4,583,245</u>	<u>-</u>	<u>4,583,245</u>
Change in net assets	(731,596)	278,102	(578,494)	(765,975)	(255,000)	(895,975)	(1,474,469)	2,698,544	(133,525)	2,565,019
Net assets										
Beginning 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>
End of year	<u>\$ 3,271,728</u>	<u>\$ 595,601</u>	<u>\$ 3,867,329</u>	<u>\$ 1,453,000</u>	<u>\$ 45,000</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>

Note: Contributions and program services expense have been eliminated in combination in the amount of \$100,000 and \$125,000 in 2021 and 2020, respectively.

FREE PRESS AND FREE ACTION FUND

COMBINING STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	Program Services				Management and General	Fund Raising	2021 Total	2020 Total
	Internet Freedom	Platform Accountability	Press Freedom	Total Program Services				
Free Press								
Communications	\$ 31,133	\$ 40,748	\$ 67,711	\$ 139,592	\$ 4,236	\$ 23,218	\$ 167,046	\$ 139,452
Equipment and furnishings	2,154	1,997	2,560	6,711	320	789	7,820	(210)
Occupancy and operating	56,963	52,390	66,906	176,259	15,156	27,953	219,368	252,899
Professional services	4,316	9,164	8,186	21,666	17,547	7,353	46,566	33,107
Special projects	51,876	2,949	265,626	320,451	259	661	321,371	135,728
Staffing costs	999,766	988,168	1,236,336	3,224,270	154,962	413,846	3,793,078	3,587,981
Travel costs	2,731	961	2,618	6,310	227	329	6,866	12,182
	<u>\$ 1,148,939</u>	<u>\$ 1,096,377</u>	<u>\$ 1,649,943</u>	<u>\$ 3,895,259</u>	<u>\$ 192,707</u>	<u>\$ 474,149</u>	<u>\$ 4,562,115</u>	<u>\$ 4,161,139</u>
Free Press Action Fund								
Communications	\$ 13,455	\$ 9,966	\$ 4,890	\$ 28,311	\$ 2,353	\$ 7,811	\$ 38,475	\$ 26,260
Equipment and furnishings	533	395	194	1,122	78	152	1,352	-
Occupancy and operating	13,664	10,492	5,148	29,304	5,873	11,504	46,681	36,001
Professional services	965	715	351	2,031	9,312	3,777	15,120	14,593
Special projects	486	360	177	1,023	40	108	1,171	355
Staffing costs	267,120	197,627	114,964	579,711	47,973	93,634	721,318	469,482
Travel costs	181	134	66	381	42	79	502	415
	<u>\$ 296,404</u>	<u>\$ 219,689</u>	<u>\$ 125,790</u>	<u>\$ 641,883</u>	<u>\$ 65,671</u>	<u>\$ 117,065</u>	<u>\$ 824,619</u>	<u>\$ 547,106</u>
Combined totals								
Communications	\$ 44,588	\$ 50,714	\$ 72,601	\$ 167,903	\$ 6,589	\$ 31,029	\$ 205,521	\$ 165,712
Equipment and furnishings	2,687	2,392	2,754	7,833	398	941	9,172	(210)
Occupancy and operating	70,627	62,882	72,054	205,563	21,029	39,457	266,049	288,900
Professional services	5,281	9,879	8,537	23,697	26,859	11,130	61,686	47,700
Special projects	2,362	3,309	215,803	221,474	299	769	222,542	11,083
Staffing costs	1,266,886	1,185,795	1,351,300	3,803,981	202,935	507,480	4,514,396	4,057,463
Travel costs	2,912	1,095	2,684	6,691	269	408	7,368	12,597
	<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>	<u>\$ 4,583,245</u>

Note: Special projects expense has been reduced by \$100,000 and \$125,000 in combination in 2021 and 2020, respectively.

FREE PRESS AND FREE ACTION FUND

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2020)

	Free Press	Free Press Action Fund	Eliminations	2021 Total	2020 Total
Cash flows from operating activities					
Change in net assets	\$ (1,497,571)	\$ 23,102	\$ -	\$ (1,474,469)	\$ 2,565,019
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities					
Depreciation	5,126	-	-	5,126	5,126
Unrealized loss (gain) on investments	898	-	-	898	(491)
Donated securities	(122,106)	-	-	(122,106)	(18,676)
Change in assets					
Contributions and accounts receivable	(142,384)	125,000	(125,000)	(142,384)	47,021
Due from affiliate	(44,853)	-	44,853	-	-
Prepaid expenses	5,122	308	-	5,430	(10,198)
Change in liabilities					
Due to affiliate	-	44,853	(44,853)	-	-
Accounts payable	(7,768)	(1,500)	-	(9,268)	230,449
Grant payable to affiliate	(125,000)	-	125,000	-	-
Accrued expenses	(12,325)	(60)	-	(12,385)	52,522
Net cash provided by (used for) operating activities	<u>(1,940,861)</u>	<u>191,703</u>	<u>-</u>	<u>(1,749,158)</u>	<u>2,870,772</u>
Cash flows from investing activities					
Proceeds from sale/maturity of investments	348,461	21,149	-	369,610	962,000
Purchases of investments	(130,844)	-	-	(130,844)	(749,131)
Net cash provided by investing activities	<u>217,617</u>	<u>21,149</u>	<u>-</u>	<u>238,766</u>	<u>212,869</u>
Net change in cash and cash equivalents	(1,723,244)	212,852	-	(1,510,392)	3,083,641
Cash and cash equivalents					
Beginning of year	<u>3,304,716</u>	<u>483,934</u>	<u>-</u>	<u>3,788,650</u>	<u>705,009</u>
End of year	<u>\$ 1,581,472</u>	<u>\$ 696,786</u>	<u>\$ -</u>	<u>\$ 2,278,258</u>	<u>\$ 3,788,650</u>