

**FREEDOM OF THE PRESS FOUNDATION**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**FREEDOM OF THE PRESS FOUNDATION**

Contents  
December 31, 2019 and 2018

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## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Freedom of the Press Foundation (a California nonprofit public benefit corporation) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Freedom of the Press Foundation as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As disclosed in Note 2 to the financial statements, during 2019, Freedom of the Press Foundation adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), ASU No. 2018-08, *Not-For-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. Our report is not modified with respect to that matter.

*AAFCPAs, Inc.*

Westborough, Massachusetts  
October 29, 2020

## FREEDOM OF THE PRESS FOUNDATION

Statements of Financial Position  
December 31, 2019 and 2018

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<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current Assets:		
Cash	\$ 2,681,292	\$ 3,120,562
Restricted cash	-	1,024,438
Accounts receivable	24,318	30,692
Pledges receivable	223,863	481,440
Total assets	<u>\$ 2,929,473</u>	<u>\$ 4,657,132</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 197,359	\$ 115,756
Deferred revenue	-	356,589
Total current liabilities	<u>197,359</u>	<u>472,345</u>
Net Assets:		
Without donor restrictions	2,713,883	2,865,180
With donor restrictions	18,231	1,319,607
Total net assets	<u>2,732,114</u>	<u>4,184,787</u>
Total liabilities and net assets	<u>\$ 2,929,473</u>	<u>\$ 4,657,132</u>

**FREEDOM OF THE PRESS FOUNDATION**

Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenue:</b>						
Grants and contributions	\$ 2,183,795	\$ 18,881	\$ 2,202,676	\$ 2,673,933	\$ 175,366	\$ 2,849,299
Service income	502,782	-	502,782	368,276	-	368,276
Donated space and services	144,900	-	144,900	76,661	-	76,661
Net assets released from restrictions:						
Purpose	1,195,257	(1,195,257)	-	1,146,845	(1,146,845)	-
Time	125,000	(125,000)	-	-	-	-
Total operating revenue	<u>4,151,734</u>	<u>(1,301,376)</u>	<u>2,850,358</u>	<u>4,265,715</u>	<u>(971,479)</u>	<u>3,294,236</u>
<b>Operating Expenses:</b>						
Program	3,751,597	-	3,751,597	2,887,696	-	2,887,696
General and administrative	313,309	-	313,309	211,724	-	211,724
Development	238,125	-	238,125	190,425	-	190,425
Total operating expenses	<u>4,303,031</u>	<u>-</u>	<u>4,303,031</u>	<u>3,289,845</u>	<u>-</u>	<u>3,289,845</u>
Changes in net assets	(151,297)	(1,301,376)	(1,452,673)	975,870	(971,479)	4,391
<b>Net Assets:</b>						
Beginning of year	2,865,180	1,319,607	4,184,787	1,889,310	2,823,957	4,713,267
Cumulative adjustment from adoption of revenue recognition standards	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(532,871)</u>	<u>(532,871)</u>
End of year	<u>\$ 2,713,883</u>	<u>\$ 18,231</u>	<u>\$ 2,732,114</u>	<u>\$ 2,865,180</u>	<u>\$ 1,319,607</u>	<u>\$ 4,184,787</u>

The accompanying notes are an integral part of these statements.

**FREEDOM OF THE PRESS FOUNDATION**Statements of Cash Flows  
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ (1,452,673)	\$ 4,391
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	6,374	(7,898)
Pledges receivable	257,577	(342,269)
Accounts payable and accrued expenses	81,603	(103,853)
Deferred revenue	<u>(356,589)</u>	<u>(176,282)</u>
Net cash used in operating activities	(1,463,708)	(625,911)
<b>Cash and Restricted Cash:</b>		
Beginning of year	<u>4,145,000</u>	<u>4,770,911</u>
End of year	<u>\$ 2,681,292</u>	<u>\$ 4,145,000</u>
<b>Reconciliation of Cash and Restricted Cash within the Statements of Financial Position:</b>		
Cash	\$ 2,681,292	\$ 3,120,562
Restricted cash	<u>-</u>	<u>1,024,438</u>
Total cash and restricted cash	<u>\$ 2,681,292</u>	<u>\$ 4,145,000</u>

**FREEDOM OF THE PRESS FOUNDATION**

Statements of Functional Expenses  
For the Years Ended December 31, 2019 and 2018

	2019				2018			
	Program	General and Administrative	Development	Total	Program	General and Administrative	Development	Total
<b>Operating Expenses:</b>								
Personnel and related	\$ 1,800,001	\$ 193,335	\$ 225,700	\$ 2,219,036	\$ 1,280,052	\$ 127,675	\$ 156,387	\$ 1,564,114
Grants	1,040,000	-	-	1,040,000	936,380	-	-	936,380
Professional and consulting fees	724,921	76,765	-	801,686	462,331	59,511	28,332	550,174
Travel and related	101,840	10,643	12,425	124,908	83,124	4,274	5,706	93,104
Rent	53,787	-	-	53,787	76,426	-	-	76,426
Office supplies	3,334	23,819	-	27,153	11,714	9,260	-	20,974
Website and access fees	24,321	1,856	-	26,177	35,722	2,399	-	38,121
Fees and subscriptions	3,393	6,406	-	9,799	1,031	8,605	-	9,636
Miscellaneous	-	485	-	485	916	-	-	916
<b>Total operating expenses</b>	<b>\$ 3,751,597</b>	<b>\$ 313,309</b>	<b>\$ 238,125</b>	<b>\$ 4,303,031</b>	<b>\$ 2,887,696</b>	<b>\$ 211,724</b>	<b>\$ 190,425</b>	<b>\$ 3,289,845</b>



## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2019 and 2018

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### 1. OPERATIONS AND NONPROFIT STATUS

Freedom of the Press Foundation (the Organization) is a California nonprofit public benefit corporation formed in 2012. The Organization supports and defends public interest journalism in the 21st century. Through the use of digital security, internet advocacy, and crowdfunding, the Organization protects journalists and whistleblowers worldwide.

The Organization has developed the SecureDrop whistleblower submission system, currently in use by over sixty major news organizations across the globe, and runs the U.S. Press Freedom Tracker project, which documents and tabulates press freedom violations in the United States. In addition, the Organization provides journalists with digital security training, builds other digital tools to keep reporters and activists safe, and advocates for strong press freedom rights locally, nationally, and internationally.

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is also exempt from state income taxes. Contributions made to the Organization are deductible by donors within the requirements of the IRC.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The Organization prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. generally accepted accounting principles (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification (ASC).

#### Recently Adopted Accounting Pronouncements

##### *Revenue Recognition Standards*

On January 1, 2019, the Organization adopted FASB's Accounting Standards (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and ASU-2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* using the full retrospective method. Accordingly, the 2018 financial statements have been adjusted using the newly adopted accounting standards. The adoption resulted in a decrease in total net assets of \$532,871 as of January 1, 2018, due to changes in accounting treatment of certain contracts (see next page).

Topic 958 clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain non-exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. Based on the Organization's evaluation of its grants and contributions the timing and amount of revenue recognized previously is consistent with how revenue is recognized under Topic 958.

The core principle of Topic 606 is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the organization's contracts with customers. This standard requires the Organization to assess its revenue from contracts with customers, using a broadly defined five-step process.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recently Adopted Accounting Pronouncements (Continued)

##### *Revenue Recognition Standards (Continued)*

Prior to adoption of Topic 606, funding sources for three programs were accounted for under Topic 958 as contributions restricted by the donor for a future period. Using the five-step process outlined in Topic 606, management has since determined that income from these funding sources was considered earned as part of a reciprocal transaction. Cash received in advance of services provided were previously recorded as assets with donor restrictions and are now recorded as deferred revenue in alignment with Topic 606. For the remaining contracts with customers assessed, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under Topic 606.

The following tables summarize the retrospective effects of adoption in 2018:

<u>Statements of Financial Position and Activities</u>	<u>2018 as Previously Reported</u>	<u>Effect of Adoption</u>	<u>2018 as Adjusted</u>
Service income	<u>\$ 157,314</u>	<u>\$ 210,962</u>	<u>\$ 368,276</u>
Deferred revenue	<u>\$ -</u>	<u>\$ 356,589</u>	<u>\$ 356,589</u>

##### *Restricted Cash*

During 2019, the Organization adopted FASB's ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU amends the presentation of restricted cash within the statements of cash flows. The new guidance requires that restricted cash be added to cash for purposes of the statements of cash flows. This ASU has been applied retrospectively to all periods presented.

The adoption of Topic 230 resulted in the following changes to the Organization's cash flow classification for the year ended December 31, 2018:

<u>Statement of Cash Flows</u>	<u>2018 As Previously Reported</u>	<u>Effect of Adoption</u>	<u>2018 As Adjusted</u>
Operating activities	<u>\$ 261,513</u>	<u>\$ (887,424)</u>	<u>\$ (625,911)</u>

##### **Fair Value Measurements**

The Organization follows the accounting and disclosure standards pertaining to *Fair Value Measurements* for qualifying assets and liabilities. Fair value is defined as the price that the Organization would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

## **FREEDOM OF THE PRESS FOUNDATION**

Notes to Financial Statements  
December 31, 2019 and 2018

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Fair Value Measurements (Continued)**

The Organization uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Organization. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

#### **Restricted Cash**

As of December 31, 2018, restricted cash consisted of amounts restricted by a donor for use by the fiscal sponsor (see Note 4).

#### **Accounts Receivable**

Accounts receivable are stated as unpaid balances. It is the Organization's policy to charge-off uncollectible accounts receivable when management determines the receivable will not be collected.

#### **Pledges Receivable and Allowance for Doubtful Accounts**

An allowance for doubtful accounts is recorded based on management's analysis of specific pledges that may be uncollectible, if any. As of December 31, 2019 and 2018, no allowance for doubtful accounts was deemed necessary. At December 31, 2019 and 2018, all pledges receivable were expected to be collected within one-year of the statement of financial position date.

#### **Deferred Revenue**

Deferred revenue represents cash received on contracts where services have not yet been completed.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets

The Organization has grouped its net assets into the following categories:

***Without Donor Restrictions*** - Those net resources that bear no external restrictions and are generally available for use by the Organization.

***With Donor Restrictions*** - The Organization receives grants and contributions that are designated by donors for specific purposes or specific time periods. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purpose or over their designated time period.

Net assets with donor restrictions are restricted as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Program grants	\$ 18,231	\$ 170,169
Operations (time restricted)	-	125,000
Open Whisper Systems (fiscal sponsorship)	-	<u>1,024,438</u>
	<u>\$ 18,231</u>	<u>\$ 1,319,607</u>

#### Grant Expense

Grant expense is recorded at the time grants are awarded by the Organization.

#### Expense Allocation

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are personnel and related, which are allocated on the basis of estimates of time and effort; professional fees, which are allocated on the basis of hours incurred on projects worked; and website and access fees, which are allocated based on usage studies conducted annually.

#### Income Taxes

The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at December 31, 2019 and 2018. The Organization's information and tax returns are subject to examination by the Federal and state jurisdictions.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2019 and 2018

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### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Revenue Recognition

##### *Grants and Contributions*

Grants and contributions may either be conditional or unconditional in accordance with ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. A grant or contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional grants and contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity, and other stipulations related to the grant or contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers.

Grants and contributions are recorded as revenue when received or unconditionally committed. Grants and contributions with donor restrictions are transferred to net assets without donor restrictions as costs related to purpose restrictions are incurred or time restrictions have lapsed. Grants and contributions received with donor-imposed conditions that are met in the same year are reported as grants and contributions and net assets without donor restrictions.

The Organization receives grants from foundations and other parties in support of specific projects. The grants and contributions committed in support of projects are transferred to net assets without donor restrictions as the Organization expends effort and incurs costs or as specified milestones are achieved for the related projects, as specified in the grant agreements.

##### *Service Income*

The Organization generally measures revenue based on the amount of consideration the Organization expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Service income is recorded over the period covered by the service contract or as services are provided based upon transaction prices, as defined in contracts, adjusted for any explicit and implicit price considerations including rebates, refunds, settlements and historical payor analysis. Service income contains a single performance obligation (period of service) and revenue is recognized over time as the services are rendered (output method), provided that no significant obligations remain, and collection of the receivable is considered probable.

Certain contracts require up-front fees that are paid in advance of the revenue being earned resulting in deferred revenue (contract liabilities).

## **FREEDOM OF THE PRESS FOUNDATION**

Notes to Financial Statements  
December 31, 2019 and 2018

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### **2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Donated Space and Services**

The Organization receives donated professional services in support of its programs. The donated services are estimated based upon values determined by donor. The value of the pro bono services for the years ended December 31, 2019 and 2018, was \$144,900 and \$28,661, respectively, which is included in donated space and services in the accompanying statements of activities and changes in net assets and in professional and consulting fees in the accompanying statements of functional expenses for the years then ended.

The Organization receives donated space in support of its programs. The value of the donated space is estimated by management based upon the donor's projected value. The value of the donated space for the year ended December 31, 2018, was \$48,000, which is included in donated space and services in the accompanying statements of activities and changes in net assets and grants and rent in the accompanying statements of functional expenses for the year then ended. There was no donated space for the year ended December 31, 2019.

#### **Estimates**

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### **Subsequent Events**

Subsequent events have been evaluated through October 29, 2020, which is the date the financial statements were available to be issued. There was one event that met the criteria for recognition or disclosure in the financial statements (see Note 9).

### **3. CONCENTRATIONS**

The Organization maintains its cash balances in a bank in California. The Federal Deposit Insurance Corporation (FDIC) insures balances up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on its cash.

One donor represents 20% of total operating revenue for the year ended December 31, 2019. Three donors represent 37% of total operating revenue for the year ended December 31, 2018. Two donors represent 71% of pledges receivable as of December 31, 2019. Four donors represent 88% of pledges receivable as of December 31, 2018.

### **4. FISCAL SPONSOR**

The Organization entered into a Fiscal Sponsorship Agreement (the Agreement) in June 2015, with a limited liability company (the LLC) to carry out a project for which the Organization has raised restricted funding. The Organization was responsible for raising funds, disbursing funds, and overseeing the project. The LLC carried out the program under the discretion of the Organization. The Organization held \$1,024,438 of funds raised but not yet disbursed at December 31, 2018, which are shown as restricted cash in the accompanying 2018 statement of financial position. During the year ended December 31, 2019, the LLC obtained 501(c)(3) status and the Agreement was terminated. All remaining funds were disbursed to the LLC before December 31, 2019.

## FREEDOM OF THE PRESS FOUNDATION

Notes to Financial Statements  
December 31, 2019 and 2018

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### 5. RETIREMENT PLAN

Effective January 1, 2017, the Organization established a 401(k) Profit Sharing Plan (the Plan) covering all eligible employees. Employees who are twenty-one years or older and are scheduled to work at least 1,000 hours during the plan year are deemed eligible. Each year, participants may elect to contribute up to 100% of their annual pretax compensation to the Plan up to the maximum allowed by the IRC. The Organization may make discretionary matching contributions and/or discretionary profit-sharing contributions, not to exceed 100% of total employee compensation, and up to a fixed-dollar amount as defined in the Plan agreement. For the years ended December 31, 2019 and 2018, the Organization made matching contributions of \$66,749 and \$48,286, respectively, which are included in personnel and related in the accompanying statements of functional expenses. The Organization did not make a profit-sharing contribution for the years ended December 31, 2019 and 2018.

### 6. FACILITY LEASE

The Organization occupies office space as a tenant-at-will. Monthly payments due ranged from \$360 to \$3,400. For the years ended December 31, 2019 and 2018, the Organization paid \$53,787 and \$28,426, respectively, which is included in rent expense in the accompanying statements of functional expenses.

### 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by the Organization within one year from the statements of financial position date are as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Cash and restricted cash	\$ 2,681,292	\$ 4,145,000
Pledges and accounts receivable	<u>248,181</u>	<u>512,132</u>
Total financial assets	2,929,473	4,657,132
Less - donor-imposed restricted net assets and restricted cash	<u>(18,231)</u>	<u>(1,194,607)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,911,242</u>	<u>\$ 3,462,525</u>

The Organization is substantially supported by grants and contributions without donor restrictions; however, there are restricted funds that are received throughout the year. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has financial assets without donor restrictions equal to approximately eleven and seventeen months of operating expenses at December 31, 2019 and 2018, respectively, (excluding fiscal sponsorship expenses – see Note 4).

## **FREEDOM OF THE PRESS FOUNDATION**

Notes to Financial Statements  
December 31, 2019 and 2018

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### **8. CONDITIONAL GRANTS**

During 2019, the Organization received multiple commitments for funding in 2020. These commitments are considered conditional under Topic 958, as the Organization must incur qualified costs or meet performance requirements prior to recognizing revenue. Total grants committed but not recognized as of December 31, 2019, are \$150,000 due from two private donors.

### **9. SUBSEQUENT EVENT**

In March 2020, the COVID-19 coronavirus (COVID-19) pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment and the economy as a whole. Though the potential financial effects cannot be reasonably estimated at this time, these circumstances may have adverse effects on the Organization, its operations and future financial statements. The accompanying financial statements have not been adjusted for any potential financial effects that may occur in the future related to the current uncertainty.

Management of the Organization is monitoring these events closely to assess the potential financial impact of the situation and determine appropriate courses of action. As of the date of this report, the Organization is unable to accurately predict how the COVID-19 will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain.

On May 1, 2020, the Organization was awarded a loan of approximately \$381,000 pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). Under the terms of the agreement, the Organization can apply to the issuing bank for loan forgiveness, which will be confirmed and approved by the Small Business Association (SBA). The amount of forgiveness is determined based on the criteria as outlined in the CARES Act. As of the date of this report, the amount forgiven, if any, has not been determined. Any loan amount remaining after forgiveness will mature in May 2022. The note bears interest at 1%.

### **10. RECLASSIFICATION**

Certain amounts in the 2018 financial statements have been reclassified to conform with the 2019 presentation.