

**FREEDOM OF THE PRESS FOUNDATION**

**Financial Statements**

December 31, 2024

FREEDOM OF THE PRESS FOUNDATION

Financial Statements

December 31, 2024

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## Independent Auditors' Report

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

### **Opinion**

We have audited the financial statements of Freedom of the Press Foundation (a California nonprofit public benefit corporation) (the Organization) which comprise of the statement of financial position as of December 31, 2024, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Freedom of the Press Foundation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

### **Responsibility of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 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.



**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Organization'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 the Organization'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.

*Doucette & Doucette CPAs, LLC*

Doucette & Doucette CPAs, LLC  
Franklin, Massachusetts  
August 20, 2025

FREEDOM OF THE PRESS FOUNDATION  
Statement of Financial Position  
December 31, 2024

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 2,144,034
Accounts receivable	67,958
Grants, contributions, and pledges receivable	1,022,338
Prepaid expenses	<u>141,749</u>
Total current assets	3,376,079
Security Deposits	44,516
Right-of-Use Asset - Operating Lease	307,615
Investments	17,143,872
Intangible Assets, net	569,363
Endowment Cash	<u>12,428</u>
Total assets	<u><u>\$ 21,453,873</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable and accrued expenses	\$ 437,035
Contract liability - deferred revenue	19,479
Operating lease obligation, current portion	<u>133,727</u>
Total current liabilities	<u>590,241</u>
Operating Lease Obligation, net of current portion	<u>201,478</u>
Total liabilities	<u>791,719</u>
Net Assets:	
Without donor restrictions	3,062,286
Without donor restrictions - board designated reserve	15,157,118
With donor restrictions	<u>2,442,750</u>
Total net assets	<u>20,662,154</u>
Total liabilities and net assets	<u><u>\$ 21,453,873</u></u>

The accompanying notes are an integral part of these statements.

FREEDOM OF THE PRESS FOUNDATION  
Statement of Activities  
For the Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Revenue:</b>			
Grants and contributions	\$ 2,954,213	\$ 491,793	\$ 3,446,006
Service income	148,443	-	148,443
Interest income	147,849	-	147,849
Other income	3,999	-	3,999
Net assets released from restrictions:			
Purpose	55,000	(55,000)	-
Time	137,500	(137,500)	-
	<u>3,447,004</u>	<u>299,293</u>	<u>3,746,297</u>
<b>Operating Expenses:</b>			
Program	5,722,598	-	5,722,598
General and administrative	849,098	-	849,098
Development	619,328	-	619,328
	<u>7,191,024</u>	<u>-</u>	<u>7,191,024</u>
Total operating expenses	<u>7,191,024</u>	<u>-</u>	<u>7,191,024</u>
Change in net assets from operations	<u>(3,744,020)</u>	<u>299,293</u>	<u>(3,444,727)</u>
<b>Non-Operating Revenue/Expense:</b>			
Investment income, net	1,058,999	-	1,058,999
Gain on sale of intangible assets	718,763	-	718,763
Impairment of intangible assets	(985)	-	(985)
	<u>1,776,777</u>	<u>-</u>	<u>1,776,777</u>
Total non-operating revenue	<u>1,776,777</u>	<u>-</u>	<u>1,776,777</u>
Change in net assets	<u>(1,967,243)</u>	<u>299,293</u>	<u>(1,667,950)</u>
<b>Net Assets:</b>			
Beginning of year	<u>20,186,647</u>	<u>2,143,457</u>	<u>22,330,104</u>
End of year	<u>\$ 18,219,404</u>	<u>\$ 2,442,750</u>	<u>\$ 20,662,154</u>

The accompanying notes are an integral part of these statements.

FREEDOM OF THE PRESS FOUNDATION  
Statement of Functional Expenses  
For the Year Ended December 31, 2024

	<u>Program</u>	<u>General and Adminis- trative</u>	<u>Develop- ment</u>	<u>Total</u>
<b>Operating Expenses:</b>				
Personnel and related	\$ 4,077,040	\$ 462,826	\$ 514,678	\$ 5,054,544
Contractors	942,721	24,000	-	966,721
Professional and consulting fees	159,790	162,527	31,039	353,356
Website and access fees	165,307	8,670	16,478	190,455
Travel and related	134,905	10,401	25,858	171,164
Facilities	-	164,770	-	164,770
Direct program expense	111,273	2,007	17,259	130,539
Advertising and marketing	73,648	910	5,615	80,173
Equipment rental	42,328	114	-	42,442
Office supplies	15,019	5,270	3,147	23,436
Miscellaneous	567	4,458	5,254	10,279
Insurance	-	3,145	-	3,145
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total operating expenses	<u>\$ 5,722,598</u>	<u>\$ 849,098</u>	<u>\$ 619,328</u>	<u>\$ 7,191,024</u>

The accompanying notes are an integral part of these statements.

FREEDOM OF THE PRESS FOUNDATION  
Statement of Cash Flows  
For the Year Ended December 31, 2024

<b>Cash Flows from Operating Activities:</b>	
Changes in Net Assets	\$ (1,667,950)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:	
Unrealized gain on investments	(304,313)
Impairment of Intangible Assets	(985)
Gain on Sale of Intangible Assets	(718,763)
Gain on Sale of Investments	(169,524)
Amortization of Right-of-Use Asset	120,582
Donated Intangible Assets	(50)
Changes in operating assets and liabilities:	
Accounts receivable	(66,391)
Grants, contributions, and pledges receivable	(842,338)
Prepaid expenses	(55,497)
Accounts payable and accrued expenses	25,010
Contract liability - deferred revenue	2,583
Operating lease obligation, net	<u>(126,784)</u>
Net Cash Used by Operating Activities	(3,804,420)
<b>Cash Flows from Investing Activities:</b>	
Purchase of investments	(17,805,170)
Proceeds from sale of investments	1,164,657
Proceeds from sale of intangible assets	<u>1,111,706</u>
Net Cash Used in Investing Activities	(15,528,807)
<b>Net Change in Cash and Cash Equivalents</b>	(19,333,227)
<b>Cash and Cash Equivalents:</b>	
Beginning of year	<u>21,489,689</u>
End of year	<u><u>\$ 2,156,462</u></u>
<b>Reconciliation of Cash and Cash Equivalents</b>	
Cash	\$ 2,144,034
Endowment Cash	<u>12,428</u>
<b>Total Cash and Cash Equivalents</b>	<u><u>\$ 2,156,462</u></u>

The accompanying notes are an integral part of these statements.

Freedom of the Press Foundation  
Notes to Financial Statements  
December 31, 2024

**NOTE 1 OPERATIONS AND NONPROFIT STATUS**

Freedom of the Press Foundation (the Organization) is a California nonprofit public benefit corporation formed on August 12, 2012. The Organization supports and defends public interest journalism in the 21st century. Through the use of digital security and internet advocacy, 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.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The Organization prepares its financial statements using the accrual basis of accounting 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).

Net Assets

Net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets are classified as follows:

*Net assets without donor restrictions* – Net assets without donor restrictions include those net resources of the Organization that bear no external restrictions and are generally available for use by the Organization. Specific classifications of net assets without donor restrictions include:

***Operating*** – includes those net resources without donor restrictions generally available for normal operations of the Organization

***Reserve*** – includes funds set aside by the Board of Directors to establish a reserve for future projects and initiatives.

*Net assets with donor restrictions* – Net assets that are subject to stipulations imposed by donors or grantors. Some donor-imposed restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor-imposed restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

Freedom of the Press Foundation  
Notes to Financial Statements  
December 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable is reported at the amount management expects to collect related to services provided. Any estimated uncollectible amounts are generally considered implicit price concessions which directly reduces the value of accounts receivable and service income. The necessity for an allowance of credit losses is determined on a case-by-case basis. As of December 31, 2024, no allowance for credit losses was deemed necessary.

The Organization does not accrue interest on accounts receivable. A receivable is considered past due if payment is not received within stated terms. Once all practical efforts to collect a receivable have been exhausted, the receivable is determined uncollectible.

Accounts receivable represent contract service receivables recognized when the right to consideration is unconditional and only the passage of time is required before the payment of that consideration is due. Changes to the estimate of the transaction price are generally recorded as adjustments to service income in the period of change. Subsequent changes that are determined to be the result of an adverse change in the payer's ability to pay are recorded as credit losses.

Grants, Contributions, and Pledges Receivable

Unconditional promises to give are reported as grants, contributions, and pledges receivable at net realizable value on the date the promise is verifiably committed. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value, and those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Allowance for Credit Losses

The Organization follows FASB's Accounting Standards Update (ASU) 2016-13, *Financial instruments – Credit Losses (Topic 326): Measurement of Credit Losses of Financial Instruments*. The Organization receives grants, contributions, and pledges from various donors and carries its receivables at cost less an allowance for credit losses. On a periodic basis, the Organization evaluates its receivables and establishes an allowance for credit losses, based on its history of past write-offs and collections, current credit conditions, and reasonable and supportable forecasts. A receivable is considered past due if payment is not received within stated terms. Once all practical efforts to collect a receivable have been exhausted, the receivable is deemed uncollectible. When the Organization determines that a receivable is uncollectible, the balance is removed from the receivable balance and is charged against the allowance. There was no allowance for credit losses deemed necessary as of December 31, 2024.

Freedom of the Press Foundation  
Notes to Financial Statements  
December 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Leasing

The Organization determines if an arrangement is a lease at inception. Operating leases as a lessee are included in a right-of-use asset – operating lease and operating lease obligation in the statement of financial position. The Organization is not party to any finance-type leases at December 31, 2024. Right-of-use asset represents the Organizations' right to use an underlying asset for the lease term. Lease obligation represents the Organizations' liability to make lease payments arising from the lease.

Right-of-use asset and related obligation is recognized at commencement date based on the present value of lease payments over the lease term discounted using an average risk-free rate. The rate is based on the information available at commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of twelve months or less are not recorded on the statement of financial position as a right-of-use asset and lease obligation, rather the related expense is recognized on a straight-line basis over the lease term.

Intangible Assets

The Organization accounts for intangible assets in accordance with Accounting Standards Codification (ASC) 350, *Intangibles – Goodwill and Other*. Intangible assets consist of the Organization's digital assets (primarily Bitcoin, Ethereum, Litecoin, Bitcoin Cash, ZCash and Stellar). The Organization accounts for its digital assets as indefinite-lived intangible assets, which are initially recorded at market value on the date of donation, or cost on the date of purchase. Subsequently, they are measured at cost, net of any impairment losses incurred since the date of acquisition. The Organization determines the value of its digital assets based on quoted prices on the active exchange that the Organization has determined is its principal market for these digital assets. The Organization considers the lowest price of each digital asset quoted on the active exchange at any time since acquiring the specific digital asset. If the carrying value of a digital assets exceeds that lowest price, an impairment loss is recognized. For the year ended December 31, 2024, the Organization recorded \$985 of impairment losses.

Sales of Intangible Assets - The Organization records gains or losses on sales of intangible assets when realized, net of any related transactional fees. During 2024, the Organization sold intangible assets resulting in a gain on sale of intangible assets of \$718,763, which is reflected in the accompanying statement of activities.

Endowment

The Organization classifies certain cash, cash equivalents and investments as an endowment. These funds include amounts set aside for the Organization's endowment fund and are restricted by the donor.

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in net assets without donor restrictions if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

Freedom of the Press Foundation  
Notes to Financial Statements  
December 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

The following is a description of the valuation methodologies used for assets measured at fair value:

*Equities and Fixed income funds:* Valued at the quoted price reported in the active market in which the investment is traded. When quoted prices are not available for identical or similar securities, the investment is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

The preceding methods may produce a fair value that may not be reflective of future fair values. Although the Organization believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of financial instruments could result in a different fair value measurement at the reporting date.

Freedom of the Press Foundation  
Notes to Financial Statements  
December 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

Service Income - The Organization follows FASB's Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. In accordance with Topic 606, the Organization uses a five-step model for recognizing and measuring revenue from contracts with customers, which includes 1) identifying the contract with the customer, 2) identifying the performance obligation(s) promised within the contract, 3) determining the transaction price (the amount of consideration to which the Organization expects to be entitled), 4) allocating the transaction price to the performance obligations, and 5) recognizing revenue when (or as) the performance obligations are satisfied.

The Organization assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. The contract term can differ from the stated term in contracts that include certain termination or renewal rights, depending on whether there are penalties associated with those rights. Customer contracts generally are standardized and non-cancellable for the duration of the stated contract term.

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. The Organization has elected the practical expedient that permits an entity not to recognize a significant financing component if the time between the transfer of a good or service and payment is one year or less. The Organization does not typically enter into contracts in which the period between payment by the customer and the transfer of the promised goods or services to the customer is greater than twelve months.

The timing of revenue recognition may not align with the right to invoice the customer. The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized and the goods or services have been provided. If revenue has not yet been recognized, contract liability - deferred revenue also is recorded.

As of January 1, 2024, accounts receivable was \$1,567. As of December 31, 2024, accounts receivable was \$67,958.

As of January 1, 2024, contract liability - deferred revenue was \$16,896. As of December 31, 2024, contract liability - deferred revenue was \$19,479.

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price, which includes fixed consideration and estimates of variable consideration. The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Freedom of the Press Foundation  
Notes to Financial Statements  
December 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

Contract Liability - Deferred Revenue - The Organization recognizes service income as the related performance obligations are satisfied. Contract liability - deferred revenue is recorded when the Organization has the right to receive payment in advance of the satisfaction of the performance obligations. Contract liability - deferred revenue at December 31, 2024, is expected to be recognized in 2025. At December 31, 2024, contract liability - deferred revenue is \$19,479. The Organization enters into service contracts to provide services to outside customers. During the year ended December 31, 2024, the Foundation recognized \$10,104 of contract liability – deferred revenue from prior years.

Prepayments received for the services to be completed in the next year are deferred and recorded as deferred revenue, then recognized as revenue in the period the Organization provides the service, which is typically the following year.

Contributions of Cash and Other Financial Assets

Contributions of cash and other financial assets 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*. Contributions of cash and other financial assets are recognized as revenue when they are received or unconditionally pledged. All grants and contributions are considered available without donor restrictions unless specifically restricted by the donor. 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.

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.

Functional Expense Allocation

Freedom of the Press Foundation records its expenses on a functional basis between its program, management and general, and fundraising expense. Expenses related directly to a program are distributed to that program, while other expenses are allocated based upon management's estimate of the percentage attributable to each function, which includes a detailed analysis of time and effort dedicated to each functional expense category.

Freedom of the Press Foundation  
Notes to Financial Statements  
December 31, 2024

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Expense Allocation (Continued)

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 contractors, equipment rental, personnel and related, which are allocated on the basis of estimates of time and effort; direct program expense, professional and consulting fees which are allocated on the basis of hours incurred on projects worked, facilities which is based on square footage occupied, and office supplies, advertising and marketing, miscellaneous, travel and related, website and access fees, which are allocated based on usage studies conducted annually.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private organization. The Organization is also exempt from state income taxes. Freedom of the Press Foundation is subject to a tax on income from unrelated business.

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, 2024. The Organization's information and tax returns are subject to examination by the Federal and state jurisdictions.

Statement of Activities

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and operating expenses in the accompanying statement of activities. Non-operating expense includes intangible assets' return activity.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**NOTE 3      LEASING ACTIVITIES**

The Organization leases office space in Brooklyn, New York. The lease began in June 2022, with a five-year lease term expiring in June 2027, with an option to renew for an additional five years. The lease is considered an operating lease. The lease term included in the measurement of the operating lease right-of-use asset and lease liabilities does not include the option to extend. The lease agreement does not contain any material residual value guarantees or material restrictive covenants. Rent payments are due in monthly installments. The right-of-use asset and operating lease obligations are recorded on the statement of financial position. The weighted average discount rate associated with the operating lease as of December 31, 2024 is 2.94%. The weighted average remaining lease term is 2.83 years.

Freedom of the Press Foundation  
Notes to Financial Statements  
December 31, 2024

**NOTE 3 LEASING ACTIVITIES (Continued)**

For the year ended December 31, 2024, the Organization paid \$126,785, under the agreement, which is recorded as facilities in the accompanying statements of functional expenses.

As of December 31, 2024, maturities of lease liabilities for the operating lease obligation having initial lease terms in excess of one year are as follows:

	2025	\$ 141,454
	2026	144,640
	2027	<u>60,825</u>
Total undiscounted operating lease payments		346,919
Less: discount to net present value		<u>(11,714)</u>
Present value of lease liabilities		<u>335,205</u>
Operating lease liability, current		133,727
Operating lease liability, net of current portion		<u>201,478</u>
Present value of lease liabilities		<u>\$ 335,205</u>

**NOTE 4 CONCENTRATIONS**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash deposits. Accounts at the institution, in California, are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts.

Certain marketable securities accounts are insured by the Securities Investor Protection Corporation up to \$500,000. At certain times during the year, cash balances exceeded the SPIC amounts. The Organization believes it is not exposed to any significant credit risk on its cash and cash equivalents and investments.

Three donors represent 43% of grants and contributions for the year ended December 31, 2024.

**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization's investments consist of both donor-restricted and board-designated funds.

- Donor-restricted funds are restricted indefinitely, with earnings designated to support the endowed chair position (see Note 6).
- Board-designated reserves may be used to support operations and other strategic initiatives, subject to approval by the board of directors.

Freedom of the Press Foundation  
Notes to Financial Statements  
December 31, 2024

**NOTE 5 INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

Investment securities are carried at fair market value based on current appraisal values of similar assets in active markets (all level 1 measurements) and consist of the following at December 31, 2024:

	Fair Market Value	Cost	Unrealized Gain/(Loss)
Bonds	\$ 5,671,938	\$ 5,606,806	\$ 65,132
Exchange-Traded Funds	5,529,715	5,256,070	273,645
Mutual Funds	4,895,608	4,960,058	(64,450)
Exchange-Traded Products	1,046,611	996,148	50,463
Total Investment Securities	<u>\$ 17,143,872</u>	<u>\$ 16,819,082</u>	<u>\$ 324,790</u>
Investment Securities at December 31, 2023	<u>\$ 29,224</u>	<u>\$ 8,747</u>	<u>\$ 20,477</u>
Unrealized Gain Current Year			<u>\$ 304,313</u>

Investment income, net consists of the following at December 31, 2024:

Interest and dividends	\$ 612,962
Realized gain	169,524
Unrealized gain	304,313
Fees and other	(27,800)
Investment income, net	<u>\$ 1,058,999</u>

**NOTE 6 ENDOWMENT WITH DONOR RESTRICTIONS**

The Organization's endowment was established during 2023, subject to donor restrictions that stipulate the original principal of the gift is to be used to grow the initial investment over time, while generating supplemental income to assist with operating expenses in line with Freedom of the Press Foundation, Inc's mission. Its endowment includes donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the endowment as net assets with donor restrictions as follows:

- (a) The original value of the gifts donated to the endowment,
- (b) The original value of subsequent gifts to the endowment, and
- (c) Accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation was added to the fund.

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**NOTE 6      ENDOWMENT WITH DONOR RESTRICTIONS (Continued)**

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

1. The duration and preservation of the various funds
2. The purposes of the donor-restricted endowment funds
3. General economic conditions
  
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization and;
7. The Organization's investment policies.

In accordance with New York Prudent Management of Institutional Funds Act (NYPMIFA), the Organization additionally considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

1. The role that the investment plays within the overall investment portfolio of the fund
2. The needs of the Organization and the endowment to make distributions and to preserve capital; and
3. An asset's special relationship or special value, if any, to the purposes of the institution

At December 31, 2024 the endowment fund is composed of cash and cash equivalents of \$12,428, and investments of \$2,062,824.

*Investment Return Objectives, Risk Parameters, and Strategies* - The primary objective of the Organization's investment policies are to provide enough growth over the long term to assist with the Organization's goal to fund the annual salary requirement for the Chaired Endowment position, thus maintaining the spending power of the portfolio for both present and future expenses through a balanced approach.

*Spending Policy* - Spending is guided by several factors—the value of the portfolio and the needs of the Organization being the two most important. The chaired endowment anticipates spending, only interest and dividends earned on the original amount, to be an annual amount equal to the chaired positions salary, but no more than 4% annually, unless amended by the board.

Endowment net asset composition as of December 31, 2024 is composed of all donor restricted endowment funds held in cash and cash equivalents and investments.

At December 31, 2024, there were no deficiencies reported in net assets with donor restrictions related to the endowment funds.

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**NOTE 6      ENDOWMENT WITH DONOR RESTRICTIONS (Continued)**

The net activity in the endowment funds is summarized below:

	<u>With Donor Restrictions</u>
Endowment net assets, January 1, 2024	\$ 1,933,459
Investment Income, net	<u>141,793</u>
Endowment net assets, December 31, 2024	<u>\$ 2,075,252</u>

**NOTE 7      NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are a release of restrictions by either incurring the expenses satisfying the restricted purpose or by the occurrence of other events specified by donors.

Net assets with donor restrictions, including contributions received and amounts released from restrictions for the year ended December 31, 2024 are as follows:

	<u>2023</u>	<u>Contributions</u>	<u>Releases</u>	<u>2024</u>
Purpose Restricted	\$ 2,005,957	\$ 141,793	\$ 55,000	\$ 2,092,750
Time Restricted	<u>137,500</u>	<u>350,000</u>	<u>137,500</u>	<u>350,000</u>
	<u>\$ 2,143,457</u>	<u>\$ 491,793</u>	<u>\$ 192,500</u>	<u>\$ 2,442,750</u>

Net assets with donor restrictions includes contributions which are restricted for a specific purpose, to be used on the endowment. As of December 31, 2024, approximately \$1,900,000 is indefinitely donor restricted. The remaining funds are restricted for the purpose of supporting the Organization's programs and restrictions related to time, respectively.

**NOTE 8      RETIREMENT PLAN**

The Organization maintains a 401(k) 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. The Organization matches 4% of contributions for the year. For the year ended December 31, 2024, the Organization made matching contributions of \$165,731, which are included in personnel and related in the accompanying statements of functional expenses.

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**NOTE 9 RELATED PARTY TRANSACTIONS**

One of the board members of the Organization is a board member of an organization which Freedom of the Press Foundation, Inc. receives funding from including a conditional grant. See Note 10 for information related to the conditional grant.

**NOTE 10 CONDITIONAL GRANT**

During 2024, a foundation awarded the Organization a grant of \$962,975. Of this amount, \$481,488 has been recorded in grants and contributions as net assets without donor restrictions at December 31, 2024. The balance of \$481,487 is conditional upon the Organization achieving adequate progress of the grant's goals as determined by the funder at the end of the grant period. As such, it is not reflected in the accompanying financial statements at December 31, 2024. See Note 9 for information regarding related party transactions. The Organization has not entered into any other related party transactions as such terms are defined for tax-exempt organizations that are not private foundations under the Internal Revenue Code.

During 2024, a foundation awarded the Organization a grant of \$230,000, of which \$200,000 has been recognized through December 31, 2024. Of this amount, \$100,000 has been recorded in grants and contributions as net assets with donor restrictions at December 31, 2024 and \$100,000 has been recorded in grants and contributions as net assets without donor restrictions at December 31, 2024. The balance of \$30,000 is conditional upon the Organization achieving specific grant goals as determined by the funder, within the grant period. As such, it is not reflected in the accompanying financial statements at December 31, 2024.

**NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organizations' financial assets which are available to meet operational requirements, that is, without donor and other restrictions limiting their use, within one year of the statement date:

Financial assets at year-end:	
Cash and cash equivalents	\$ 2,144,034
Accounts receivable	67,958
Grants, contributions, and pledges receivable	1,022,338
Investments	<u>17,143,872</u>
Total financial assets at year-end	<u>20,378,202</u>
Less: those unavailable for general expenditures within one year, due to:	
Restricted by donor with time and purpose restrictions	(2,442,750)
Board designated reserve, primarily for long-term investing	<u>(15,157,118)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,778,334</u>

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**NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)**

Liquidity and the availability of financial assets is reviewed by management at the Organization on a regular basis to ensure cash balances are adequate to cover fixed expenses. The Organization manages funds to meet day-to-day cash needs and general expenditures within one year of the date of the statement of financial position.

**NOTE 12 SUBSEQUENT EVENTS**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 20, 2025, the date that the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.