

**FREE PRESS AND FREE PRESS ACTION FUND**

COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2013

**FREE PRESS AND FREE PRESS ACTION FUND**

**COMBINED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

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## **REPORT OF INDEPENDENT AUDITORS**

Boards of Directors  
Free Press and Free Press Action Fund

We have audited the accompanying combined financial statements of Free Press and Free Press Action Fund (the Organizations), which comprise the combined statements of financial position as of December 31, 2013 and 2012, and the related combined statements of activities, functional expenses, and cash flows 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 combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of 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 risk 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Free Press and Free Press Action Fund as of December 31, 2013 and 2012, 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.

## **Additional 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 13-15 is presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, changes in net assets and cash flows of the individual entities and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Calibre CPA Group, PLLC*

Bethesda, MD  
April 17, 2014

# FREE PRESS AND FREE ACTION FUND

## COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 810,408	\$ 885,063
Investments	692,038	1,814,157
Security sales pending settlement	-	9,941
Contributions receivable	1,562,026	118,430
Accounts receivable	1,905	2,252
Prepaid expenses	36,329	51,200
Property and equipment, net	82,421	105,336
Security deposit	20,290	20,290
Total assets	<u>\$ 3,205,417</u>	<u>\$ 3,006,669</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 116,289	\$ 109,442
Accrued vacation	102,307	89,165
Deferred revenue	-	24,157
Total liabilities	<u>218,596</u>	<u>222,764</u>
NET ASSETS		
Unrestricted		
Undesignated	241,821	438,237
Board designated		
Rapid response fund	-	500,000
Operating reserve	900,000	1,500,000
Total unrestricted	<u>1,141,821</u>	<u>2,438,237</u>
Temporarily restricted	<u>1,845,000</u>	<u>345,668</u>
Total net assets	<u>2,986,821</u>	<u>2,783,905</u>
Total liabilities and net assets	<u>\$ 3,205,417</u>	<u>\$ 3,006,669</u>

See accompanying notes to combined financial statements.

**FREE PRESS AND FREE ACTION FUND**

**COMBINED STATEMENTS OF ACTIVITIES**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 2,276,380	\$ 1,545,000	\$ 3,821,380	\$ 2,180,791	\$ 45,668	\$ 2,226,459
Conference revenue	115,223	-	115,223	-	-	-
Cy pres award and other	65	-	65	85,000	-	85,000
Membership	74,781	-	74,781	170,574	-	170,574
Investment income	30,629	-	30,629	42,533	-	42,533
Net assets released from restriction	45,668	(45,668)	-	750,000	(750,000)	-
Total support and revenue	<u>2,542,746</u>	<u>1,499,332</u>	<u>4,042,078</u>	<u>3,228,898</u>	<u>(704,332)</u>	<u>2,524,566</u>
<b>EXPENSES</b>						
Program Services						
Internet and Press Freedom Programs	2,656,804	-	2,656,804	2,272,165	-	2,272,165
Conferences and Special Events	450,215	-	450,215	271,501	-	271,501
Total program services expenses	<u>3,107,019</u>	<u>-</u>	<u>3,107,019</u>	<u>2,543,666</u>	<u>-</u>	<u>2,543,666</u>
Management and General	268,790	-	268,790	234,851	-	234,851
Fund Raising	463,353	-	463,353	578,076	-	578,076
Total expenses	<u>3,839,162</u>	<u>-</u>	<u>3,839,162</u>	<u>3,356,593</u>	<u>-</u>	<u>3,356,593</u>
<b>CHANGE IN NET ASSETS</b>	(1,296,416)	1,499,332	202,916	(127,695)	(704,332)	(832,027)
<b>NET ASSETS</b>						
Beginning of year	<u>2,438,237</u>	<u>345,668</u>	<u>2,783,905</u>	<u>2,565,932</u>	<u>1,050,000</u>	<u>3,615,932</u>
End of year	<u>\$ 1,141,821</u>	<u>\$ 1,845,000</u>	<u>\$ 2,986,821</u>	<u>\$ 2,438,237</u>	<u>\$ 345,668</u>	<u>\$ 2,783,905</u>

See accompanying notes to combined financial statements.

# FREE PRESS AND FREE ACTION FUND

## COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013				
	Internet and Press Freedom Programs	Conferences and Special Events	Management and General	Fund Raising	Total
COMBINED TOTALS					
Communications	\$ 29,421	\$ 58,653	\$ 33,997	\$ 9,266	\$ 131,337
Equipment and furnishings	-	-	31,670	-	31,670
Indirect costs	720,119	43,225	(871,215)	107,871	-
Occupancy and operating	1,887	2,650	456,885	17,365	478,787
Professional services	-	-	33,250	-	33,250
Special projects	2,085	167,530	11,635	33,882	215,132
Staffing costs	1,870,940	113,545	544,416	289,768	2,818,669
Travel costs	32,352	64,612	28,152	5,201	130,317
	<u>\$ 2,656,804</u>	<u>\$ 450,215</u>	<u>\$ 268,790</u>	<u>\$ 463,353</u>	<u>\$ 3,839,162</u>
	2012				
	Internet and Press Freedom Programs	Conferences and Special Events	Management and General	Fund Raising	Total
COMBINED TOTALS					
Communications	\$ 57,977	\$ 12,844	\$ 19,401	\$ 6,013	\$ 96,235
Equipment and furnishings	261	-	44,029	-	44,290
Indirect costs	613,507	65,972	(835,817)	156,338	-
Occupancy and operating	1,943	-	435,210	17,714	454,867
Professional services	-	-	35,536	-	35,536
Special projects	1,037	7,016	8,608	45	16,706
Staffing costs	1,560,666	183,055	507,191	396,928	2,647,840
Travel costs	36,774	2,614	20,693	1,038	61,119
	<u>\$ 2,272,165</u>	<u>\$ 271,501</u>	<u>\$ 234,851</u>	<u>\$ 578,076</u>	<u>\$ 3,356,593</u>

See accompanying notes to combined financial statements.

# FREE PRESS AND FREE ACTION FUND

## COMBINED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 202,916	\$ (832,027)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	22,915	26,695
Donated securities	(55,905)	-
Realized gains on investments	150	-
(Increase) decrease in		
Security sales pending settlement	9,941	(9,941)
Contributions receivable	(1,443,596)	737,250
Accounts receivable	347	(694)
Prepaid expenses	14,871	(6,574)
Security deposit	-	(5,605)
Increase (decrease) in		
Accounts payable and accrued expenses	6,847	(12,956)
Accrued vacation	13,142	(8,674)
Deferred revenue	(24,157)	24,157
Net cash used in operating activities	<u>(1,252,529)</u>	<u>(88,369)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of certificate of deposits, net	1,858,050	500,000
Purchase of certificates of deposits	(735,931)	(838,119)
Proceeds from sale of investments	55,755	-
Net cash provided by (used in) investing activities	<u>1,177,874</u>	<u>(338,119)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(74,655)	(426,488)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>885,063</u>	<u>1,311,551</u>
End of year	<u>\$ 810,408</u>	<u>\$ 885,063</u>

See accompanying notes to combined financial statements.



**FREE PRESS AND FREE PRESS ACTION FUND**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**NOTE 1. ORGANIZATIONS AND NATURE OF OPERATION**

**Free Press**

Free Press, founded in 2003, is a national, non-partisan, not-for-profit organization working to increase informed public participation in crucial media policy debates and to generate policies that will produce a more competitive and public-orientated system with a strong nonprofit and noncommercial sector.

Free Press was created for the charitable and educational purposes of conducting research on how the current media system influences the development of public policy and to educate the public and policy-makers on how a more diverse and public service-orientated media system can strengthen American democracy.

**Free Press Action Fund**

Free Press Action Fund, founded in 2003, is a national, non-partisan, not-for-profit, social welfare organization working to educate its members and the general public on how a diverse and public service-oriented media system can strengthen American democracy. Free Press Action Fund advocates and lobbies for media policy that will promote diverse and independent media ownership, strong public media, and universal access to communications.

The accompanying combined financial statements include the accounts of Free Press and Free Press Action Fund (the Organizations). All intercompany transactions have been eliminated in the combined financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Unrestricted Net Assets** - Net assets not subject to donor-imposed stipulations. The Board has designated net assets for a Rapid Response Fund and an Operating Reserve.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During 2013 the entire amount of the Rapid Response Fund and a significant portion of the Operating Reserve were de-designated by the Board.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed restrictions that may/will be met by the Organizations and/or the passage of time.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations. Generally, the donors of these assets permit the Organizations to use all of part of the income earned and capital gains, if any, on related investments for general or specific purposes. The Organizations did not have any permanently restricted net assets at December 31, 2013 and 2012.

Unrestricted contributions and all revenues from exchange transactions are reported as increases in unrestricted net assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

**Tax Exempt Status** - Free Press is exempt from Federal income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code, and is similarly exempt from state income taxes under Massachusetts law. Free Press Action Fund is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code and is similarly exempt from state income taxes under Massachusetts law; therefore, no provision has been made for Federal or State income taxes in the accompanying financial statements.

The Organizations account for income taxes in accordance with the Accounting Standards Codification (ASC) Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organizations performed an evaluation of uncertain tax positions for the years ended December 31, 2013 and 2012, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on their tax-exempt status. As of December 31, 2013, the statute of limitations for tax years 2010 through 2012 remains open with the U.S. federal jurisdiction and the state of Massachusetts. It is the Organizations' policy to recognize interest and/or penalties related to uncertain tax positions, if any, in unrelated business income tax expense.

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Investments** - All investments are reported at fair value.

**Promises to Give** - Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Accounts Receivables** - Accounts receivables are carried at their net realized 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.

**Donated Securities** - From time to time, the Organizations receive, as donations, financial securities. Revenue is recognized on such donations based on the market value at the time the donation is received, and is reported as a component of contributions. There were donated securities in 2013 in the amount of \$55,905.

**Functional Expenses** - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Use of Estimates** - The preparation of financial statements in conformity with 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications** - Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 presentation.

### **NOTE 3.    PROMISES TO GIVE**

As of December 31, 2012, all of the Organizations' contributions receivable are due within one year. All contributions receivable as of December 31, 2013 were due within one year, except for \$100,000 that is expected to be received in 2015.

Free Press received \$75,000 as of December 31, 2011 in conditional promises to give that were conditioned on the Organization raising matching funds in the same amount. The matching funds could be in the form of contributions from new donors or additional contributions received from former donors. Matching contributions were received during 2012 sufficient to recognize the entire \$75,000, which is included in contributions receivable at December 31, 2012 and which was received in 2013.

### **NOTE 4.    INVESTMENTS**

All of the Organization's investments consist of amounts held in bank certificates of deposit. The investments 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.

Investment income reported in the statements of activities for the years ended December 31, 2013 and 2012 consists of interest of \$30,629 and \$42,533, respectively.

### **NOTE 5.    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 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 Organization's own assumptions in determining the fair value of investments).

All investments are measured at fair value using Level 2 inputs as of December 31, 2013 and 2012.

**NOTE 6. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Office furniture and equipment	\$ 30,746	\$ 30,746
Leasehold improvements	<u>229,146</u>	<u>229,146</u>
	259,892	259,892
Less accumulated depreciation	<u>(177,471)</u>	<u>(154,556)</u>
	<u>\$ 82,421</u>	<u>\$ 105,336</u>

**NOTE 7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2013 and 2012 were subject to restriction as follows:

	<u>2013</u>	<u>2012</u>
Time-restricted	\$ 1,545,000	\$ -
Public Media and Journalism Program	-	45,668
C. Edwin Baker Fellowship Program	<u>300,000</u>	<u>300,000</u>
	<u>\$ 1,845,000</u>	<u>\$ 345,668</u>

Net assets released from restriction during 2013 of \$45,668 resulted from the satisfaction of purpose restrictions, and net assets released during 2012 of \$750,000 resulted from the expiration of time restrictions.

**NOTE 8. RETIREMENT BENEFITS**

The Organizations contribute to a Simplified Employee Pension (SEP) Individual Retirement Account (IRA) for employees who are eligible for coverage under the plan. In order to be eligible, an employee must have earned a minimum of \$450 during the preceding twelve months; must be a minimum of 18 years old; and must be a U. S. citizen or certain nonresident alien. The retirement plan contribution can vary each year from 0% to 25% of compensation (said limits are subject to change by federal legislation). Pension expense for the years ended December 31, 2013 and 2012 was \$95,535 and \$51,471, respectively.

**NOTE 9. LEASES**

The Organizations conduct their operations from facilities located in Florence, Massachusetts and Washington, D.C. The Florence lease expires on January 31, 2017. The Washington, D.C. lease is a seven-year lease commencing March 1, 2012 and expiring February 28, 2019. In addition to the base minimum rent, Free Press is responsible for its pro-rata share of any increases in real estate taxes.

**NOTE 9. LEASES (CONTINUED)**

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

2014	\$ 217,093
2015	227,053
2016	233,644
2017	175,166
2018	176,029
Thereafter	29,527

Rent expense for the years ended December 31, 2013 and 2012 was \$189,598 and \$168,015, respectively.

**NOTE 10. 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, 2013 that exceeded the balances insured by the FDIC by approximately \$876,000. 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 2013, approximately 73% of total contributions were received from four donors, and amounts due from those four comprised 85% of total contributions receivable as of December 31, 2013.

**NOTE 11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 17, 2014, which is the date the financial statements were available to be issued. In February 2014, the Organizations implemented substantial reductions to their operating costs to bring expenses in line with reasonably predicted revenue for 2014 and future years. Cost containment measures include reductions to staffing, and reductions to direct program, fundraising and management/governance costs. The review and evaluation of subsequent events revealed no other events or transactions which would require an additional adjustment to or disclosure in the accompanying financial statements.

## **ADDITIONAL INFORMATION**

# **FREE PRESS AND FREE ACTION FUND**

## **COMBINING STATEMENT OF FINANCIAL POSITION**

DECEMBER 31, 2013

(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2012)

	Free Press	Free Press Action Fund	Total	Eliminations	2013 Total	2012 Total
<b>ASSETS</b>						
ASSETS						
Cash and cash equivalents	\$ 682,319	\$ 128,089	\$ 810,408	\$ -	\$ 810,408	\$ 885,063
Investments	692,038	-	692,038	-	692,038	1,814,157
Security sales pending settlement	-	-	-	-	-	9,941
Contributions receivable	1,562,026	-	1,562,026	-	1,562,026	118,430
Due from affiliate	15,806	-	15,806	(15,806)	-	-
Accounts receivable	-	1,905	1,905	-	1,905	2,252
Prepaid expenses	34,955	1,374	36,329	-	36,329	51,200
Affiliate advance	-	95,000	95,000	(95,000)	-	-
Property and equipment, net	82,421	-	82,421	-	82,421	105,336
Security deposit	20,290	-	20,290	-	20,290	20,290
Total assets	<u>\$ 3,089,855</u>	<u>\$ 226,368</u>	<u>\$ 3,316,223</u>	<u>\$ (110,806)</u>	<u>\$ 3,205,417</u>	<u>\$ 3,006,669</u>
<b>LIABILITIES AND NET ASSETS</b>						
LIABILITIES						
Accounts payable and accrued expenses	\$ 116,184	\$ 15,911	\$ 132,095	\$ (15,806)	\$ 116,289	\$ 109,442
Accrued vacation	102,307	-	102,307	-	102,307	89,165
Deferred revenue	-	-	-	-	-	24,157
Advance from affiliate	95,000	-	95,000	(95,000)	-	-
Total liabilities	<u>313,491</u>	<u>15,911</u>	<u>329,402</u>	<u>(110,806)</u>	<u>218,596</u>	<u>222,764</u>
NET ASSETS						
Unrestricted						
Undesignated	31,364	210,457	241,821	-	241,821	438,237
Board designated						
Rapid response fund	-	-	-	-	-	500,000
Operating reserve	900,000	-	900,000	-	900,000	1,500,000
Total unrestricted	931,364	210,457	1,141,821	-	1,141,821	2,438,237
Temporarily restricted	1,845,000	-	1,845,000	-	1,845,000	345,668
Total net assets	<u>2,776,364</u>	<u>210,457</u>	<u>2,986,821</u>	<u>-</u>	<u>2,986,821</u>	<u>2,783,905</u>
Total liabilities and net assets	<u>\$ 3,089,855</u>	<u>\$ 226,368</u>	<u>\$ 3,316,223</u>	<u>\$ (110,806)</u>	<u>\$ 3,205,417</u>	<u>\$ 3,006,669</u>



**FREE PRESS AND FREE ACTION FUND**

**COMBINING STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2012)

	2013						2012		
	Unrestricted				Temporarily Restricted				
	Free Press	Free Press Action Fund	Eliminations	Total	Free Press	2013 Total	Unrestricted	Temporarily Restricted	2012 Total
SUPPORT AND REVENUE									
Contributions	\$ 2,190,707	\$ 285,673	\$ (200,000)	\$ 2,276,380	\$ 1,545,000	\$ 3,821,380	\$ 2,180,791	\$ 45,668	\$ 2,226,459
Conference revenue	115,223	-	-	115,223	-	115,223	-	-	-
Cy pres award and other	65	-	-	65	-	65	85,000	-	85,000
Membership	-	74,781	-	74,781	-	74,781	170,574	-	170,574
Investment income	30,399	230	-	30,629	-	30,629	42,533	-	42,533
Net assets released from restriction	45,668	-	-	45,668	(45,668)	-	750,000	(750,000)	-
Total support and revenue	<u>2,382,062</u>	<u>360,684</u>	<u>(200,000)</u>	<u>2,542,746</u>	<u>1,499,332</u>	<u>4,042,078</u>	<u>3,228,898</u>	<u>(704,332)</u>	<u>2,524,566</u>
EXPENSES									
Program Services									
Internet and Press Freedom Programs	2,597,046	259,758	(200,000)	2,656,804	-	2,656,804	2,272,165	-	2,272,165
Conferences and Special Events	450,215	-	-	450,215	-	450,215	271,501	-	271,501
Total program services expenses	<u>3,047,261</u>	<u>259,758</u>	<u>(200,000)</u>	<u>3,107,019</u>	<u>-</u>	<u>3,107,019</u>	<u>2,543,666</u>	<u>-</u>	<u>2,543,666</u>
Management and General	250,506	18,284	-	268,790	-	268,790	234,851	-	234,851
Fund Raising	430,141	33,212	-	463,353	-	463,353	578,076	-	578,076
	<u>3,727,908</u>	<u>311,254</u>	<u>(200,000)</u>	<u>3,839,162</u>	<u>-</u>	<u>3,839,162</u>	<u>3,356,593</u>	<u>-</u>	<u>3,356,593</u>
CHANGE IN NET ASSETS	(1,345,846)	49,430	-	(1,296,416)	1,499,332	202,916	(127,695)	(704,332)	(832,027)
NET ASSETS									
Beginning of year	<u>2,277,210</u>	<u>161,027</u>	<u>-</u>	<u>2,438,237</u>	<u>345,668</u>	<u>2,783,905</u>	<u>2,565,932</u>	<u>1,050,000</u>	<u>3,615,932</u>
End of year	<u>\$ 931,364</u>	<u>\$ 210,457</u>	<u>\$ -</u>	<u>\$ 1,141,821</u>	<u>\$ 1,845,000</u>	<u>\$ 2,986,821</u>	<u>\$ 2,438,237</u>	<u>\$ 345,668</u>	<u>\$ 2,783,905</u>

**FREE PRESS AND FREE ACTION FUND**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2012)

	Internet and Press Freedom Programs	Conferences and Special Events	Management and General	Fund Raising	2013 Total	2012 Total
<b>FREE PRESS</b>						
Communications	\$ 29,421	\$ 58,653	\$ 31,195	\$ 9,230	\$ 128,499	\$ 93,101
Equipment and furnishings	-	-	29,503	-	29,503	41,465
Indirect costs	642,791	43,225	(786,464)	100,448	-	-
Occupancy and operating	1,887	2,650	403,752	9,119	417,408	387,867
Professional services	-	-	21,835	-	21,835	24,075
Special projects	202,085	167,530	9,755	33,882	413,252	16,400
Staffing costs	1,688,510	113,545	514,769	272,261	2,589,085	2,407,793
Travel costs	32,352	64,612	26,161	5,201	128,326	58,749
	<u>\$ 2,597,046</u>	<u>\$ 450,215</u>	<u>\$ 250,506</u>	<u>\$ 430,141</u>	<u>\$ 3,727,908</u>	<u>\$ 3,029,450</u>
<b>FREE PRESS ACTION FUND</b>						
Communications	\$ -	\$ -	2,802	36	\$ 2,838	\$ 3,134
Equipment and furnishings	-	-	2,167	-	2,167	2,825
Indirect costs	77,328	-	(84,751)	7,423	-	-
Occupancy and operating	-	-	53,133	8,246	61,379	67,000
Professional services	-	-	11,415	-	11,415	11,461
Special projects	-	-	1,880	-	1,880	306
Staffing costs	182,430	-	29,647	17,507	229,584	240,047
Travel costs	-	-	1,991	-	1,991	2,370
	<u>\$ 259,758</u>	<u>\$ -</u>	<u>\$ 18,284</u>	<u>\$ 33,212</u>	<u>\$ 311,254</u>	<u>\$ 327,143</u>
<b>COMBINED TOTALS</b>						
Communications	\$ 29,421	\$ 58,653	\$ 33,997	\$ 9,266	\$ 131,337	\$ 96,235
Equipment and furnishings	-	-	31,670	-	31,670	44,290
Indirect costs	720,119	43,225	(871,215)	107,871	-	-
Occupancy and operating	1,887	2,650	456,885	17,365	478,787	454,867
Professional services	-	-	33,250	-	33,250	35,536
Special projects	2,085	167,530	11,635	33,882	215,132	16,706
Staffing costs	1,870,940	113,545	544,416	289,768	2,818,669	2,647,840
Travel costs	32,352	64,612	28,152	5,201	130,317	61,119
	<u>\$ 2,656,804</u>	<u>\$ 450,215</u>	<u>\$ 268,790</u>	<u>\$ 463,353</u>	<u>\$ 3,839,162</u>	<u>\$ 3,356,593</u>

# FREE PRESS AND FREE ACTION FUND

## COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013  
(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2012)

	Free Press	Free Press Action Fund	Eliminations	2013 Total	2012 Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in net assets	\$ 153,486	\$ 49,430	\$ -	\$ 202,916	\$ (832,027)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities					
Depreciation	22,915	-	-	22,915	26,695
Donated securities	(55,905)	-	-	(55,905)	-
Realized gains on investments	150	-	-	150	-
(Increase) decrease in					
Security sales pending settlement	9,941	-	-	9,941	(9,941)
Contributions and accounts receivable	(1,443,596)	-	-	(1,443,596)	737,250
Due from affiliate	36,181	-	(36,181)	-	-
Accounts receivable	-	347	-	347	(694)
Prepaid expenses	16,245	(1,374)	-	14,871	(6,574)
Security Deposit	-	-	-	-	(5,605)
Affiliate advance	-	-	-	-	-
Increase (decrease) in					
Accounts payable and accrued expenses	6,742	(36,076)	36,181	6,847	(12,956)
Accrued vacation	13,142	-	-	13,142	(8,674)
Deferred revenue	(24,157)	-	-	(24,157)	24,157
Advance from affiliate	-	-	-	-	-
Net cash provided by (used in) operating activities	<u>(1,264,856)</u>	<u>12,327</u>	<u>-</u>	<u>(1,252,529)</u>	<u>(88,369)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Maturities of certificate of deposits, net	1,858,050	-	-	1,858,050	500,000
Purchase of certificates of deposits	(735,931)	-	-	(735,931)	(838,119)
Proceeds from sale of investments	55,755	-	-	55,755	-
Net cash provided by (used in) investing activities	<u>1,177,874</u>	<u>-</u>	<u>-</u>	<u>1,177,874</u>	<u>(338,119)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(86,982)	12,327	-	(74,655)	(426,488)
CASH AND CASH EQUIVALENTS					
Beginning of year	<u>769,301</u>	<u>115,762</u>	<u>-</u>	<u>885,063</u>	<u>1,311,551</u>
End of year	<u>\$ 682,319</u>	<u>\$ 128,089</u>	<u>\$ -</u>	<u>\$ 810,408</u>	<u>\$ 885,063</u>