THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022 AND 2021

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JM&M
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Independent Auditor's Report

To the Steering Committee
The Reporters Committee for Freedom of the Press
Washington, DC

Opinion

We have audited the accompanying financial statements of The Reporters Committee for Freedom of the Press (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Reporters Committee for Freedom of the Press as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Reporters Committee for Freedom of the Press and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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, that raise substantial doubt about The Reporters Committee for Freedom of the Press' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 Reporters Committee for Freedom of the Press' 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 Reporters Committee for Freedom of the Press' 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.

Emphasis of Matter

As discussed in Note B to the financial statements, during the year ended December 31, 2022, The Reporters Committee for Freedom of the Press adopted new accounting guidance, Accounting Standards Update ("ASU") 2016-02, Topic 842, *Leases*, as amended. Our opinion is not modified with respect to this matter.

Columbia, MD
May 8, 2023

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2,084,774	$ 1,407,016
Grants and contributions receivable, current	1,459,908	579,230
Prepaid expenses	72,004	108,580
Total Current Assets	3,616,686	2,094,826
OTHER ASSETS		
Grants and contributions receivable, long term, net of discount	1,038,592	503,167
Investments	13,503,331	16,014,042
Property and equipment, net	397,091	465,856
Operating lease right-of-use assets, net	2,209,272	-
Security deposit	36,595	36,595
Total Other Assets	17,184,881	17,019,660
TOTAL ASSETS	$ 20,801,567	$ 19,114,486
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 39,559	$ 35,295
Accrued expenses	179,876	165,514
Deferred revenue	-	40,000
Deferred rent, current portion	-	35,643
Operating lease liability, current portion	310,066	-
Total Current Liabilities	529,501	276,452
OTHER LIABILITIES		
Deferred rent, net of current portion	-	581,765
Operating lease liability, net of current portion	2,481,277	-
Total Other Liabilities	2,481,277	581,765
Total Liabilities	3,010,778	858,217
NET ASSETS		
Without donor restrictions:		
Undesignated	6,635,283	8,054,503
Board designated endowment	1,054,796	1,222,577
Total Net Assets without Donor Restrictions	7,690,079	9,277,080
With donor restrictions	10,100,710	8,979,189
Total Net Assets	17,790,789	18,256,269
TOTAL LIABILITIES AND NET ASSETS	$ 20,801,567	$ 19,114,486

The accompanying notes are an integral part of these financial statements.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	1,365,088	$ 4,282,660	$ 5,647,748
Special events, net direct expenses of $370,365	1,347,914	-	1,347,914
Program services	356,884	-	356,884
Interest and dividends	195,913	184,025	379,938
Other income	3,945	-	3,945
Net assets released from restrictions	2,180,679	(2,180,679)	-
Total Revenue and Support	5,450,423	2,286,006	7,736,429
EXPENSES			
Program Services:			
Legal defense and research	3,772,005	-	3,772,005
Support Services:			
Management and general	1,239,692	-	1,239,692
Fundraising	671,067	-	671,067
Total Support Services	1,910,759	-	1,910,759
Total Expenses	5,682,764	-	5,682,764
CHANGE IN NET ASSETS FROM OPERATIONS	(232,341)	2,286,006	2,053,665
OTHER CHANGES			
Net depreciation in fair value of investments	(1,354,660)	(1,164,485)	(2,519,145)
CHANGE IN NET ASSETS	(1,587,001)	1,121,521	(465,480)
NET ASSETS, beginning of year	9,277,080	8,979,189	18,256,269
NET ASSETS, end of year	$ 7,690,079	$ 10,100,710	$ 17,790,789

The accompanying notes are an integral part of these financial statements.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	$ 1,741,731	$ 2,476,993	$ 4,218,724
Program services	73,413	-	73,413
Interest and dividends	196,739	189,667	386,406
Forgiveness of PPP loans	1,017,405	-	1,017,405
Other income	639	-	639
Net assets released from restrictions	1,848,349	(1,848,349)	-
Total Revenue and Support	4,878,276	818,311	5,696,587
EXPENSES			
Program Services:			
Legal defense and research	2,892,410	-	2,892,410
Support Services:			
Management and general	1,289,412	-	1,289,412
Fundraising	1,018,732	-	1,018,732
Total Support Services	2,308,144	-	2,308,144
Total Expenses	5,200,554	-	5,200,554
CHANGE IN NET ASSETS FROM OPERATIONS	(322,278)	818,311	496,033
OTHER CHANGES			
Net appreciation in fair value of investments	562,403	555,964	1,118,367
CHANGE IN NET ASSETS	240,125	1,374,275	1,614,400
NET ASSETS, beginning of year	9,036,955	7,604,914	16,641,869
NET ASSETS, end of year	$ 9,277,080	$ 8,979,189	$ 18,256,269

The accompanying notes are an integral part of these financial statements.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Support Services			
	Legal Defense and Research	Management and General	Fundraising	Total Support Services	Total
Personnel Costs:					
Salaries and wages	$ 2,699,231	$ 654,976	$ 463,108	$ 1,118,084	$ 3,817,315
Payroll taxes	218,250	54,828	35,142	89,970	308,220
Employee benefits	330,178	80,118	56,648	136,766	466,944
Subtotal Personnel Costs	3,247,659	789,922	554,898	1,344,820	4,592,479
Accounting	-	21,000	-	21,000	21,000
Bank service charges	-	1,669	5,364	7,033	7,033
Computer research	30,756	-	-	-	30,756
Consultant	50,311	57,293	11,365	68,658	118,969
Depreciation	-	83,129	-	83,129	83,129
Dues and subscriptions	85,772	48,776	14,043	62,819	148,591
Equipment rental	10,184	7,327	-	7,327	17,511
Insurance	12,839	2,532	2,045	4,577	17,416
Legal services	66,059	-	-	-	66,059
Office supplies and expenses	2,529	5,274	437	5,711	8,240
Postage and delivery	1,497	893	2,413	3,306	4,803
Printing	1,127	160	4,594	4,754	5,881
Professional fees	-	10,404	-	10,404	10,404
Promotion and outreach	23,780	66,965	810	67,775	91,555
Rent	182,651	74,103	51,985	126,088	308,739
Software development	-	48,000	-	48,000	48,000
Taxes and licenses	-	190	10,749	10,939	10,939
Telephone	7,743	9,498	2,922	12,420	20,163
Travel	49,098	12,557	9,442	21,999	71,097
Total Expenses	$ 3,772,005	$ 1,239,692	$ 671,067	$ 1,910,759	$ 5,682,764

The accompanying notes are an integral part of these financial statements.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Support Services			
	Legal Defense and Research	Management and General	Fundraising	Total Support Services	Total
Personnel Costs:					
Salaries and wages	$ 2,189,021	$ 519,139	$ 465,995	$ 985,134	$ 3,174,155
Payroll taxes	181,126	45,126	34,696	79,822	260,948
Employee benefits	282,260	70,735	58,687	129,422	411,682
Subtotal Personnel Costs	2,652,407	635,000	559,378	1,194,378	3,846,785
Accounting	-	19,000	-	19,000	19,000
Bank service charges	-	976	8,327	9,303	9,303
Computer research	27,747	-	-	-	27,747
Consultant	9,615	151,711	400,646	552,357	561,972
Depreciation	-	80,103	-	80,103	80,103
Dues and subscriptions	49,173	51,798	7,238	59,036	108,209
Equipment rental	11,630	4,621	-	4,621	16,251
Insurance	11,526	3,778	-	3,778	15,304
Legal services	49,686	-	-	-	49,686
Office supplies and expenses	3,352	4,115	1,620	5,735	9,087
Postage and delivery	1,752	675	7,769	8,444	10,196
Printing	830	120	13,507	13,627	14,457
Professional fees	-	14,088	-	14,088	14,088
Promotion and outreach	5,803	3,889	1,574	5,463	11,266
Rent	1,000	-	-	-	1,000
Repairs and maintenance	43,174	274,133	-	274,133	317,307
Software development	266	34,900	-	34,900	35,166
Taxes and licenses	409	315	6,755	7,070	7,479
Telephone	14,610	2,510	1,730	4,240	18,850
Travel	9,430	7,680	10,188	17,868	27,298
Total Expenses	$ 2,892,410	$ 1,289,412	$ 1,018,732	$ 2,308,144	$ 5,200,554

The accompanying notes are an integral part of these financial statements.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (465,480)	$ 1,614,400
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	83,129	80,103
ROU operating lease	(2,470,442)	-
Amortization of ROU operating building lease	261,170	-
Operating lease obligations	3,087,849	-
Donated stock	-	(446)
Stock dividends	-	(640)
Forgiveness of PPP loans	-	(1,017,405)
Net depreciation (appreciation) in fair value of investments	2,519,145	(1,118,367)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Grants and contributions receivable	(1,416,103)	540,834
Prepaid expenses	36,576	4,993
Increase (decrease) in liabilities:		
Accounts payable	4,264	(15,965)
Accrued expenses	14,362	37,616
Deferred revenue	(40,000)	(278,337)
Deferred rent	(617,408)	(27,298)
Operating lease liability	(296,506)	-
Net Cash Provided by (Used for) Operating Activities	700,556	(180,512)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(14,364)	(13,887)
Proceeds from sales of investments	638,534	-
Purchases of investments	(646,968)	(1,497,647)
Net Cash Used for Investing Activities	(22,798)	(1,511,534)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loans	-	553,005
Net Cash Provided by Financing Activities	-	553,005
NET CHANGE IN CASH AND CASH EQUIVALENTS	677,758	(1,139,041)
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,407,016	2,546,057
End of year	$ 2,084,774	$ 1,407,016

The accompanying notes are an integral part of these financial statements.

NOTE A – NATURE OF THE ORGANIZATION

The Reporters Committee for Freedom of the Press (the "Committee"), a voluntary unincorporated Committee, was formed in March 1970 to promote the First Amendment interest of a free press through research, dissemination of information, and assistance to members of the press in the conduct of litigation. Effective August 31, 1973, the Committee was granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code as a charitable, educational non-profit Committee. The Committee's revenue is primarily derived from grants and contributions.

The Committee provides the following program services:

<u>Legal Defense and Research</u>

The Committee provides around-the-clock, pro bono services to all news media. It offers free legal assistance and research to journalists and attorneys, files amicus briefs, publishes numerous guides and materials, and speaks out against threats to the freedom of the press. The Committee undertakes legal defense and research projects in all areas of media law, and assists journalists and news organizations with freedom of information and access-to-court cases. The legal defense and research program includes the following:

> Pre-publication Legal Services – The Committee provides these services to freelance and independent journalists including documentary filmmakers.
>
> Publications - The Committee publishes and maintains a blog, various online legal guides and other materials, including the Freedom of Information Act (FOIA) wiki, for gathering and disseminating the news. The Committee's internet website provides content on media law and journalism, which is updated on a daily basis.
>
> Fellowship/Internship Programs - The Committee offers law fellowships for recent law school graduates and an internship program for journalism and law students each summer and during an academic semester.
>
> Litigation - The Committee's litigation practice, which includes its staff attorneys, complements its traditional amicus brief work at a time of increased need in the news media for impact litigation and pro bono legal services. The Committee has a network of lawyers around the country who, from time to time, serve as local counsel on amicus briefs or partners with the Committee in other ways.

Starting in 2020, the Committee expanded its program with Local Legal Initiative attorneys based in five states — Colorado, Oklahoma, Oregon, Pennsylvania and Tennessee — to help local journalists and news organizations defend their rights to gather and report the news, gain access to public records and court proceedings, and hold state and local government agencies and officials accountable. The states were selected from more than 45 submissions the Committee received from over 30 states, regions and territories nationwide as part of a proposal process conducted in 2019.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Committee are prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. In accordance with ASC Topic 958, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Committee and changes therein, are classified and reported as follows:

> *Net Assets without Donor Restrictions* - Net assets not subject to donor-imposed stipulations.
>
> *Net Assets with Donor Restrictions* - Net assets subject to donor-imposed restrictions that will be met by either actions of the Committee and/or the passage of time, or that must be maintained in perpetuity by the Committee. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Committee considers all highly liquid money market funds and certificates of deposit with original maturities of three months or less to be cash equivalents except those included as part of an investments portfolio. Cash and cash equivalents in certain accounts are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution. At times, these accounts may exceed this limit; however, the Committee believes it is not exposed to any significant credit risk on cash and cash equivalents.

Adoption of New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), as amended. FASB Accounting Standards Codification ("ASC") 842 supersedes the lease requirements in FASB ASC 840. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Committee adopted FASB ASC Topic 842, with an initial application of

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Adoption of New Accounting Pronouncement – continued

January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): *Targeted Improvements*. The Committee did not restate prior comparative periods as presented under ASC Topic 842, and instead evaluated whether a cumulative effect adjustment to net assets as of January 1, 2022, was necessary for the cumulative impact of the adoption of FASB ASC Topic 842. As of January 1, 2022, the Committee recognized (a) operating lease liabilities totaling $3,087,849, which represents the present value of the remaining lease payments of $3,323,840 discounted using the practical expedient risk-free rate of 1.73%, and (b) operating lease right-of-use assets totaling $2,470,441.

As part of the transition, the Committee implemented new controls and key system functionality to enable the preparation of financial information at the time of the adoption of ASC Topic 842, and elected to apply the following practical expedients:

a) No reassessment of whether any expired or existing contracts contain a lease.
b) No reassessment of initial direct costs for any existing leases as of the effective date.
c) In calculating the right-of-use assets and lease liability, the Committee has elected to combine lease and non-lease components.
d) As an accounting policy, the Committee has also elected to apply the short-term lease exception to all leases having initial terms of 12 months or less, and recognize occupancy expense on a straight-line basis over the lease term.

Grants and Contributions Receivable

Grants and contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. Amounts expected to be collected within one year are recorded at the net realizable value. Promises to give that are expected to be collected in the future are recorded at the present value of their estimated future cash flows. The discount on non-current grants receivable is computed using a discount rate of 4.73% and 2.50%, respectively, for the years ended December 31, 2022 and 2021. As of December 31, 2022 and 2021, the discount totaled $57,158 and $13,000, respectively.

Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collections, and existing economic conditions. Receivables deemed uncollectible are charged off based on circumstances of the parties involved. The Committee believes all receivables are collectible as of December 31, 2022 and 2021, therefore no allowance for doubtful accounts was established.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Donated Stock

Contributions of securities are recognized at fair value on the date of the contribution. For the years ended December 31, 2022 and 2021, the Committee received donated stock with a fair value of $0 and $446, respectively, which are included in grants and contributions on the statements of activities.

Investments

Investments are reported at fair value based on quoted market prices, if available. Interest is recognized on the accrual basis. Dividends are recognized on the ex-dividend date. Net appreciation or depreciation in the fair value of investments and interest and dividends are recognized in the period in which such changes occur and is presented separately in the statements of activities as non-operating.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair value as of the date of donation. The cost of property and equipment is depreciated using the straight-line method over the estimated useful lives of the assets, generally three to seven years. Expenditures greater than $500 that extend the useful life of the asset are capitalized, while the cost of repairs and maintenance, and minor replacements are charged to expense as incurred. Leasehold improvements are amortized over the lesser of the useful lives of the related assets or the lease term.

Leases

The Committee accounts for leases in accordance with FASB ASC Topic 842. The Committee is a lessee in an operating lease for building space. Lease liabilities are increased by interest and reduced by payments each period, and the right-of-use assets are amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line occupancy expense over the lease term. Variable lease expenses, if any, are recognized when incurred.

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following the lease term, purchase options or amounts

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Leases - continued

that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable. The implicit rate of the Committee's leases were determined as the risk free rate (US Treasury Rate) as of the date the Committee adopted FASB ASC Topic 842, which was 1.63% as of January 1, 2022.

Right-of-Use ("ROU") Assets (Operating Leases)

ROU assets are measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, ROU assets are subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received). Operating lease payments are recognized on a straight-line basis over the lease term.

Deferred Rent

Before the adoption of FASB ASC Topic 842, *Leases*, the Committee recognized occupancy expense, including incentives, on a straight-line basis over the term of the lease. Deferred rent liability reflects the occupancy expense recognized on a straight-line basis in excess of cash payments.

Grants and Contributions

The Committee recognizes contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as without donor restrictions. The Committee reports expirations of donor restrictions when the donated long-lived assets are acquired or placed in service. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as without donor restrictions support.

Program Services

Program services largely represents fees received in litigation settlements, which are recognized as revenue at a point in time when the Committee is awarded a settlement.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount 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.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or support services of the Committee. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Those expenses include depreciation, rent, and any other applicable expenditures, which are allocated on the basis of salaries and related costs determined by an estimate of time and effort expended.

Reclassifications

Certain amounts reported for the beginning net assets without donor restrictions were reclassified to net assets with donor restrictions to conform to the current year's presentation. This reclassification had no effect on the reported total net assets of the Committee as of January 1, 2022.

NOTE C – INCOME TAXES

The Committee is a 501(c)(3) organization that is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the "Code") and is not a private foundation. Under the provisions of the Code, the Committee is, however, subject to a tax on business income unrelated to its exempt purpose. The Committee files information returns and other tax returns as required.

The Committee believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Committee's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. The Committee's Form 990 information returns for the years ended December 31, 2019 through 2021, are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The Committee's management regularly monitors liquidity requirements to ensure that ongoing operating needs and contractual commitments are met. Timing of revenue receipts also ensures the availability of necessary operational funds. Sources of liquidity available to the Committee include financial assets consisting of cash and cash equivalents, grants and contributions receivable, and investments. The Committee anticipates receiving additional grants and contributions that will sufficiently cover its operating expenses over a 12-month period. Additionally, the Committee has net assets with donor restrictions for special projects totaling $1,079,494 and $1,377,944 as of December 31, 2022 and 2021, respectively, that are expected to be available for spending over the next 12 months, except in such cases where amounts are included in deductions of grants and contributions receivable, net of current portion.

Although the Committee does not intend to spend from its board designated reserves, other than amounts appropriated for expenditure, funds could be made available through board resolution, if necessary.

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, the Committee considers all expenditures related to its ongoing activities that supports its legal defense and research programs as well as the conduct of services undertaken to support those activities to be general expenditures.

The Committee's financial assets available within one year of the statements of financial position date for general expenditure are as follows as of December 31:

	2022	2021
Cash and cash equivalents	$ 2,084,774	$ 1,407,016
Grants and contributions receivable	2,498,500	1,082,397
Investments	13,503,331	16,014,042
Total Financial Assets	18,086,605	18,503,455
Less: grants and contributions receivable, net of current	(1,038,592)	(503,167)
Less: investments encumbered by board designations	(1,054,796)	(1,222,577)
Less: investments encumbered by donor restrictions	(6,677,635)	(7,749,695)
Total Financial Assets Available to Meet Cash Needs for General Expenditures	$ 9,315,582	$ 9,028,016

NOTE E – GRANTS AND CONTRIBUTIONS RECEIVABLE

The following schedule summarizes the grants and contributions receivable as of December 31:

	2022	2021
Amount due in one year or less	$ 1,459,908	$ 579,230
Amount due between one year and five years	1,095,750	516,167
Less: discount at 4.73% and 2.5%, respectively	(57,158)	(13,000)
Total contributions receivable, net of discount	$ 2,498,500	$ 1,082,397

NOTE F – ENDOWMENT

Effective January 23, 2008, the District of Columbia enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the provisions of which apply to endowment funds existing on or established after that date. The Committee is required to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so, to consider a number of factors including the duration and preservation of its donor restricted endowment funds. As a result of this interpretation, the Committee classified as net assets with donor restrictions the original value of gifts donated to be held in perpetuity. Any remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions is classified as net assets without donor restrictions when those amounts are appropriated for expenditure by the Committee in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Knight Endowment Fund ("Knight I") was established in September 1999 upon receipt of the first installment of a $2.3 million grant. The grant consisted of $2 million and $300,000 to be used for operating support. Amounts expended are subject to annual limitations based on the fair value of the assets.

In 2005, a second Knight Endowment Fund ("Knight II") was established upon receipt of the first installment of a $2.5 million partial challenge grant. The grant consisted of a $1 million matching endowment challenge, a $1 million matching operating challenge, and $500,000 for operating costs to be paid over five years. The Knight Foundation matched dollar-for-dollar on the operating challenge portions of the grant up to $400,000 per year for the five-year period.

On May 2, 2016, an amendment to the Knight I and Knight II grant agreements was signed. The amendment combined the two investment funds to establish a new endowment fund titled the "Knight Litigation Project Fund ("Knight Fund")." Income from the Knight Fund is used to support litigation and litigation related activities provided by the Committee on behalf of individual journalists, freelancers, digital communicators, and news organizations.

NOTE F – ENDOWMENT – continued

According to the terms of the grant, each year the Committee shall make available for distributions for its programs and administrative costs an amount not less than 3.5% and not more than 5.5% of the average market value of the Knight Fund for up to the prior 12 calendar quarters.

Therefore, for the years ended December 31, 2022 and 2021, 5% of the Knight Fund was released, which totaled $329,920 and $308,614, respectively, and administrative fees totaling $28,725 and $27,546, respectively, were also paid out of the Knight Fund. The amount released was calculated based on the average fair market value of the Knight Fund for the 12 previous quarters. Balances at year end are classified as with donor restrictions due to time restrictions.

The Committee's endowment net assets consist of the following as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Ending Balance
Original donor-restricted gift amount and amounts required to be retained by donor	$ -	$ 4,000,000	$ 4,000,000
Portion subject to appropriation for expenditures	-	2,677,635	2,677,635
Balance at December 31, 2022	$ -	$ 6,677,635	$ 6,677,635

Changes in the endowment net assets for the year ended December 31, 2022, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Ending Balance
Endowment net assets, beginning of year	$ -	$ 7,749,695	$ 7,749,695
Investment return, net	-	(713,415)	(713,415)
Appropriation of endowment assets for expenditures	-	(358,645)	(358,645)
Balance at December 31, 2022	$ -	$ 6,677,635	$ 6,677,635

The Committee's endowment net assets consist of the following as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Ending Balance
Original donor-restricted gift amount and amounts required to be retained by donor	$ -	$4,000,000	$4,000,000
Portion subject to appropriation for expenditures	-	3,749,695	3,749,695
Balance at December 31, 2021	$ -	$7,749,695	$7,749,695

NOTE F – ENDOWMENT – continued

Changes in the endowment net assets for the year ended December 31, 2021, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Ending Balance
Endowment net assets, beginning of year	$ -	$ 6,226,970	$ 6,226,970
Investment return, net	-	1,858,885	1,858,885
Appropriation of endowment assets for expenditures	-	(336,160)	(336,160)
Balance at December 31, 2021	$ -	$ 7,749,695	$ 7,749,695

NOTE G – OTHER NET ASSETS WITH DONOR RESTRICTIONS

The special projects represent grants and contributions restricted for the legal fellowship program, which totaled $2,306,074 and $1,079,494 for the years ended December 31, 2022 and 2021, respectively:

	Year Ended December 31, 2022			
	Beginning Balance	Contributions	Amount Released	Ending Balance
Special Projects	$ 1,079,494	$ 2,998,614	$ (1,772,034)	$ 2,306,074

	Year Ended December 31, 2021			
	Beginning Balance	Contributions	Amount Released	Ending Balance
Special Projects	$ 1,377,944	$ 1,213,739	$ (1,512,189)	$ 1,079,494

In addition, net assets with donor restrictions also includes grants and contributions totaling $150,000 and $1,117,000 as of December 31, 2022 and 2021, respectively, which were restricted by time.

NOTE H – QUASI-ENDOWMENT

The Steering Committee established the Jack Nelson/Dow Jones Legal Fellowship Fund to support the expenses related to maintaining a personnel position specifically designated for a recent law school graduate. Interest earned on funds held by the Jack Nelson/Dow Jones Legal Fellowship Fund is available for current operations.

NOTE H – QUASI-ENDOWMENT – continued

Quasi-endowment balances as of December 31, 2022 and 2021, were as follows:

	2022	2021
Beginning balance	$ 1,222,577	$ 1,096,518
Investment income	29,907	29,304
Net (depreciation) appreciation in fair value	(193,104)	101,598
Less: Advisory fees	(4,584)	(4,843)
Ending Balance	$ 1,054,796	$ 1,222,577

NOTE I – FAIR VALUE MEASUREMENT

FASB ASC Topic 820, *Fair Value Measurement,* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Level 1 of the fair value hierarchy under FASB ASC Topic 820 is described as inputs to the valuation methodology that are unadjusted quoted prices for identical assets or liabilities in active markets that the Committee has the ability to access.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs are based on unadjusted quoted prices for identical assets traded in active markets that the Committee has the ability to access.

Level 2 Inputs are based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

NOTE I – FAIR VALUE MEASUREMENT – continued

Level 3 Inputs are unobservable and significant to the fair value measurement.

The following valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Committee's investments in mutual funds – fixed income and equities are based on observable market quotations. The fair value of money market funds are valued at the carrying amount, which approximates fair value. The fair value of U.S. Treasury bonds have been provided by the Committee's investment managers and custodian banks that use a variety of pricing sources to determine market valuations, including indexes for each sector of the market.

The following table presents the fair value hierarchy of the Committee's investments measured at fair value on a recurring basis as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 2,639,577	$ -	$ -	$ 2,639,577
Certificates of Deposits	-	-	-	-
Equities	8,404,815	-	-	8,404,815
Mutual Funds - Fixed Income	2,324,424	-	-	2,324,424
U.S. Treasury Bonds	-	134,515	-	134,515
Total	$13,368,816	$ 134,515	$ -	$13,503,331

The following table presents the fair value hierarchy of the Committee's investments measured at fair value on a recurring basis as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 2,106,065	$ -	$ -	$ 2,106,065
Certificates of Deposits	418,229	-	-	418,229
Equities	10,342,448	-	-	10,342,448
Mutual Funds - Fixed Income	2,782,808	-	-	2,782,808
U.S. Treasury Bonds	-	364,492	-	364,492
Total	$15,649,550	$ 364,492	$ -	$16,014,042

NOTE J – PROPERTY AND EQUIPMENT

As of December 31, 2022 and 2021, property and equipment consisted of the following:

	2022	2021
Furniture and equipment	$ 227,656	$ 214,702
Leasehold improvements	530,162	530,162
	757,818	744,864
Less: accumulated depreciation	(360,727)	(279,008)
Property and Equipment, Net	$ 397,091	$ 465,856

During the year, the Committee disposed of fully depreciated computer equipment with a cost of $1,410. For the years ended December 31, 2022 and 2021, depreciation expense totaled $83,129 and $80,103, respectively.

NOTE K – PAYCHECK PROTECTION PROGRAM ("PPP") LOAN

On May 1, 2020, the Committee secured a loan in the amount of $464,400 with PNC Bank (the "Lender") under the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") that authorized forgivable loans to small businesses. This loan could be used to cover certain expenses during the COVID-19 crisis. The loan amounts would be forgiven as long as the loan proceeds were used to cover payroll costs, rent, certain mortgage interest, and utility costs over a period specified in the loan document after the loan was made. If not used for the prescribed purpose, the loan would become due on May 1, 2022, along with interest calculated at the rate of 1% per annum. On June 29, 2021, the Committee was notified by the SBA that the loan had been fully forgiven. The loan balance was recognized as forgiveness of PPP loans in the accompanying statement of activities for the year ended December 31, 2021.

On February 12, 2021, the Committee secured an additional PPP loan in the amount of $553,005 with the same Lender and under the same SBA terms and conditions as the previous loan. If not used for the prescribed purpose, the loan would become due on February 12, 2026, along with interest calculated at the rate of 1% per annum. On October 22, 2021, the Committee was notified by the SBA that the loan had been fully forgiven. Therefore, the loan balance was recognized as forgiveness of PPP loan in the accompanying statement of activities for the year ended December 31, 2021.

NOTE L – LEASE COMMITMENTS

As disclosed in Note B, the Committee adopted FASB ASC Topic 842. The Committee has an operating lease for building space and a licensed leasing agreement for storage space with the same landlord.

NOTE L – LEASE COMMITMENTS – continued

For the year ended December 31, 2022, operating leases are included in non-current assets, and current and long-term liabilities on the statements of financial position.

On November 3, 2014, the Committee signed a lease for office space in the District of Columbia. The lease commenced on January 1, 2015 and expired on May 31, 2020. On December 14, 2017, the Committee entered into an amended lease agreement for the rental of additional office space with an expiration date of May 30, 2030. However, on March 19, 2019, the Committee amended their lease for a third time, which extended the expiration date to September 30, 2030.

The Committee also entered into a storage license leasing agreement on November 18, 2014, which runs concurrently with the terms of the lease for office space.

The balance of the ROU operating assets is as follows:

	12/31/2022	1/1/2022
Operating lease ROU assets - building	$ 2,443,801	$ 2,443,801
Operating license agreement ROU assets - storage	26,641	26,641
Amortization of ROU operating assets - building	(261,170)	-
Total Operating ROU Building Assets, Net	$ 2,209,272	$ 2,470,442

The following are the future maturities of the operating lease liabilities for the years ending December 31:

2023	$ 353,268
2024	362,100
2025	371,140
2026	380,404
2027	389,928
Thereafter	1,122,358
Total lease payments	2,979,198
Less: interest	(187,855)
Present Value of Lease Liabilities	$ 2,791,343

As a result of implementing ASU Topic 842, for the year ended December 31, 2022, rent expense totaled $308,739, which represents the ROU asset amortization and interest expense. For the year ended December 31, 2021, rent expense totaled $317,307.

NOTE L – LEASE COMMITMENTS – continued

As of December 31, 2022, the weighted-average remaining lease term for the Committee's operating leases was 7.75 years.

Because the Committee generally does not have access to the rate implicit in the lease, it utilizes the risk free rate (US Treasury Rate). The weighted average discount rate associated with operating leases as of December 31, 2022, was 1.63%.

NOTE M – PENSION PLAN

The Committee sponsors the Reporters Committee 401(k) Plan (the "Plan"), which covers substantially all employees over 21 years of age on the date of hire. Employees may contribute up to 90% of their compensation to the Plan, subject to certain Internal Revenue Service requirements. The Committee matched employee deferral contributions in an amount equal to 100% on the first 5% of compensation contributed to the Plan. Total employer contributions to the Plan for the years ended December 31, 2022 and 2021, was $185,010 and $151,916, respectively.

NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, the Committee has evaluated events and transactions for potential recognition or disclosure through May 8, 2023, the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.