

**THE REPORTERS COMMITTEE FOR
FREEDOM OF THE PRESS**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statement of Activities - Year Ended December 31, 2023	4
Statement of Activities - Year Ended December 31, 2022	5
Statement of Functional Expenses - Year Ended December 31, 2023	6
Statement of Functional Expenses - Year Ended December 31, 2022	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 – 22



CERTIFIED PUBLIC ACCOUNTANTS

10500 Little Patuxent Parkway
Suite 770
Columbia, Maryland 21044
(410) 884-0220
Fax: (301) 596-5471

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, 2023 and 2022, 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, 2023 and 2022, 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.

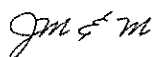
Auditor's Responsibilities for the Audit of the Financial Statements

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.



Columbia, MD
May 9, 2024

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,539,066	\$ 2,084,774
Grants and contributions receivable, current	1,123,501	1,459,908
Prepaid expenses	91,649	72,004
Total Current Assets	2,754,216	3,616,686
OTHER ASSETS		
Grants and contributions receivable, long term, net of discount	241,895	1,038,592
Investments	15,102,930	13,503,331
Property and equipment, net	321,249	397,091
Operating lease right-of-use assets, net	1,943,168	2,209,272
Security deposit	36,595	36,595
Total Other Assets	17,645,837	17,184,881
TOTAL ASSETS	\$ 20,400,053	\$ 20,801,567
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 60,043	\$ 39,559
Accrued expenses	212,187	179,876
Accrued vacation	153,612	-
Operating lease liability, current portion	362,100	310,066
Total Current Liabilities	787,942	529,501
OTHER LIABILITIES		
Operating lease liability, net of current portion	2,119,177	2,481,277
Total Other Liabilities	2,119,177	2,481,277
Total Liabilities	2,907,119	3,010,778
NET ASSETS		
Without donor restrictions:		
Undesignated	7,074,125	6,635,283
Board designated quasi-endowment	1,228,622	1,054,796
Total Net Assets without Donor Restrictions	8,302,747	7,690,079
With donor restrictions	9,190,187	10,100,710
Total Net Assets	17,492,934	17,790,789
TOTAL LIABILITIES AND NET ASSETS	\$ 20,400,053	\$ 20,801,567

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, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 892,100	\$ 1,596,608	\$ 2,488,708
Special events, net direct expenses of \$146,318	1,547,024	-	1,547,024
Program services	269,309	-	269,309
Interest and dividends	227,369	193,848	421,217
Other income	622	-	622
Net assets released from restrictions	<u>3,593,852</u>	<u>(3,593,852)</u>	<u>-</u>
Total Revenue and Support	<u>6,530,276</u>	<u>(1,803,396)</u>	<u>4,726,880</u>
EXPENSES			
Program Services:			
Legal defense and research	4,802,449	-	4,802,449
Support Services:			
Management and general	807,705	-	807,705
Fundraising	913,234	-	913,234
Total Support Services	<u>1,720,939</u>	<u>-</u>	<u>1,720,939</u>
Total Expenses	<u>6,523,388</u>	<u>-</u>	<u>6,523,388</u>
CHANGE IN NET ASSETS FROM OPERATIONS	6,888	(1,803,396)	(1,796,508)
OTHER CHANGES			
Net appreciation in fair value of investments	<u>605,780</u>	<u>892,873</u>	<u>1,498,653</u>
CHANGE IN NET ASSETS	612,668	(910,523)	(297,855)
NET ASSETS, beginning of year	<u>7,690,079</u>	<u>10,100,710</u>	<u>17,790,789</u>
NET ASSETS, end of year	<u>\$ 8,302,747</u>	<u>\$ 9,190,187</u>	<u>\$ 17,492,934</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 1,365,088	\$ 4,282,660	\$ 5,647,748
Special events, net direct expenses of \$370,365	1,718,549	-	1,718,549
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	<u>2,180,679</u>	<u>(2,180,679)</u>	<u>-</u>
Total Revenue and Support	5,821,058	2,286,006	8,107,064
EXPENSES			
Program Services:			
Legal defense and research	3,830,786	-	3,830,786
Support Services:			
Management and general	1,170,826	-	1,170,826
Fundraising	<u>1,051,787</u>	<u>-</u>	<u>1,051,787</u>
Total Support Services	<u>2,222,613</u>	<u>-</u>	<u>2,222,613</u>
Total Expenses	<u>6,053,399</u>	<u>-</u>	<u>6,053,399</u>
CHANGE IN NET ASSETS FROM OPERATIONS	(232,341)	2,286,006	2,053,665
OTHER CHANGES			
Net depreciation in fair value of investments	<u>(1,354,660)</u>	<u>(1,164,485)</u>	<u>(2,519,145)</u>
CHANGE IN NET ASSETS	(1,587,001)	1,121,521	(465,480)
NET ASSETS, beginning of year	<u>9,277,080</u>	<u>8,979,189</u>	<u>18,256,269</u>
NET ASSETS, end of year	<u>\$ 7,690,079</u>	<u>\$ 10,100,710</u>	<u>\$ 17,790,789</u>

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, 2023

	Program Services		Support Services		Total
	Legal Defense and Research	Management and General	Fundraising	Total Support Services	
Personnel Costs:					
Salaries and wages	\$ 3,325,162	\$ 366,407	\$ 431,178	\$ 797,585	\$ 4,122,747
Payroll taxes	258,019	31,300	32,404	63,704	321,723
Employee benefits	366,194	68,057	48,785	116,842	483,036
Subtotal Personnel Costs	3,949,375	465,764	512,367	978,131	4,927,506
Accounting	-	30,150	-	30,150	30,150
Bank service charges	-	6,476	1,297	7,773	7,773
Computer research and database	63,792	3,094	2,397	5,491	69,283
Consultant fees	70,726	187,467	32,975	220,442	291,168
Depreciation	61,170	6,740	7,932	14,672	75,842
Dues and subscriptions	17,736	24,952	2,185	27,137	44,873
Equipment rental	3,670	409	593	1,002	4,672
Insurance	21,464	1,496	2,115	3,611	25,075
Legal services	119,846	331	-	331	120,177
Office supplies and expenses	31,697	7,635	6,880	14,515	46,212
Postage and delivery	841	1,401	2,018	3,419	4,260
Printing	5,534	189	14,497	14,686	20,220
Professional fees	75	66	-	66	141
Promotion and outreach	24,600	125	70,342	70,467	95,067
Rent	254,016	28,382	41,856	70,238	324,254
Software and website support	70,500	-	-	-	70,500
Taxes and licenses	-	5,258	9,776	15,034	15,034
Telephone	16,598	1,823	2,588	4,411	21,009
Travel	90,809	35,947	203,416	239,363	330,172
Total Expenses	\$ 4,802,449	\$ 807,705	\$ 913,234	\$ 1,720,939	\$ 6,523,388

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		Total
	Legal Defense and Research	Management and General	Fundraising	Total Support Services	
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	-	12,171	12,171	42,927
Consultant fees	50,311	57,293	169,811	227,104	277,415
Depreciation	58,781	14,263	10,085	24,348	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	200,828	267,793	291,573
Rent	182,651	74,103	51,985	126,088	308,739
Software and website support	-	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	\$ 3,830,786	\$ 1,170,826	\$ 1,051,787	\$ 2,222,613	\$ 6,053,399

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (297,855)	\$ (465,480)
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Net (appreciation) depreciation in fair value of investments	(1,498,653)	2,519,145
Depreciation	75,842	83,129
ROU assets - operating lease	-	(2,470,442)
Amortization of ROU operating building lease	266,104	261,170
Operating lease obligations	-	3,087,849
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Grants and contributions receivable	1,133,104	(1,416,103)
Prepaid expenses	(19,645)	36,576
Increase (decrease) in liabilities:		
Accounts payable	20,484	4,264
Accrued expenses	32,311	14,362
Accrued vacation	153,612	-
Deferred revenue	-	(40,000)
Deferred rent	-	(617,408)
Operating lease liability	(310,066)	(296,506)
Net Cash (Used for) Provided by Operating Activities	(444,762)	700,556
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(14,364)
Proceeds from sales of investments	351,065	638,534
Purchases of investments	(452,011)	(646,968)
Net Cash Used for Investing Activities	(100,946)	(22,798)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(545,708)	677,758
CASH AND CASH EQUIVALENTS:		
Beginning of year	2,084,774	1,407,016
End of year	\$ 1,539,066	\$ 2,084,774

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

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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:

Legal Defense and Research

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 that the Committee received from over 30 states, regions and territories nationwide as part of a proposal process conducted in 2019.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

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.

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 was computed using a discount rate of 4.01% and 4.73%, respectively, for the years ended December 31, 2023 and 2022. As of December 31, 2023 and 2022, the discount totaled \$10,105 and \$57,158, respectively.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Grants and Contributions Receivable (continued)

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, 2023 and 2022; therefore, no allowance for doubtful accounts was established.

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.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Leases (continued)

(3) there is a reassessment of any of the following the lease term, purchase options or amounts 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 in the amount of the initially measured liability plus any lease payments made to the lessor before or after the 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.

Revenue Recognition

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.

Special Events

Special events revenue is recognized at a point of time when the event is held.

Program Services

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

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

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.

Methods Used for 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

For comparability purposes, depreciation expense for the year ended December 31, 2022, was allocated to program services and fundraising on the statement of functional expenses. This reclassification aligns with the current year's presentation and does not impact previously reported net assets or the change in net assets.

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, 2020 through 2022, 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.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

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 \$1,239,576 and \$2,306,074 as of December 31, 2023 and 2022, 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 the 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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,539,066	\$ 2,084,774
Grants and contributions receivable	1,365,396	2,498,500
Investments	<u>15,102,930</u>	<u>13,503,331</u>
Total Financial Assets	18,007,392	18,086,605
Less: grants and contributions receivable, net of current	(241,895)	(1,038,592)
Less: investments encumbered by board designations	(1,228,622)	(1,054,796)
Less: investments encumbered by donor restrictions	(7,439,111)	(6,677,636)
Less: net assets with donor restrictions	<u>(269,605)</u>	<u>(78,408)</u>
Total Financial Assets Available to Meet Cash Needs for General Expenditures	<u>\$ 8,828,159</u>	<u>\$ 9,237,173</u>

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
 (continued)

NOTE E – GRANTS AND CONTRIBUTIONS RECEIVABLE

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

	2023	2022
Amount due in one year or less	\$ 1,123,501	\$ 1,459,908
Amount due between one year and five years	252,000	1,095,750
Less: discount at 4.01% and 4.73%, respectively	(10,105)	(57,158)
Total Contributions Receivable, Net of Discount	\$ 1,365,396	\$ 2,498,500

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 entitled 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.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

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, 2023 and 2022, 5% of the Knight Fund was released, which totaled \$318,020 and \$329,920, respectively, and administrative fees totaling \$28,545 and \$28,725, 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, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Ending Balance</u>
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	-	3,439,111	3,439,111
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 7,439,111</u>	<u>\$ 7,439,111</u>

Changes in the endowment net assets for the year ended December 31, 2023, were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Ending Balance</u>
Endowment net assets, beginning of year	\$ -	\$ 6,677,636	\$ 6,677,636
Investment return, net	-	1,108,040	1,108,040
Appropriation of endowment assets for expenditures	-	(346,565)	(346,565)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 7,439,111</u>	<u>\$ 7,439,111</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Ending Balance</u>
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	<u>\$ -</u>	<u>\$ 6,677,635</u>	<u>\$ 6,677,635</u>

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE F – ENDOWMENT – continued

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	<u>\$ -</u>	<u>\$ 6,677,635</u>	<u>\$ 6,677,635</u>

NOTE G – SPECIAL PROJECTS

The special projects represent grants and contributions restricted for the legal fellowship program, which totaled \$1,239,576 and \$2,306,074 for the years ended December 31, 2023 and 2022, respectively:

	Year Ended December 31, 2023			
	Beginning Balance	Contributions	Amount Released	Ending Balance
Special Projects	<u>\$ 2,306,074</u>	<u>\$ 1,535,108</u>	<u>\$ (2,601,606)</u>	<u>\$ 1,239,576</u>

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

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of December 31:

	2023	2022
Purpose Restriction:		
Special Projects	\$ 1,239,576	\$ 2,306,074
Endowment	7,439,111	6,677,636
Total purpose restricted net assets	8,678,687	8,983,710
Time Restricted	511,500	1,117,000
Total Net Assets with Donor Restrictions	<u>\$ 9,190,187</u>	<u>\$10,100,710</u>

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE I – BOARD DESIGNATED QUASI-ENDOWMENT

In 1997, the Steering Committee established the Jack Nelson Fund as a quasi-endowment to support the expenses to cover the cost of maintaining a personnel position for a law school graduate to focus on state and local freedom of information issues. The initial contribution was \$750,611, and was invested in money markets, fixed income and various equity funds.

Based on the most recent Investment Policy Statement, adopted by the Steering Committee on January 14, 2021, the Committee may spend up to the amount needed to fund the annual cost of the Jack Nelson Legal Fellow. Although interest earned on the Jack Nelson Fund is available for current operations, there is no requirement to draw down funds if they are not needed in a given year. The return objective is to generate income over a market benchmark in the long-term.

As of December 31, 2023 and 2022, the board designated quasi-endowment fund was as follows:

	<u>2023</u>	<u>2022</u>
Beginning of Year Balance, Without Donor Restrictions	\$ 1,054,796	\$ 1,222,577
Investment income	30,723	29,907
Net appreciation (depreciation) in fair value	147,740	(193,104)
Less: Advisory fees	<u>(4,637)</u>	<u>(4,584)</u>
End of Year Balance, Without Donor Restrictions	<u>\$ 1,228,622</u>	<u>\$ 1,054,796</u>

NOTE J – 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).

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.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE J – FAIR VALUE MEASUREMENT – continued

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.

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 agency, corporate, municipal, and 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 tables presents the fair value hierarchy of the Committee’s investments measured at fair value on a recurring basis as of December 31, 2023 and 2022:

	Assets at Fair Value as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 3,526,516	\$ -	\$ -	\$ 3,526,516
Equities	8,098,430	-	-	8,098,430
Mutual Funds - Fixed Income	30,000	-	-	30,000
Agency Bonds	-	1,241,186	-	1,241,186
Corporate Bonds	-	1,368,888	-	1,368,888
Municipal Bonds	-	211,835	-	211,835
U.S. Treasury Bonds	-	626,075	-	626,075
Total	\$11,654,946	\$ 3,447,984	\$ -	\$15,102,930

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE J – FAIR VALUE MEASUREMENT – continued

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Money Market Funds	\$ 2,639,577	\$ -	\$ -	\$ 2,639,577
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

NOTE K – PROPERTY AND EQUIPMENT

As of December 31, 2023 and 2022, property and equipment consisted of the following:

	2023	2022
Furniture and equipment	\$ 192,669	\$ 227,656
Leasehold improvements	530,162	530,162
	722,831	757,818
Less: accumulated depreciation	(401,582)	(360,727)
Property and Equipment, Net	\$ 321,249	\$ 397,091

During the years ended December 31, 2023 and 2022, the Committee disposed of fully depreciated computer equipment with a cost of \$34,987 and \$1,410, respectively. For the years ended December 31, 2023 and 2022, depreciation expense totaled \$75,842 and \$83,129, respectively.

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. For the years ended December 31, 2023 and 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, which commenced on January 1, 2015, and expired on May 31, 2020. On December 14, 2017, the Committee entered into an amended lease agreement to rent additional office space with the same expiration date of May 31, 2020. Subsequently, on June 4, 2018, the Committee amended the lease a second time to extend the expiration date to May 31, 2030. Later, on March 19, 2019, the Committee amended the lease for a third time to extend the expiration date by an additional four months, resulting in a new ending date of September 30, 2030.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

NOTE L – LEASE COMMITMENTS – continued

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:

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>1/1/2022</u>
Operating lease ROU assets - building	\$ 2,443,801	\$ 2,443,801	\$ 2,443,801
Operating license agreement ROU assets - storage	26,641	26,641	26,641
Amortization of ROU operating assets - building	(521,507)	(258,308)	-
Amortization of ROU operating assets - storage	<u>(5,767)</u>	<u>(2,862)</u>	<u>-</u>
Total Operating ROU Building Assets, Net	<u>\$ 1,943,168</u>	<u>\$ 2,209,272</u>	<u>\$ 2,470,442</u>

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

	<u>Building</u>	<u>Storage</u>	<u>Total</u>
2024	\$ 358,978	\$ 3,122	\$ 362,100
2025	367,940	3,200	371,140
2026	377,124	3,280	380,404
2027	386,566	3,362	389,928
2028	396,230	3,446	399,676
2029 and Thereafter	<u>716,432</u>	<u>6,249</u>	<u>722,681</u>
Total lease payments	2,603,270	22,659	2,625,929
Less: interest	<u>(143,404)</u>	<u>(1,248)</u>	<u>(144,652)</u>
Present Value of Lease Liabilities	<u>\$ 2,459,866</u>	<u>\$ 21,411</u>	<u>\$ 2,481,277</u>

For the years ended December 31, 2023 and 2022, rent expense totaled \$324,254 and \$308,739, respectively.

As of December 31, 2023 and 2022, the weighted-average remaining lease term for the Committee's operating leases was 6.75 years and 7.75 years, respectively.

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, 2023 and 2022, was 1.63%.

THE REPORTERS COMMITTEE FOR FREEDOM OF THE PRESS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022
(continued)

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, 2023 and 2022, was \$185,322 and \$185,010, respectively.

NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, the Committee has evaluated events and transactions for potential recognition or disclosure through May 9, 2024, 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.