

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
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YEARS ENDED JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Foundation for Individual Rights in Education, Inc.
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Foundation for Individual Rights in Education, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Foundation for Individual Rights in Education, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for Individual Rights in Education, Inc., as of June 30, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 13, 2020

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,685,006	\$ 11,338,360
Certificates of Deposit	-	4,748,000
Accounts Receivable	228	226
Pledge Receivable	511,667	1,096,667
Prepaid Expenses	98,828	242,524
Total Current Assets	3,295,729	17,425,777
LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN, NET	1,252,880	1,380,165
INVESTMENTS	18,290,973	-
OTHER ASSETS		
Security Deposit	111,220	111,220
Total Assets	\$ 22,950,802	\$ 18,917,162
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 415,386	\$ 186,549
LONG-TERM LIABILITIES		
Deferred Rent	321,677	308,014
Deferred Lease Obligation	928,581	1,056,795
Total Long-Term Liabilities	1,250,258	1,364,809
Total Liabilities	1,665,644	1,551,358
NET ASSETS		
Without Donor Restrictions	20,237,592	15,499,282
With Donor Restrictions	1,047,566	1,866,522
Total Net Assets	21,285,158	17,365,804
Total Liabilities and Net Assets	\$ 22,950,802	\$ 18,917,162

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and Grants	\$ 11,852,119	\$ 1,759,758	\$ 13,611,877	\$ 7,973,741	\$ 1,704,200	\$ 9,677,941
Investment Income (Loss)	(111,137)	134	(111,003)	348,125	524	348,649
Other Income	44,767	-	44,767	912,558	-	912,558
Total	<u>11,785,749</u>	<u>1,759,892</u>	<u>13,545,641</u>	<u>9,234,424</u>	<u>1,704,724</u>	<u>10,939,148</u>
Net Assets Released from Restrictions	<u>2,578,848</u>	<u>(2,578,848)</u>	<u>-</u>	<u>1,174,267</u>	<u>(1,174,267)</u>	<u>-</u>
Total Support and Revenue	<u>14,364,597</u>	<u>(818,956)</u>	<u>13,545,641</u>	<u>10,408,691</u>	<u>530,457</u>	<u>10,939,148</u>
EXPENSES						
Program Services	7,416,948	-	7,416,948	6,544,592	-	6,544,592
Administrative Services	714,528	-	714,528	916,324	-	916,324
Development	1,494,811	-	1,494,811	1,245,533	-	1,245,533
Total Expenses	<u>9,626,287</u>	<u>-</u>	<u>9,626,287</u>	<u>8,706,449</u>	<u>-</u>	<u>8,706,449</u>
CHANGE IN NET ASSETS	4,738,310	(818,956)	3,919,354	1,702,242	530,457	2,232,699
Net Assets - Beginning of Year	<u>15,499,282</u>	<u>1,866,522</u>	<u>17,365,804</u>	<u>13,797,040</u>	<u>1,336,065</u>	<u>15,133,105</u>
NET ASSETS - END OF YEAR	<u>\$ 20,237,592</u>	<u>\$ 1,047,566</u>	<u>\$ 21,285,158</u>	<u>\$ 15,499,282</u>	<u>\$ 1,866,522</u>	<u>\$ 17,365,804</u>

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services								
	Individual Rights Defense Program	FIRE Student Network	Litigation Project	Policy Reform Project	Pubic Awareness Project	Legislative and Policy Project	FIRE Facility Network	High School Outreach Project	Subtotal
Awards and Scholarships	\$ -	\$ 551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,950	\$ 9,501
Business Insurance	1,808	1,814	951	1,019	6,432	1,321	342	666	14,353
Communications	6,228	6,366	3,259	3,494	10,900	4,528	1,171	2,283	38,229
Computer and Network Costs	17,877	13,153	7,772	6,784	42,950	17,292	2,465	5,559	113,852
Depreciation	26,362	26,445	13,866	14,862	46,331	19,263	4,982	9,715	161,826
Dues and Subscriptions	1,618	334	7,210	163	577	13,215	55	106	23,278
Event Expense	-	138,241	-	-	350	-	76,969	-	215,560
Lectures and Conferences	1,678	9,601	433	3,554	4,573	3,915	361	9,988	34,103
Licenses and Permits	124	124	1,486	70	218	91	23	46	2,182
Occupancy	77,857	78,102	40,952	43,894	136,832	56,890	14,713	28,690	477,930
Office Expenses	6,191	6,280	3,106	3,287	12,461	4,901	1,102	2,466	39,794
Postage and Delivery	1,774	1,801	1,109	1,394	9,029	1,525	335	12,195	29,162
Printing and Reproduction	839	895	1,116	8,506	15,262	692	316	8,512	36,138
Professional Fees	14,766	14,813	220,853	32,490	1,070,622	32,140	2,791	119,694	1,508,169
Publicity and Advertising	274	21,056	1,278	154	48,220	4,849	8,882	16,542	101,255
Research Services	3,089	11	19,897	6	35	8	1,002	173	24,221
Staff Training and Development	5,599	7,446	7,104	2,854	10,744	4,289	1,084	2,283	41,403
Travel and Entertainment	10,052	81,580	16,476	6,483	37,552	43,160	7,450	17,971	220,724
Wages, Payroll Taxes, and Benefits	613,634	627,144	325,720	333,239	1,074,865	461,670	163,568	229,071	3,828,911
Total Functional Expenses	\$ 789,770	\$ 1,035,757	\$ 672,588	\$ 462,253	\$ 2,527,953	\$ 669,749	\$ 287,611	\$ 474,910	\$ 6,920,591

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2020

	Program Services					
	Procedural Advocacy Project	Targeted Advocacy Project	Total Program	Management and General	Development	Total
Awards and Scholarships	\$ -	\$ -	\$ 9,501	\$ 74	\$ -	\$ 9,575
Business Insurance	379	387	15,119	1,693	2,104	18,916
Communications	1,298	1,327	40,854	5,797	7,469	54,120
Computer and Network Costs	2,520	2,597	118,969	11,255	55,675	185,899
Depreciation	5,522	5,646	172,994	24,659	30,680	228,333
Dues and Subscriptions	85	62	23,425	269	3,193	26,887
Event Expense	-	-	215,560	-	186,649	402,209
Lectures and Conferences	422	5,294	39,819	769	958	41,546
Licenses and Permits	26	27	2,235	114	144	2,493
Occupancy	16,307	16,675	510,912	72,828	90,608	674,348
Office Expenses	1,221	1,249	42,264	5,452	29,827	77,543
Postage and Delivery	986	380	30,528	1,660	49,239	81,427
Printing and Reproduction	2,805	180	39,123	784	148,795	188,702
Professional Fees	3,093	147,370	1,658,632	13,811	97,869	1,770,312
Publicity and Advertising	57	59	101,371	255	2,185	103,811
Research Services	258	2	24,481	10	5,909	30,400
Staff Training and Development	1,217	1,153	43,773	4,612	7,012	55,397
Travel and Entertainment	3,629	4,007	228,360	4,249	52,041	284,650
Wages, Payroll Taxes, and Benefits	132,623	137,494	4,099,028	566,237	724,454	5,389,719
	132,623	137,494	4,099,028	566,237	724,454	5,389,719
Total Functional Expenses	\$ 172,448	\$ 323,909	\$ 7,416,948	\$ 714,528	\$ 1,494,811	\$ 9,626,287

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

Program Services

	Individual Rights Defense Program	FIRE Student Network	FIRE Litigation	Policy Reform Project	Public Awareness Project	Project SOAR	Total Program Services	Management and General	Development	Total
Awards and Scholarships	\$ -	\$ 5,186	\$ -	\$ -	\$ 5,000	\$ 19,250	\$ 29,436	\$ 500	\$ -	\$ 29,936
Business Insurance	1,954	2,646	1,191	5,355	7,548	3,845	22,539	4,477	4,546	31,562
Communications	3,722	5,030	2,262	10,170	14,429	7,302	42,915	8,503	8,792	60,210
Computer and Network Costs	10,823	13,363	5,052	24,305	40,539	12,299	106,381	13,214	22,904	142,499
Depreciation	17,362	21,875	12,331	34,280	58,942	38,208	182,998	28,256	28,545	239,799
Dues and Subscriptions	254	141	1,580	17,089	404	538	20,006	249	3,474	23,729
Event Expense	-	78,287	-	-	70	131,495	209,852	(218)	(8,239)	201,395
Lectures and Conferences	732	32,874	168	6,337	1,967	7,853	49,931	633	11,143	61,707
Licenses and Permits	627	849	692	3,602	2,423	1,337	9,530	1,437	1,709	12,676
Occupancy	34,299	46,455	20,910	94,025	132,531	67,502	395,722	78,611	79,819	554,152
Office Expenses	3,572	7,058	3,121	10,351	14,308	7,550	45,960	7,169	28,340	81,469
Postage and Delivery	2,334	3,061	1,073	5,843	12,776	10,428	35,515	4,032	68,099	107,646
Printing and Reproduction	4,883	17,065	2,092	10,209	20,843	28,755	83,847	3,027	152,400	239,274
Professional Fees	10,908	14,763	688,912	96,898	297,302	38,345	1,147,128	24,982	47,290	1,219,400
Publicity and Advertising	281	23,782	171	895	21,089	7,401	53,619	1,120	25,100	79,839
Research Services	5,018	409	1,185	15,778	79,842	25,690	127,922	693	5,042	133,657
Staff Training and Development	3,672	7,403	3,349	11,271	24,241	7,137	57,073	6,753	9,969	73,795
Travel and Entertainment	17,008	122,051	24,914	92,071	62,856	41,797	360,697	14,093	33,699	408,489
Wages, Payroll Taxes, and Benefits	301,533	414,548	194,641	864,659	1,171,204	616,936	3,563,521	718,793	722,901	5,005,215
Total Functional Expenses	\$ 418,982	\$ 816,846	\$ 963,644	\$ 1,303,138	\$ 1,968,314	\$ 1,073,668	\$ 6,544,592	\$ 916,324	\$ 1,245,533	\$ 8,706,449

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,919,354	\$ 2,232,699
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	365,874	(24,414)
Depreciation	228,333	239,799
(Increase) Decrease in:		
Accounts Receivable	(2)	2,427
Pledge Receivable	585,000	(858,334)
Prepaid Expenses	143,696	82,940
Security Deposit	-	21,794
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	228,834	(20,319)
Deferred Rent	13,663	(1,327)
Deferred Lease Obligation	(128,214)	327,406
Net Cash Provided by Operating Activities	5,356,538	2,002,671
CASH FLOW FROM INVESTING ACTIVITIES		
Redemption of Certificate of Deposit	4,748,000	2,318,000
Purchase of Investments	(30,786,020)	(1,342,782)
Proceeds on Sale of Investments	12,129,175	2,209,000
Purchase of Leasehold Improvements, Equipment, and Website Design	(101,047)	(482,794)
Net Cash Provided (Used) by Investing Activities	(14,009,892)	2,701,424
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,653,354)	4,704,095
Cash and Cash Equivalents - Beginning of Year	11,338,360	6,634,265
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,685,006	\$ 11,338,360

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Foundation for Individual Rights in Education, Inc. (the Foundation) was incorporated on April 8, 1999. The Foundation is a Massachusetts nonprofit corporation, based in Philadelphia, Pennsylvania, whose mission is to defend and sustain individual rights at America's colleges and universities. These rights include freedom of speech, legal equality, due process, religious liberty, and sanctity of conscience – the essential qualities of individual liberty and dignity. The Foundation's core mission is to protect the unprotected and to educate the public and communities of concerned Americans about threats to these rights on our campuses and about the means to preserve them. The Foundation is supported through private contributions and grants.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Classification of Net Assets

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Foundation also reports its financial position on a classified basis to enhance the readers understanding of current and noncurrent assets and obligations.

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. Net assets with donor restrictions are those contributions which have been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained in perpetuity.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulation or by law. Expirations of donor-imposed restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), are reported as net assets released from restrictions and reclassified to net assets without donor restrictions. Revenue with donor-imposed restrictions received and released in the same year is reported as an increase in net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose 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.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments in traditional bank accounts and money market funds to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

Certificates of Deposit

Certificates of deposit are recorded at cost. The Foundation's investments in certificates of deposit are structured so as not to exceed FDIC insurable limits.

Pledges Receivable

Unconditional promises to give are recognized as revenue and pledges receivable in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments

Investments are stated at fair value. The investments in mutual funds are valued at the net asset value of shares held by the Foundation at year-end. Invested cash is stated at cost which approximates fair value.

Investments in government securities, bonds, mutual funds and equity securities with readily determinable fair values are carried at quoted market value. The net changes in fair value and the realized gains and losses on investments sold are reflected in the statements of activities as net realized and unrealized gains or losses on investments. Investment transactions are recorded on the trade date.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that such changes in the values of investments will occur in the near-term and that changes could materially affect the amounts reported in the statement of financial position.

Leasehold Improvements, Equipment, and Website Design

Assets purchased with an estimated useful life in excess of one year and in excess of \$2,000 are stated at cost and depreciated over the estimated useful lives of the related assets (Office Equipment – 5 to 10 years; Leasehold Improvements – shorter of estimated useful life or the lease term; Website Design – 3 years). Depreciation is computed over the estimated useful lives. Maintenance and repairs are charged to the operations when incurred. Significant betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future use or restricted by the donor for specific purposes are reported as with donor restrictions support that increases net assets with donor restrictions. When a donor restriction expires, with donor restrictions net assets are reclassified to without donor restrictions net assets and reported in the statement of activities as Net Assets Released from Restrictions. Contributions consist of funds received from individuals, corporations, foundations, and other nonprofit organizations for various activities provided by the Foundation.

Donated Securities

The Foundation will receive, on occasion, donated securities from its donors. Once a security has been received, the Foundation will immediately sell at the securities fair market value with the proceeds being used based on the donor's stipulations. All realized gains and losses at the time of the sale are included in the Foundation's statement of activities.

Functional Allocation of Expenses

The costs of providing the organization's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses, which cannot be directly identified with specific functions, are allocated based on estimates of staff hours devoted to various functions. FIRE hosts a large dinner event every five years to celebrate its anniversary. This year was the 20th anniversary dinner in New York City; the costs associated with that event resulted in an increase in fundraising costs in 2020.

Income Taxes

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes. The Foundation is not aware of any activities that would jeopardize its tax-exempt status, nor is it aware of any of its activities that are subject to tax on unrelated business income taxes.

The Foundation follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard had no impact on the Foundation's financial statements.

The Foundation's income tax returns are subject to review and examination by federal, state, and local authorities.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

Financial Statement Reclassifications

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 13, 2020, the date the financial statements were available to be issued.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 PLEDGE RECEIVABLE

The Foundation receives gifts from time to time in the form of pledges, which are to be received in the upcoming years. Management believes the entire amounts of the pledge receivables from these donors are fully collectible and, accordingly, has not provided an allowance on such receivables. Pledge receivables are as follows:

	2020	2019
Receivable in Less Than One Year	\$ 511,667	\$ 1,096,667
Receivable One to Three Years	-	-
Total Pledge Receivable	\$ 511,667	\$ 1,096,667

NOTE 3 LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN

Leasehold improvements, equipment and website design assets as of June 30, 2020 and 2019 were recorded at cost as follows:

	2020	2019
Computer Equipment	\$ 22,056	\$ 22,056
Furniture and Fixtures	367,627	343,927
Leasehold Improvements	1,666,440	1,589,093
Website Design	167,925	167,925
Total	2,224,048	2,123,001
Less: Accumulated Depreciation	971,168	742,836
Total Equipment and Website Design, Net	\$ 1,252,880	\$ 1,380,165

Depreciation expense for the years ended June 30, 2020 and 2019 was \$228,333 and \$239,799, respectively.

NOTE 4 INVESTMENTS AND INVESTMENT INCOME

Investments recorded at fair value as of June 30, 2020 and 2019 are as follow:

	2020	2019
Equities, Including Mutual Funds	\$ 13,456,961	\$ -
Fixed Income	1,731,734	-
Money Markets	3,102,278	-
Total Investments	\$ 18,290,973	\$ -

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

Investment income consists of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest and Dividends, Net of Investment Fees of \$23,670 in 2020	\$ 252,257	\$ 324,235
Net Realized Loss on Sale of Investments	(5,862)	-
Net Unrealized Gains (Losses) on Investments	<u>(357,398)</u>	<u>24,414</u>
Total Investment Income (Loss)	<u>\$ (111,003)</u>	<u>\$ 348,649</u>

Dividends and interest income earned on funds restricted by donors, if any, are reported as an increase to donor restricted net assets.

NOTE 5 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets. For additional information on how the Foundation values all other assets refer to Note 1 – Summary of Significant Accounting Policies

Assets measured at fair value on a recurring basis as of June 30, 2020 are:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities, Including Mutual Funds	\$ 13,456,961	\$ 13,456,961	\$ -	\$ -
Fixed Income	1,731,734	1,731,734	-	-
Money Markets	<u>3,102,278</u>	<u>3,102,278</u>	-	-
Total Investments	<u>\$ 18,290,973</u>	<u>\$ 18,290,973</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with temporal or purpose-related donor restrictions are as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Time Restricted	\$ 771,667	\$ 1,096,668
Purpose Restricted:		
Due Process Project	169,583	75,000
Free Expression Campaign	-	99,250
Freedom of Information Act Requests	-	14,550
FSN Conference	-	40,000
Litigation and High School Initiative	-	76,500
Notice and Comment Project	-	40,000
Qualified Immunity Project	-	51,637
Spotlight Database and Website Project	-	100,000
Venture Fund	6,930	83,465
Video Fellowship and Podcast Efforts	-	50,000
20th Anniversary	-	115,200
Student Network Conference - CA	40,000	-
Orientation Program	35,000	-
Total Purpose Restricted	<u>1,023,180</u>	<u>745,602</u>
Endowment Funds	24,386	24,252
Total	<u>\$ 1,047,566</u>	<u>\$ 1,866,522</u>

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NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions released from restrictions for the years ended June 30 are as follows:

	2020	2019
Coddling of the American Mind Event	\$ -	\$ 7,500
Crimson Ads	-	14,500
Due Process Project	155,417	50,000
First Amendment Library	-	36,182
Free Expression Campaign	149,250	30,000
Freedom of Information Act Requests	14,550	15,225
FSN Conference	40,000	40,000
Litigation and High School Initiative	76,500	150,000
Model Code	-	25,000
Notice and Comment Project	40,000	-
Other - Restricted for Time	1,585,000	226,666
Policy Reform Project	-	334,366
Qualified Immunity Project	51,637	-
Spotlight Database and Website Project	100,000	93,293
Summer Intern Program	-	15,000
20th Anniversary Gala	289,959	-
Venture Fund	76,535	11,535
Video Fellowship and Podcast Efforts	-	100,000
Website Revamp	-	25,000
Total	\$ 2,578,848	\$ 1,174,267

Endowment

The Foundation's endowment consists of one individual fund established primarily to fund operations. The endowment includes only donor-restricted endowment funds totaling \$24,386 and \$24,252 at June 30, 2020 and 2019, respectively. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of trustees, the endowment assets are invested in a U.S. Treasury Money Market Fund.

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NOTE 7 OPERATING LEASES

The Foundation leases office space in Philadelphia and Washington, DC, and office equipment expiring in various years through 2028. Rent expense incurred under operating leases for the years ended June 30, 2020 and 2019 was \$674,348 and \$554,150, respectively.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 627,414
2022	640,245
2023	653,234
2024	666,384
2025	679,700
Thereafter	1,915,112
Total	<u>\$ 5,182,089</u>

NOTE 8 PENSION PLAN

The Foundation has a defined contribution salary deferral plan (403(b) plan), covering substantially all employees. The Foundation matched, dollar-for-dollar, employees' contributions up to a maximum 6% of their base annual earnings and distributed this match in January. The total pension expense for the years ended June 30, 2020 and 2019 was \$221,525 and \$98,529, respectively.

NOTE 9 AVAILABLE RESOURCES AND LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and commitments. As of June 30, 2020 and 2019, \$20,440,308 and \$15,316,731 could readily be made available within one year of the statement of financial position date to meet general expenditures, consisting of cash, investments, accounts receivable and pledges receivable, net of amounts subject to donor restrictions of \$1,047,566 and \$1,866,522, respectively.

As part of its liquidity management, the Foundation invests cash in excess of daily requirements in various investment funds held by the Foundation's third-party investment brokerage house, which include cash equivalents, certificates of deposit, equities and mutual funds. These funds can be accessed by the Foundation.

