

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Foundation for Individual Rights and Expression, Inc.  
Philadelphia, Pennsylvania

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Foundation for Individual Rights and Expression, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 Foundation for Individual Rights and Expression, Inc. as of June 30, 2022 and 2021, and the changes in 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Foundation for Individual Rights and Expression, Inc. 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 Foundation for Individual Rights and Expression, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foundation for Individual Rights and Expression Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Foundation for Individual Rights and Expression Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 14, 2022

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 13,448,041	\$ 4,200,300
Accounts Receivable	228	228
Pledge Receivable, Current Portion	2,196,667	300,000
Prepaid Expenses	355,195	326,472
Total Current Assets	16,000,131	4,827,000
<b>LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN, NET</b>	1,604,040	1,067,310
<b>INVESTMENTS</b>	24,059,627	24,747,559
<b>OTHER ASSETS</b>		
Security Deposit	111,220	111,220
Pledge Receivable, Net of Current Portion	2,145,281	-
Total Assets	\$ 43,920,299	\$ 30,753,089
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 672,082	\$ 449,556
<b>LONG-TERM LIABILITIES</b>		
Deferred Rent	454,203	321,148
Deferred Lease Obligation	918,394	832,267
Total Long-Term Liabilities	1,372,597	1,153,415
Total Liabilities	2,044,679	1,602,971
<b>NET ASSETS</b>		
Without Donor Restrictions	33,855,715	27,786,338
With Donor Restrictions	8,019,905	1,363,780
Total Net Assets	41,875,620	29,150,118
Total Liabilities and Net Assets	\$ 43,920,299	\$ 30,753,089

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions and Grants	\$ 18,791,046	\$ 17,699,290	\$ 36,490,336	\$ 13,678,988	\$ 2,082,300	\$ 15,761,288
Investment Income (Loss)	(1,675,035)	-	(1,675,035)	2,474,767	-	2,474,767
Other Income	138,736	-	138,736	74,886	-	74,886
Total	<u>17,254,747</u>	<u>17,699,290</u>	<u>34,954,037</u>	<u>16,228,641</u>	<u>2,082,300</u>	<u>18,310,941</u>
Net Assets Released from Restrictions	11,043,165	(11,043,165)	-	1,766,086	(1,766,086)	-
Total Support and Revenue	<u>28,297,912</u>	<u>6,656,125</u>	<u>34,954,037</u>	<u>17,994,727</u>	<u>316,214</u>	<u>18,310,941</u>
<b>EXPENSES</b>						
Program Services	19,165,916	-	19,165,916	8,089,189	-	8,089,189
Administrative Services	1,367,056	-	1,367,056	849,858	-	849,858
Development	1,695,563	-	1,695,563	1,506,934	-	1,506,934
Total Expenses	<u>22,228,535</u>	<u>-</u>	<u>22,228,535</u>	<u>10,445,981</u>	<u>-</u>	<u>10,445,981</u>
<b>CHANGE IN NET ASSETS</b>	6,069,377	6,656,125	12,725,502	7,548,746	316,214	7,864,960
Net Assets - Beginning of Year	<u>27,786,338</u>	<u>1,363,780</u>	<u>29,150,118</u>	<u>20,237,592</u>	<u>1,047,566</u>	<u>21,285,158</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 33,855,715</u>	<u>\$ 8,019,905</u>	<u>\$ 41,875,620</u>	<u>\$ 27,786,338</u>	<u>\$ 1,363,780</u>	<u>\$ 29,150,118</u>

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	Program Services									
	Individual Rights Defense Program	FIRE Student Network	Litigation Project	Policy Reform Project	Public Awareness Project	Legislative and Policy Project	High School Outreach Project	FIRE Faculty Network	Research and Special Projects	Subtotal
Awards and Scholarships	\$ -	\$ 1,411	\$ -	\$ -	\$ -	\$ -	\$ 29,000	\$ -	\$ -	\$ 30,411
Business Insurance	5,327	2,439	6,340	2,313	8,234	2,650	1,719	769	4,558	34,349
Communications	3,801	1,823	3,919	1,642	6,264	1,883	2,127	657	3,239	25,355
Computer and Network Costs	39,771	14,778	46,179	12,100	85,590	21,378	10,093	4,025	30,361	264,275
Depreciation	30,749	14,076	28,541	13,349	47,526	15,297	9,921	4,441	26,308	190,208
Dues and Subscriptions	4,395	1,600	15,696	1,518	5,404	23,061	1,128	505	4,022	57,329
Event Expense	2,078	156,659	1,814	848	3,160	972	1,575	50,437	2,527	220,070
Grant Expense	2,226	1,019	2,066	966	3,440	1,107	718	321	1,904	13,767
Lectures and Conferences	1,331	23,661	566	78	1,076	1,489	7,791	26	2,197	38,215
Occupancy	89,223	40,843	82,817	38,734	137,903	44,385	28,786	12,887	76,337	551,915
Office Expenses	14,743	6,250	11,623	5,261	24,782	6,302	4,192	1,810	33,744	108,707
Postage and Delivery	7,407	1,800	3,318	1,825	11,224	1,582	15,586	484	2,893	46,119
Printing and Reproduction	10,250	14,615	6,443	9,479	30,828	3,231	12,554	1,560	6,695	95,655
Professional Fees	38,915	124,354	618,686	16,807	284,834	19,259	36,528	5,592	58,455	1,203,430
Publicity and Advertising	5,686	20,540	960	449	7,552,628	514	18,348	150	3,765	7,603,040
Research Services	4,835	33	58,874	31	133,135	36	541	910	1,264,839	1,463,234
Staff Training and Development	11,172	5,383	20,531	4,568	20,396	5,252	6,259	1,965	11,770	87,296
Travel and Entertainment	24,299	93,397	30,373	5,978	46,059	57,462	38,799	10,244	58,853	365,464
Wages, Payroll Taxes, and Benefits	1,019,544	479,924	967,290	445,123	1,573,370	512,503	329,329	174,055	892,545	6,393,683
<b>Total Functional Expenses</b>	<b>\$ 1,315,752</b>	<b>\$ 1,004,605</b>	<b>\$ 1,906,036</b>	<b>\$ 561,069</b>	<b>\$ 9,975,853</b>	<b>\$ 718,363</b>	<b>\$ 554,994</b>	<b>\$ 270,838</b>	<b>\$ 2,485,012</b>	<b>\$ 18,792,522</b>

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**

	Program Services				
	Targeted Advocacy Project	Total Program	Management and General	Development	Total
Awards and Scholarships	\$ -	\$ 30,411	\$ -	\$ -	\$ 30,411
Business Insurance	904	35,253	5,762	5,372	46,387
Communications	643	25,998	4,096	4,856	34,950
Computer and Network Costs	4,915	269,190	30,156	64,820	364,166
Depreciation	5,220	195,428	33,267	31,009	259,704
Dues and Subscriptions	1,594	58,923	3,783	8,271	70,977
Event Expense	332	220,402	2,114	109,253	331,769
Grant Expense	75,378	89,145	2,410	2,245	93,800
Lectures and Conferences	8,038	46,253	192	2,567	49,012
Occupancy	15,147	567,062	96,532	89,976	753,570
Office Expenses	2,153	110,860	13,113	34,343	158,316
Postage and Delivery	636	46,755	3,442	43,300	93,497
Printing and Reproduction	1,148	96,803	5,921	100,143	202,867
Professional Fees	76,172	1,279,602	41,887	83,099	1,404,588
Publicity and Advertising	352	7,603,392	1,118	23,113	7,627,623
Research Services	12	1,463,246	77	4,072	1,467,395
Staff Training and Development	1,910	89,206	11,385	14,404	114,995
Travel and Entertainment	6,685	372,149	8,389	65,491	446,029
Wages, Payroll Taxes, and Benefits	172,155	6,565,838	1,103,412	1,009,229	8,678,479
<b>Total Functional Expenses</b>	<b>\$ 373,394</b>	<b>\$ 19,165,916</b>	<b>\$ 1,367,056</b>	<b>\$ 1,695,563</b>	<b>\$ 22,228,535</b>

See accompanying Notes to Financial Statements.



**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

	Program Services									
	Individual Rights Defense Program	FIRE Student Network	Litigation Project	Policy Reform Project	Public Awareness Project	Legislative and Policy Project	High School Outreach Project	FIRE Faculty Network	High School Outreach Project	Subtotal
Awards and Scholarships	\$ -	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ 29,500	\$ -	\$ -	\$ 29,518
Business Insurance	4,143	3,126	5,070	2,178	7,802	2,395	1,579	960	2,974	30,227
Communications	3,704	2,773	4,240	1,844	6,318	1,919	1,265	769	2,382	25,214
Computer and Network Costs	30,611	12,787	29,439	8,346	58,936	9,537	6,436	3,678	11,395	171,165
Depreciation	22,548	17,011	27,593	11,854	42,461	13,037	8,595	5,224	16,185	164,508
Dues and Subscriptions	643	429	10,594	824	1,071	13,532	217	132	408	27,850
Event Expense	-	22,801	-	-	4,000	-	20	36,438	-	63,259
Lectures and Conferences	360	4,400	-	700	-	2,520	2,929	-	-	10,909
Occupancy	56,644	42,736	69,319	29,780	148,364	32,752	21,592	13,124	40,660	454,971
Office Expenses	5,810	4,701	7,694	3,002	19,214	4,308	2,295	1,323	4,099	52,446
Postage and Delivery	6,461	1,450	2,328	4,221	12,411	1,074	14,133	429	1,334	43,841
Printing and Reproduction	268	202	2,024	141	9,940	157	4,682	62	191	17,667
Professional Fees	43,986	83,771	310,481	67,622	807,211	25,438	34,932	10,191	31,574	1,415,206
Publicity and Advertising	953	15,126	983	7,422	153,135	464	42,749	186	577	221,595
Research Services	2,392	-	9,320	-	51,526	9,104	266	625	-	73,233
Staff Training and Development	3,015	8,607	14,989	958	6,103	1,053	853	585	1,308	37,471
Travel and Entertainment	1,394	13,456	1,620	535	16,759	618	3,093	236	730	38,441
Wages, Payroll Taxes, and Benefits	669,857	504,943	828,512	349,621	1,265,379	390,272	257,533	156,921	478,022	4,901,060
<b>Total Functional Expenses</b>	<b>\$ 852,789</b>	<b>\$ 738,337</b>	<b>\$ 1,324,206</b>	<b>\$ 489,048</b>	<b>\$ 2,610,630</b>	<b>\$ 508,180</b>	<b>\$ 432,669</b>	<b>\$ 230,883</b>	<b>\$ 591,839</b>	<b>\$ 7,778,581</b>

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	Program Services				
	Targeted Advocacy Project	Total Program	Management and General	Development	Total
Awards and Scholarships	\$ -	\$ 29,518	\$ -	\$ -	\$ 29,518
Business Insurance	1,313	31,540	4,269	5,209	41,018
Communications	1,051	26,265	3,420	5,396	35,081
Computer and Network Costs	5,097	176,262	16,363	34,901	227,526
Depreciation	7,144	171,652	23,240	28,352	223,244
Dues and Subscriptions	1,180	29,030	585	3,655	33,270
Event Expense	-	63,259	10	25	63,294
Lectures and Conferences	-	10,909	-	-	10,909
Occupancy	17,947	472,918	58,380	71,225	602,523
Office Expenses	1,922	54,368	5,937	15,740	76,045
Postage and Delivery	1,276	45,117	1,919	99,150	146,186
Printing and Reproduction	761	18,428	273	45,134	63,835
Professional Fees	59,511	1,474,717	45,332	331,162	1,851,211
Publicity and Advertising	255	221,850	829	4,497	227,176
Research Services	-	73,233	-	5,499	78,732
Staff Training and Development	601	38,072	1,878	3,676	43,626
Travel and Entertainment	376	38,817	1,049	3,064	42,930
Wages, Payroll Taxes, and Benefits	212,174	5,113,234	686,374	850,249	6,649,857
	<u>212,174</u>	<u>5,113,234</u>	<u>686,374</u>	<u>850,249</u>	<u>6,649,857</u>
Total Functional Expenses	<u>\$ 310,608</u>	<u>\$ 8,089,189</u>	<u>\$ 849,858</u>	<u>\$ 1,506,934</u>	<u>\$ 10,445,981</u>

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 12,725,502	\$ 7,864,960
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	2,103,471	(2,292,042)
Depreciation	259,704	223,244
(Increase) Decrease in:		
Pledge Receivable	(4,041,948)	211,667
Prepaid Expenses	(28,723)	(227,644)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	222,526	34,170
Deferred Rent	133,055	(529)
Deferred Lease Obligation	86,127	(96,314)
Net Cash Provided by Operating Activities	11,459,714	5,717,512
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(8,265,959)	(19,270,300)
Proceeds on Sale of Investments	6,850,420	15,105,756
Purchase of Leasehold Improvements, Equipment, and Website Design	(796,434)	(37,674)
Net Cash Used by Investing Activities	(2,211,973)	(4,202,218)
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	9,247,741	1,515,294
Cash and Cash Equivalents - Beginning of Year	4,200,300	2,685,006
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 13,448,041	\$ 4,200,300

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Foundation for Individual Rights in Education, Inc. was incorporated on April 8, 1999 as a Massachusetts nonprofit corporation. On March 4, 2022, the Foundation's board of directors had elected to change the entity's name to The Foundation for Individual Rights and Expression, Inc. (the Foundation). Included in this name change, the board of directors had approved a change to the Foundation's mission. Both changes were accepted by the Commonwealth of Massachusetts on July 12, 2022.

Based in Philadelphia, Pennsylvania, the Foundation's mission is to defend and sustain the individual rights of all Americans to free speech and free thought - the most essential qualities of liberty. FIRE educates Americans about the importance of these inalienable rights, promotes a culture of respect for these rights, and provides the means to preserve them. FIRE recognizes that colleges and universities play a vital role in preserving free thought within a free society. To this end, FIRE places special emphasis on defending individual rights of students and faculty members on our nation's campuses, including freedom of speech, freedom of association, due process, legal equality, religious liberty, and sanctity of conscience.

**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.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 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 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.

**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.

**Pledges Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing assets. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Foundation determines the allowance for uncollected promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. For the year ended June 30, 2022, no allowance has been assessed.

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.

The valuations on the Foundation's insurance annuities are based on the stated guaranteed interest rate from each insurance company. These annuities are fixed with interest calculated using a simple interest rate on APY (Annual Percentage Yield). The interest rate is fixed until the maturity date of each annuity. Market value is determined by simple interest credited to each annuity. There are no underlying investments in these annuities and the APY is guaranteed by each insurance company.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

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 – three 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.

**Deferred Rent**

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on the straight-line basis exceed or are less than the cash payment required.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) within the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments (Continued)**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, although the Foundation 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. There have been no changes in the methodologies used at June 30, 2022 and 2021.

**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.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 14, 2022, the date the financial statements were available to be issued.

**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. Pledge receivables are estimated to be collected as follows for the year ended June 30, 2022 and 2021:

	2022	2021
Receivable in Less Than One Year	\$ 2,196,667	\$ 300,000
Receivable One to Four Years	2,221,666	-
Total Pledge Receivable	4,418,333	300,000
Less: Discount to Net Present Value at Rates		
Ranging from 1.19% to 2.63%	(76,385)	-
Net Pledge Receivable	<u>\$ 4,341,948</u>	<u>\$ 300,000</u>



**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 3 LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN**

Leasehold improvements, equipment and website design assets as of June 30, 2022 and 2021 were recorded at cost as follows:

	2022	2021
Computer Equipment	\$ 22,056	\$ 22,056
Furniture and Fixtures	522,659	405,301
Leasehold Improvements	1,989,638	1,666,440
Website Design	523,803	167,925
Total	<u>3,058,156</u>	<u>2,261,722</u>
Less: Accumulated Depreciation	1,454,116	1,194,412
Total Equipment and Website Design, Net	<u>\$ 1,604,040</u>	<u>\$ 1,067,310</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$259,704 and \$223,244, respectively.

**NOTE 4 INVESTMENTS AND INVESTMENT INCOME**

Investments recorded at fair value as of June 30, 2022 and 2021 are as follow:

	Fair Value	
	2022	2021
Equities, Including Mutual Funds	\$ 20,335,106	\$ 19,619,521
Other Investment:		
Insurance Annuities	2,475,026	2,432,699
Money Markets	1,249,495	2,695,339
Total Investments	<u>\$ 24,059,627</u>	<u>\$ 24,747,559</u>

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

	2022	2021
Interest and Dividends, Net of Investment Fees of \$71,173 and \$53,337 in 2022 and 2021, Respectively	\$ 418,155	\$ 182,725
Net Realized Gains on Sale of Investments	7,169	19,940
Net Unrealized Gains (Losses) on Investments	(2,100,359)	2,272,102
Total Investment Income (Loss)	<u>\$ (1,675,035)</u>	<u>\$ 2,474,767</u>

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

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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, 2022 are:

	Total	Level 1	Level 2	Level 3
Equities, Including Mutual Funds	\$ 20,335,106	\$ 20,335,106	\$ -	\$ -
Money Markets	1,249,495	1,249,495	-	-
Other Investment:				
Insurance Annuities	2,475,026	-	2,475,026	-
Total Investments	<u>\$ 24,059,627</u>	<u>\$ 21,584,601</u>	<u>\$ 2,475,026</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis as of June 30, 2021 are:

	Total	Level 1	Level 2	Level 3
Equities, Including Mutual Funds	\$ 19,619,521	\$ 19,619,521	\$ -	\$ -
Money Markets	2,695,339	2,695,339		
Other Investment:				
Insurance Annuities	2,432,699	-	2,432,699	-
Total Investments	<u>\$ 24,747,559</u>	<u>\$ 22,314,860</u>	<u>\$ 2,432,699</u>	<u>\$ -</u>

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2022	2021
Time Restricted	\$ 4,388,333	\$ 300,000
Purpose Restricted:		
Due Process Advocacy Campaign	21,007	115,000
Faculty Legal Defense Fund	663,361	737,476
Alumni Outreach	15,318	109,318
Spotlight Database and Website Project	103,017	27,600
FIRE Advertising Campaign	2,510,193	-
Student Network Conference - California	-	40,000
FIRE 2023 Spring Gala	200,000	-
Cornell Free Speech Alliance	1,490	-
Fraternity Forward Coalition	15,000	-
MI Policy Reform	46,800	-
HS Outreach - Intellectual History Mini-Course	15,000	-
FIRE Student Network / FIRE Litigation Project	16,000	-
FIRE Student Network - California	-	10,000
Total Purpose Restricted	<u>7,995,519</u>	<u>1,339,394</u>
Endowment Funds	24,386	24,386
Total	<u>\$ 8,019,905</u>	<u>\$ 1,363,780</u>

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
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**JUNE 30, 2022 AND 2021**

**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:

	2022	2021
Alumni Outreach	\$ 94,000	\$ 23,682
Cornell Free Speech Alliance	18,800	-
Due Process Advocacy Campaign - 2022	53,993	-
Due Process Advocacy Campaign - 2021	115,000	74,583
Faculty Legal Defense Fund	435,615	82,524
FIRE Advertising Campaign	7,539,807	-
FIRE Student Network - California	10,000	-
FIRE Student Network / FIRE Litigation Project	9,000	-
Fraternity Forward Coalition	60,000	-
High School Initiative	-	85,000
HS Outreach - Intellectual History Mini-Course	15,000	-
Individual Rights Defense Program	-	130,000
Litigation	-	350,000
MI Policy Reform	53,200	-
Orientation Program	-	45,000
Other - Restricted for Time	2,499,167	771,667
Spotlight Database and Website Project	99,583	97,400
Student Network Conference - California	40,000	-
Student Press Campaign	-	1,000
Surveys	-	98,300
Venture Fund	-	6,930
Total	\$ 11,043,165	\$ 1,766,086

**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 for both June 30, 2022 and 2021, 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. This policy does not go into effect until there are earnings on the endowment. There have been no earnings on the endowment for the year ended June 30, 2022, and 2021, respectively.

**NOTE 7 OPERATING LEASES**

The Foundation leases office space in Philadelphia and Washington, DC, and office equipment expiring in various years through 2030. Rent expense, including common area maintenance and utilities, incurred under operating leases for the years ended June 30, 2022 and 2021 was \$753,570 and \$602,523, respectively.

**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 OPERATING LEASES (CONTINUED)**

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 820,720
2024	837,321
2025	843,261
2026	860,769
2027	878,114
Thereafter	1,406,411
Total	<u>\$ 5,646,596</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, 2022 and 2021 was \$274,108 and \$191,784, respectively.

**NOTE 9 AVAILABLE RESOURCES AND LIQUIDITY**

The Foundation regularly monitors liquidity required to meet its operating needs and commitments. As of June 30, 2022 and 2021, \$37,229,537 and \$26,815,388, respectively, 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 \$8,019,905 and \$1,363,780, 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, insurance annuities, equities and mutual funds. These funds can be accessed by the Foundation.