

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022



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**FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
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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, 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 Foundation for Individual Rights and Expression, Inc. as of June 30, 2023 and 2022, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, Foundation for Individual Rights and Expression, Inc. adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating leases with lease terms greater than one-year. Our opinion is not modified with respect to this matter.

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

King of Prussia, Pennsylvania
October 16, 2023

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,344,283	\$ 13,448,041
Accounts Receivable	228	228
Pledge Receivable, Current Portion	5,334,666	2,196,667
Prepaid Expenses	336,048	355,195
Total Current Assets	9,015,225	16,000,131
LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN, NET	1,388,636	1,604,040
INVESTMENTS	35,515,553	24,059,627
OTHER ASSETS		
Operating Leases Right-of-Use Assets	4,036,229	-
Security Deposit	129,473	111,220
Pledge Receivable, Net of Current Portion	1,014,444	2,145,281
Total Other Assets	5,180,146	2,256,501
Total Assets	\$ 51,099,560	\$ 43,920,299
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 676,517	\$ 672,082
Current Lease Liabilities - Operating	649,503	-
Total Current Liabilities	1,326,020	672,082
LONG-TERM LIABILITIES		
Deferred Rent	-	454,203
Deferred Lease Obligation	-	918,394
Long-Term Lease Liabilities - Operating	4,622,600	-
Total Long-Term Liabilities	4,622,600	1,372,597
Total Liabilities	5,948,620	2,044,679
NET ASSETS		
Without Donor Restrictions	37,184,417	33,855,715
With Donor Restrictions	7,966,523	8,019,905
Total Net Assets	45,150,940	41,875,620
Total Liabilities and Net Assets	\$ 51,099,560	\$ 43,920,299

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and Grants	\$ 26,438,088	\$ 8,850,750	\$ 35,288,838	\$ 18,791,046	\$ 17,699,290	\$ 36,490,336
Investment Income (Loss)	2,293,432	-	2,293,432	(1,675,035)	-	(1,675,035)
Other Income	267,707	-	267,707	138,736	-	138,736
Total	<u>28,999,227</u>	<u>8,850,750</u>	<u>37,849,977</u>	<u>17,254,747</u>	<u>17,699,290</u>	<u>34,954,037</u>
Net Assets Released from Restrictions	8,904,132	(8,904,132)	-	11,043,165	(11,043,165)	-
Total Support and Revenue	<u>37,903,359</u>	<u>(53,382)</u>	<u>37,849,977</u>	<u>28,297,912</u>	<u>6,656,125</u>	<u>34,954,037</u>
EXPENSES						
Program Services	29,946,088	-	29,946,088	19,165,916	-	19,165,916
Administrative Services	1,482,149	-	1,482,149	1,367,056	-	1,367,056
Development	3,146,420	-	3,146,420	1,695,563	-	1,695,563
Total Expenses	<u>34,574,657</u>	<u>-</u>	<u>34,574,657</u>	<u>22,228,535</u>	<u>-</u>	<u>22,228,535</u>
CHANGE IN NET ASSETS	3,328,702	(53,382)	3,275,320	6,069,377	6,656,125	12,725,502
Net Assets - Beginning of Year	<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>
NET ASSETS - END OF YEAR	<u>\$ 37,184,417</u>	<u>\$ 7,966,523</u>	<u>\$ 45,150,940</u>	<u>\$ 33,855,715</u>	<u>\$ 8,019,905</u>	<u>\$ 41,875,620</u>

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services									
	Campus Rights Advocacy	Engagement and Mobilization	Faculty Outreach	FIRE Litigation	FIRE Student Network	K-12 Outreach	Legislative and Policy	Policy Reform Project	Public Advocacy	Subtotal
Awards and Scholarships	\$ -	\$ -	\$ -	\$ -	\$ 21,485	\$ 1,500	\$ -	\$ -	\$ -	\$ 22,985
Business Insurance	4,393	2,232	395	25,610	1,552	-	2,204	1,780	766	38,931
Communications	2,622	1,332	236	4,991	926	-	1,315	1,062	457	12,939
Computer and Network Costs	45,724	21,262	3,763	97,254	16,413	-	31,633	16,955	7,299	240,303
Depreciation	34,581	17,571	3,110	64,966	12,214	-	17,347	14,012	6,032	169,832
Dues and Subscriptions	2,071	924	163	25,748	642	-	31,456	736	317	62,058
Event Expense	6,983	202	95,565	7,090	140,640	-	199	161	69	250,908
Grant Expense	-	38,275	-	-	-	-	-	-	-	38,275
Lectures and Conferences	11,824	-	-	1,768	5,527	12,109	6,965	-	-	38,194
Occupancy	84,848	43,114	7,630	159,401	29,968	-	42,562	34,381	14,800	416,704
Office Expenses	12,686	7,528	1,137	25,559	4,583	-	8,341	5,122	2,205	67,160
Postage and Delivery	7,393	2,498	495	14,150	1,787	5,124	2,522	2,082	858	36,909
Printing and Reproduction	6,468	1,283	339	4,930	903	19,988	1,267	2,377	441	37,994
Professional Fees	28,934	14,702	2,602	281,618	10,219	15,363	23,099	11,724	5,047	393,310
Publicity and Advertising	8,665	3,811	3,766	3,291	14,648	9,391	6,813	607	262	51,255
Research Services	389	-	-	125,078	-	-	-	-	-	125,467
Staff Training and Development	31,541	16,027	2,836	59,255	11,140	-	15,822	12,780	5,502	154,903
Travel and Entertainment	47,401	17,132	11,482	117,805	50,250	11,824	87,240	11,579	2,405	357,118
Wages, Payroll Taxes, and Benefits	1,185,671	602,634	142,331	2,255,756	462,695	-	592,041	481,288	209,597	5,932,013
Total Functional Expenses	\$ 1,522,193	\$ 790,527	\$ 275,849	\$ 3,274,270	\$ 785,592	\$ 75,299	\$ 870,825	\$ 596,647	\$ 256,056	\$ 8,447,257

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Program Services						Total
	Public Awareness Project	Research	Strategic Partnerships	Total Program	Management and General	Development	
Awards and Scholarships	\$ -	\$ -	\$ 121,878	\$ 144,863	\$ -	\$ -	\$ 144,863
Business Insurance	10,090	3,755	1,471	54,246	4,521	6,182	64,950
Communications	6,019	2,374	877	22,209	2,697	4,245	29,151
Computer and Network Costs	137,332	43,686	14,009	435,330	43,069	104,474	582,873
Depreciation	79,427	29,560	11,577	290,397	35,592	48,668	374,658
Dues and Subscriptions	4,174	4,252	1,608	72,093	1,871	4,833	78,797
Event Expense	911	339	9,721	261,879	408	555,535	817,822
Grant Expense	-	149,658	-	187,933	-	-	187,933
Lectures and Conferences	4,989	2,585	61,632	107,400	-	9,805	117,205
Occupancy	194,885	72,530	28,405	712,525	87,330	119,413	919,268
Office Expenses	32,870	11,699	4,637	116,366	13,010	83,595	212,970
Postage and Delivery	25,887	4,475	1,646	68,918	5,060	57,518	131,495
Printing and Reproduction	32,066	3,369	845	74,274	2,599	190,740	267,613
Professional Fees	436,691	146,046	115,067	1,091,115	29,781	43,971	1,164,866
Publicity and Advertising	13,243,413	36,282	6,334	13,337,284	1,543	39,105	13,377,932
Research Services	-	1,902,319	-	2,027,786	-	14,794	2,042,580
Staff Training and Development	72,445	26,962	10,559	264,869	32,464	44,390	341,723
Travel and Entertainment	99,489	97,460	47,427	601,494	11,985	133,583	747,061
Wages, Payroll Taxes, and Benefits	2,731,195	1,011,387	400,514	10,075,108	1,210,219	1,685,570	12,970,897
Total Functional Expenses	\$ 17,111,885	\$ 3,548,738	\$ 838,208	\$ 29,946,088	\$ 1,482,149	\$ 3,146,420	\$ 34,574,657

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
Total Functional Expenses	\$ 1,315,752	\$ 1,004,605	\$ 1,906,036	\$ 561,069	\$ 9,975,853	\$ 718,363	\$ 554,994	\$ 270,838	\$ 2,485,012	\$ 18,792,522

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
	<u>\$ 373,394</u>	<u>\$ 19,165,916</u>	<u>\$ 1,367,056</u>	<u>\$ 1,695,563</u>	<u>\$ 22,228,535</u>
Total Functional Expenses	<u>\$ 373,394</u>	<u>\$ 19,165,916</u>	<u>\$ 1,367,056</u>	<u>\$ 1,695,563</u>	<u>\$ 22,228,535</u>

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,275,320	\$ 12,725,502
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	(1,599,342)	2,103,471
Depreciation	374,658	259,704
Amortization of Operating Leases Right-of-Use Assets	1,235,874	-
(Increase) Decrease in:		
Pledge Receivable	(2,007,162)	(4,041,948)
Prepaid Expenses	19,147	(28,723)
Security Deposits	(18,253)	-
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	4,435	222,526
Deferred Rent	(454,203)	133,055
Deferred Lease Obligation	(918,394)	86,127
Net Cash Provided (Used) by Operating Activities	(87,920)	11,459,714
 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Investments	(44,824,225)	(8,265,959)
Proceeds on Sale of Investments	34,967,641	6,850,420
Purchase of Leasehold Improvements, Equipment, and Website Design	(159,254)	(796,434)
Net Cash Used by Investing Activities	(10,015,838)	(2,211,973)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(10,103,758)	9,247,741
 Cash and Cash Equivalents - Beginning of Year	13,448,041	4,200,300
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,344,283	\$ 13,448,041

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 AND 2022

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, 2023, 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, 2023 AND 2022

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.

Leases

The Foundation determines if an arrangement is a lease at inception. Operating leases are included in Operating Leases Right-of-Use on the statement of financial position.

Right-of-Use (ROU) assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use the 10-year yield curve rate for computing the present value of lease liabilities.

The Foundation has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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. 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.

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.

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

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.

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, 2023 and 2022.

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 AND EXPRESSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the requirements of the guidance effective July 1, 2022. The following table shows the cumulative effect as of that date.

Increase (Decrease) in Assets:	
Operating Leases Right-of-Use Assets	\$ 4,036,229
Prepaid Expenses	(136,723)
Net Increase in Assets	<u>\$ 3,899,506</u>
Increase (Decrease) in Liabilities:	
Lease Liabilities - Operating	\$ 5,272,103
Deferred Rent	(454,203)
Deferred Lease Incentives	(918,394)
Net Increase in Liabilities	<u>\$ 3,899,506</u>

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 16, 2023, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Receivable in Less Than One Year	\$ 5,334,666	\$ 2,196,667
Receivable One to Four Years	1,110,000	2,221,666
Total Pledge Receivable	6,444,666	4,418,333
Ranging from 1.19% to 3.77%	(95,556)	(76,385)
Net Pledge Receivable	<u>\$ 6,349,110</u>	<u>\$ 4,341,948</u>

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN

Leasehold improvements, equipment and website design assets as of June 30, 2023 and 2022 were recorded at cost as follows:

	2023	2022
Computer Equipment	\$ 22,056	\$ 22,056
Furniture and Fixtures	522,659	522,659
Leasehold Improvements	1,989,638	1,989,638
Website Design	683,056	523,803
Total	3,217,409	3,058,156
Less: Accumulated Depreciation	1,828,773	1,454,116
Total Equipment and Website Design, Net	\$ 1,388,636	\$ 1,604,040

Depreciation expense for the years ended June 30, 2023 and 2022 was \$374,658 and \$259,704, respectively.

NOTE 4 INVESTMENTS AND INVESTMENT INCOME

Investments recorded at fair value as of June 30, 2023 and 2022 are as follow:

	Fair Value	
	2023	2022
Equities, Including Mutual Funds	\$ 28,625,107	\$ 20,335,106
Bonds	3,989,988	-
Other Investment:		
Insurance Annuities	2,482,346	2,475,026
Money Markets	418,112	1,249,495
Total Investments	\$ 35,515,553	\$ 24,059,627

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

	2023	2022
Interest and Dividends, Net of Investment Fees of \$90,517 and \$71,173 in 2023 and 2022, Respectively	\$ 694,091	\$ 418,155
Net Realized Gains on Sale of Investments	22,944	7,169
Net Unrealized Gains (Losses) on Investments	1,576,397	(2,100,359)
Total Investment Income (Loss)	\$ 2,293,432	\$ (1,675,035)

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, 2023 AND 2022

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, 2023 are:

	Total	Level 1	Level 2	Level 3
Equities, Including Mutual Funds	\$ 28,625,107	\$ 28,625,107	\$ -	\$ -
Bonds	3,989,988	3,989,988		
Money Markets	418,112	418,112	-	-
Other Investment:				
Insurance Annuities	2,482,346	-	2,482,346	-
Total Investments	<u>\$ 35,515,553</u>	<u>\$ 33,033,207</u>	<u>\$ 2,482,346</u>	<u>\$ -</u>

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	\$ -	\$ -
Bonds	-	-		
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>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Time Restricted	\$ 6,444,666	\$ 4,388,333
Purpose Restricted:		
Due Process Advocacy Campaign	-	21,007
Faculty Legal Defense Fund	1,085,928	663,361
Alumni Outreach	-	15,318
Spotlight Database and Website Project	-	103,017
FIRE Advertising Campaign	-	2,510,193
Melvin S Cohen First Amendment Litigation Fund	411,543	-
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
Total Purpose Restricted	<u>7,942,137</u>	<u>7,995,519</u>
Endowment Funds	24,386	24,386
Total	<u>\$ 7,966,523</u>	<u>\$ 8,019,905</u>

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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:

	2023	2022
Alumni Outreach	\$ 15,318	\$ 94,000
Cornell Free Speech Alliance	2,490	18,800
Due Process Advocacy Campaign - 2022	21,007	53,993
Due Process Advocacy Campaign - 2021	-	115,000
Faculty Legal Defense Fund	205,433	435,615
FIRE Advertising Campaign	2,710,693	7,539,807
FIRE Spring Gala - 2023	200,000	-
FIRE Student Network - California	-	10,000
FIRE Student Network / FIRE Litigation Project	16,000	9,000
Fraternity Forward Coalition	46,250	60,000
HS Outreach - Intellectual History Mini-Course	15,000	15,000
Melvin S. Cohen First Amendment Litigation Fund	88,457	-
MI Policy Reform	46,800	53,200
Other - Restricted for Time	5,433,667	2,499,167
Spotlight Database and Website Project	103,017	99,583
Student Network Conference - California	-	40,000
Total	\$ 8,904,132	\$ 11,043,165

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, 2023 and 2022, 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, 2023 and 2022, respectively.

NOTE 7 OPERATING LEASES

The Foundation leases office space in Philadelphia and Washington, DC, and office equipment under long-term, non-cancelable lease agreements. The leases expire at various dates through 2033. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 OPERATING LEASES (CONTINUED)

Some agreements require the Foundation to pay real estate taxes, insurance, and repairs.

The following table provides quantitative information concerning the Foundation's leases:

Lease Costs:	
Operating Lease Costs	<u>\$ 681,974</u>
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 818,698
Weighted-Average Remaining Lease Term -	
Operating Leases (In Years)	8.15
Weighted-Average Discount Rate - Operating Leases	3.80%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 836,073
2025	845,582
2026	862,345
2027	879,296
2028	422,762
Thereafter	<u>2,314,661</u>
Total Lease Payments	6,160,719
Less: Interest	888,616
Present Value of Lease Liabilities	<u>\$ 5,272,103</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, 2023 and 2022 was \$380,484 and \$274,108, respectively.

FOUNDATION FOR INDIVIDUAL RIGHTS AND EXPRESSION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 AVAILABLE RESOURCES AND LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and commitments. As of June 30, 2023 and 2022, \$41,712,384 and \$37,229,537, 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 \$7,966,523 and \$8,019,905, 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.