



COMMITTEE TO PROTECT JOURNALISTS, INC.

Audited Financial Statements

December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Committee to Protect Journalists, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Committee to Protect Journalists, Inc. ("CPJ"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 organization'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 organization'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.

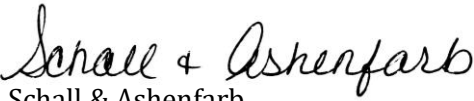
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Committee to Protect Journalists, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited CPJ's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

May 27, 2021

COMMITTEE TO PROTECT JOURNALISTS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
(With comparative totals as of December 31, 2019)

Assets

	<u>12/31/20</u>	<u>12/31/19</u>
Cash and cash equivalents	\$11,774,516	\$6,867,698
Investments (Note 3)	139,680	0
Prepaid expenses and other receivable	68,248	146,688
Pledges receivable, net (Note 4)	6,477,986	3,029,815
Investments held for special purposes (Note 3 and 9)	0	436,030
Investments held for long-term endowment (Note 3 and 11)	14,389,921	13,788,119
Fixed assets, net (Note 5)	3,462,111	3,051,117
Security deposit	691,735	757,528
	<u>\$37,004,197</u>	<u>\$28,076,995</u>

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$533,219	\$1,353,238
Due to landlord (Note 6)	1,000,775	789,339
Deferred revenue	25,000	0
Loans payable (Note 7)	2,066,901	1,443,848
Paycheck protection program (Note 8)	654,700	0
Conditional contribution (Note 9)	0	400,000
	<u>4,280,595</u>	<u>3,986,425</u>

Net assets:

Without donor restrictions	<u>9,511,316</u>	<u>8,015,942</u>
With donor restrictions:		
Restricted for specific purpose and time (Note 10)	9,034,343	2,663,487
Donor restricted endowment (Notes 10 and 11)	14,177,943	13,411,141
Total net assets with donor restrictions	<u>23,212,286</u>	<u>16,074,628</u>
Total net assets	<u>32,723,602</u>	<u>24,090,570</u>
	<u>\$37,004,197</u>	<u>\$28,076,995</u>

The attached notes and auditor's report are an integral part of these financial statements.

COMMITTEE TO PROTECT JOURNALISTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	With Donor Restrictions					
	Without Donor Restrictions	Purpose and Time Restrictions (Note 8)	Donor Restricted Endowment (Note 8 and 9)	Total	Total 12/31/20	Total 12/31/19
Public support and revenue:						
Contributions	\$6,968,711	\$9,125,000		\$9,125,000	\$16,093,711	\$8,367,107
Gala, net of expenses with a direct benefit to donor (Note 14)	1,098,496			0	1,098,496	2,098,134
Investment income, net (Note 3)	10,835		\$1,492,735	1,492,735	1,503,570	2,127,795
Other income	36,655			0	36,655	1,331
In-kind contributions (Note 13)	1,896,808			0	1,896,808	979,253
Net assets released from restriction	3,480,077	(2,754,144)	(725,933)	(3,480,077)	0	0
Total public support and revenue	13,491,582	6,370,856	766,802	7,137,658	20,629,240	13,573,620
Expenses:						
Program services	8,620,326			0	8,620,326	7,551,306
Management and general	1,278,679			0	1,278,679	825,469
Fundraising	2,097,203			0	2,097,203	1,859,014
Total expenses	11,996,208	0	0	0	\$11,996,208	10,235,789
Change in net assets	1,495,374	6,370,856	766,802	7,137,658	8,633,032	3,337,831
Net assets - beginning of year	8,015,942	2,663,487	13,411,141	16,074,628	24,090,570	20,752,739
Net assets - end of year	\$9,511,316	\$9,034,343	\$14,177,943	\$23,212,286	\$32,723,602	\$24,090,570

The attached notes and auditor's report are an integral part of these financial statements.

COMMITTEE TO PROTECT JOURNALISTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	Program Services				Supporting Services						
	General Programs	Advocacy and Communications	ERT Programs	Total Program Services	Management and General	Fundraising			Total Supporting Services	Total Expenses 12/31/20	Total Expenses 12/31/19
						General Fundraising	Capital Campaign	Total Fundraising			
Salaries	\$1,106,992	\$1,059,496	\$660,757	\$2,827,245	\$373,504	\$659,324		\$659,324	\$1,032,828	\$3,860,073	\$3,802,696
Payroll taxes and benefits	401,248	399,276	243,844	1,044,368	48,668	242,562	\$893	243,455	292,123	1,336,491	1,199,109
Professional fees (including in-kind) (Note 13)	2,235,185	723,283	396,155	3,354,623	630,709	548,535	128,307	676,842	1,307,551	4,662,174	3,221,813
Occupancy	238,077	225,951	136,780	600,808	33,234	128,716	525	129,241	162,475	763,283	589,536
Travel	32,391	18,130	8,163	58,684	1,040	3,827		3,827	4,867	63,551	559,042
Grants		322,222		322,222				0	0	322,222	213,833
Office supplies and maintenance	18,300	17,286	10,955	46,541	3,984	9,814	16,393	26,207	30,191	76,732	64,940
Telecommunications	41,915	22,378	8,694	72,987	3,316	8,281	10,979	19,260	22,576	95,563	68,209
Publications, printing and postage	1,757	5,415	2,596	9,768	483	81,574	596	82,170	82,653	92,421	91,165
Food, facility and entertainment				0				0	0	0	394,478
Insurance	25,595	25,458	15,406	66,459	2,699	14,479	1,794	16,273	18,972	85,431	48,711
Fees	9,756	9,761	5,332	24,849	9,621	28,644		28,644	38,265	63,114	65,801
Depreciation	36,452	17,361	36,859	90,672	3,651	19,959	110,929	130,888	134,539	225,211	124,011
Bad debt expense				0	158,225			0	158,225	158,225	13,600
Other	33,988	48,780	18,332	101,100	9,545	24,288	56,784	81,072	90,617	191,717	173,323
Total expenses	4,181,656	2,894,797	1,543,873	8,620,326	1,278,679	1,770,003	327,200	2,097,203	3,375,882	11,996,208	10,630,267
Less: cost of direct benefits to donors				0				0	0	0	(394,478)
Total expenses for statement of activities	\$4,181,656	\$2,894,797	\$1,543,873	\$8,620,326	\$1,278,679	\$1,770,003	\$327,200	\$2,097,203	\$3,375,882	\$11,996,208	\$10,235,789

The attached notes and auditor's report are an integral part of these financial statements.

COMMITTEE TO PROTECT JOURNALISTS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	<u>12/31/20</u>	<u>12/31/19</u>
Cash flows from operating activities:		
Change in net assets	\$8,633,032	\$3,337,831
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	225,211	124,011
Contributions received for capital campaign purchases	(5,850,000)	(3,160,000)
Realized gain on sale of investments	(127,114)	(136,276)
Unrealized (gain)/loss on sale of investments	(938,853)	(1,565,926)
Changes in assets and liabilities:		
Pledges receivable	(3,448,171)	851,294
Prepaid expenses and other receivable	78,440	(34,565)
Security deposit	65,793	(675,283)
Accounts payable and accrued expenses	(820,019)	788,441
Due to landlord	211,436	789,339
Deferred rent	0	(34,856)
Deferred revenue	25,000	0
Conditional contribution	(400,000)	0
Total adjustments	<u>(10,978,277)</u>	<u>(3,053,821)</u>
Net cash flows (used for)/provided by operating activities	<u>(2,345,245)</u>	<u>284,010</u>
Cash flows from investing activities:		
Purchase of fixed assets	(636,205)	(2,961,097)
Investment income reinvested	(488,268)	(488,434)
Purchase of investments	(502,733)	(1,803,338)
Proceeds from sale of investments	1,751,516	2,580,079
Net cash flows provided by/(used for) investing activities	<u>124,310</u>	<u>(2,672,790)</u>
Cash flows from financing activities:		
Contributions received for capital campaign purchases	5,850,000	3,160,000
Repayment of loans payable	(87,607)	0
Proceeds from loan payable	710,660	1,443,848
Paycheck Protection Program Loan (Note 8)	654,700	0
Net cash flows provided by financing activities	<u>7,127,753</u>	<u>4,603,848</u>
Net increase in cash and cash equivalents	4,906,818	2,215,068
Cash and cash equivalents - beginning of year	<u>6,867,698</u>	<u>4,652,630</u>
Cash and cash equivalents - end of year	<u><u>\$11,774,516</u></u>	<u><u>\$6,867,698</u></u>

No interest or income taxes were paid.

The attached notes and auditor's report are an integral part of these financial statements.

COMMITTEE TO PROTECT JOURNALISTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Nature of Entity

The Committee to Protect Journalists, Inc. ("CPJ") is a not-for-profit corporation dedicated to supporting journalists and news organizations across the world who have been subjected to violation of their professional and human rights.

Advocacy/Communications

CPJ's Advocacy and Communications team works closely with the Program teams and the Editorial department to ensure that CPJ advocacy objectives are achieved. The team conducts campaigns, including calling for imprisoned journalists to be freed and for positive legal reform to be made, and engages with U.S., EU, and UN leaders, as well as those from other countries, to promote press freedom.

Programs

CPJ's regional programs cover Africa, North America, South and Central America, Asia, Europe and Central Asia, and the Middle East and North Africa, and are led by experts from all over the world who report daily on press freedom abuses. The programmatic teams speak Arabic, Bulgarian, Chinese, Czech, Farsi, French, German, Hindi, Japanese, Korean, Metta, Portuguese, Russian, Spanish, Thai, Turkish, Urdu, and Uzbek.

ERT

CPJ's Editorial team helps the Program teams confront the increasing challenges to journalists worldwide. The Editor's work in staggered shifts each day and rotate weekend shifts in order to maximize coverage and produce fresh content. Much of CPJ's reporting which is published in statements, alerts, articles, letters, and reports is translated into six languages and posted on the website.

CPJ is a not-for-profit organization and has been notified by the Internal Revenue Service that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting and Revenue Recognition

The financial statements have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation

CPJ reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. They are reflected on the financial statement as without donor restrictions.

- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

CPJ follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2018-08 ("Topic 605") for recording contributions. Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

CPJ records promises to give as revenue in the period they become unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using an interest-free discount rate, when deemed material.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

All pledges receivable are assessed for collectability. Based on a review of several factors, including the credit worthiness of the donor and historical experience, CPJ has an allowance of approximately \$161,000 and \$3,000 as of December 31, 2020 and 2019, respectively.

d. Cash and Cash Equivalents

All liquid investments that are not restricted or held by the investment custodian and have an initial maturity of three months or less are considered cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject CPJ to concentration of credit risk consist of cash, money market accounts and investment securities which have been placed with financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that the investment policy is prudent for the long-term welfare of CPJ.

At year end and at certain times throughout the year, CPJ had uninsured balances; however, no losses have been suffered due to the failure of any of these institutions.

f. Investments

Investments are recorded at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses and investment fees are included in income on the statement of activities. Investments have been displayed on the statement of financial position based on the purpose for which they are held. (See Note 3 for additional information.)

g. Fixed Assets

Fixed assets to which CPJ retains title and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets are depreciated or amortized over their useful lives and lease terms using the straight-line method with a one-half year convention in the year placed in service.

h. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

i. Significant Concentrations

During 2017, CPJ received one large grant from an outside organization that totaled \$3,750,000. There was no outstanding balance at December 31, 2020 and \$896,511 was outstanding at December 31, 2019. The receivable at December 31, 2019 represented 28% of pledges receivable. CPJ received a \$2,000,000 grant from the same organization during 2020, all of which was outstanding at December 31, 2020. This receivable represented 31% of pledges receivable at December 31, 2020.

j. Expense Allocation

The financial statements contain certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently and equitably applied. The following expenses were allocated based on time and effort:

- Salaries and benefits
- Occupancy
- Travel
- Office supplies and maintenance
- Telecommunications
- Publications, printing and postage
- Insurance
- Fees
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

k. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CPJ's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

l. Accounting for Uncertainty of Income Taxes

CPJ does not believe its financial statements include any material, uncertain tax positions. Tax filings for the periods ending December 31, 2017 and later are subject to examination by applicable taxing authorities.

m. New Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year, with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

CPJ is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Investments

Accounting standards establish a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that CPJ has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments consist of:

	December 31, 2020			
	<u>Level 1</u>	<u>Level 2</u>	<u>Other (a)</u>	<u>Total</u>
Cash	\$255,252	\$0	\$0	\$255,252
Equities - precious metals	952,360	0	0	952,360
Intermediate-term bond	2,397,832	0	0	2,397,832
World bond fund	632,845	0	0	632,845
Equity funds:				
Commodities broad basket	575,990	0	0	575,990
Exchange traded funds:				
Foreign large blend	2,868,394	0	0	2,868,394
Large blend	3,418,851	0	0	3,418,851
Real estate	583,044	0	0	583,044
Private equity	0	1,171,608	0	1,171,608
Hedge funds	0	0	1,673,425	1,673,425
	<u>\$11,684,568</u>	<u>\$1,171,608</u>	<u>\$1,673,425</u>	<u>\$14,529,601</u>

	December 31, 2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Other (a)</u>	<u>Total</u>
Cash	\$848,717	\$0	\$0	\$848,717
Equities - precious metals	796,256	0	0	796,256
Intermediate-term bond	2,341,759	0	0	2,341,759
World bond fund	563,945	0	0	563,945
Equity funds:				
Commodities broad basket	640,118	0	0	640,118
Exchange traded funds:				
Foreign large blend	2,641,813	0	0	2,641,813
Large blend	3,284,344	0	0	3,284,344
Real estate	665,769	0	0	665,769
Private equity	0	1,054,372	0	1,054,372
Hedge funds	0	0	1,387,056	1,387,056
	<u>\$11,782,721</u>	<u>\$1,054,372</u>	<u>\$1,387,056</u>	<u>\$14,224,149</u>

(a) At December 31, 2020 and 2019, certain funds were invested in hedge funds which are reported at fair value utilizing the net asset values provided by fund managers. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Investments are designated as follows:

	<u>12/31/20</u>	<u>12/31/19</u>
Long-term endowment (Note 11)	\$14,389,921	\$13,788,119
Investment holdings	139,680	0
Investment held for special purposes (Note 9)	0	436,030
	<u>\$14,529,601</u>	<u>\$14,224,149</u>

Net investment income consists of:		
	<u>12/31/20</u>	<u>12/31/19</u>
Interest and dividends	\$488,268	\$488,434
Unrealized gain	938,853	1,565,926
Realized gain on sale of investments	127,114	136,276
Less: investment fees	<u>(50,665)</u>	<u>(62,841)</u>
Net investment income	<u>\$1,503,570</u>	<u>\$2,127,795</u>

Note 4 - Pledges Receivable

Pledges receivable are due to be collected in the following years:

		<u>12/31/20</u>	<u>12/31/19</u>
Year ending:	December 31, 2020	\$0	\$2,497,190
	December 31, 2021	4,469,346	350,000
	December 31, 2022	1,346,500	100,000
	December 31, 2023	<u>846,500</u>	<u>100,000</u>
		6,662,346	3,047,190
Less: allowance for doubtful accounts		(161,600)	(3,375)
Less: adjustment to fair value, using a discount rate of 1.5 %		<u>(22,760)</u>	<u>(14,000)</u>
Total		<u>\$6,477,986</u>	<u>\$3,029,815</u>

Note 5 - Fixed Assets

Fixed assets consist of the following:

		<u>12/31/20</u>	<u>12/31/19</u>
Construction in progress		\$0	\$2,961,097
Furniture (5 years)		282,336	428,895
Office equipment (5 years)		0	64,158
Websites (3 years)		464,657	256,257
Leasehold improvements (life of the lease)		3,028,941	164,751
Database (3 years)		302,996	225,371
Other assets (3 years)		<u>61,031</u>	<u>61,031</u>
		4,139,961	4,161,560
Less: accumulated depreciation		<u>(677,850)</u>	<u>(1,110,443)</u>
Total fixed assets - net		<u>\$3,462,111</u>	<u>\$3,051,117</u>

Note 6 - Due to Landlord

CPJ entered into a lease agreement for office space which commenced during the year ended December 31, 2020. Under the terms of the agreement, CPJ had the right to exercise a purchase option at a price of \$10,793,759 plus a purchase repayment amount. Per the terms of the lease, the landlord paid certain amounts toward tenant improvements to the leased space. A total of \$1,000,775 and \$789,339 was payable to the landlord for such improvements at December 31, 2020 and 2019, respectively.

Subsequent to year end, the option was exercised by CPJ to purchase the office space for a total of \$13,176,273, which includes a payoff of outstanding loan balances described in note 7 and issuance costs, broken down below.

Purchase price	\$10,793,759
Payment of outstanding loan	2,010,126
Issuance costs	<u>372,387</u>
Total	<u>\$13,176,272</u>

To finance the purchase of the new office space, CPJ entered into a bond purchase agreement with Build NYC Resource Corporation (Build NYC) and Boston Private Bank and Trust Company (the "Bank") on March 4, 2021. In connection with this agreement, Build NYC issued Series 21 Revenue Bonds with a par amount of \$5,500,000, which were purchased by the Bank. As an inducement to the Bank to purchase the bonds, CPJ entered into a loan agreement with the Bank. While the bonds are not the debt of CPJ, the loan agreement requires CPJ to make payments to the Bank equal to the principal and interest of the bonds. Interest accrues on a monthly basis at coupon rate of 2.66% and is payable on an annual basis. In connection with the bond issuance, CPJ incurred costs of \$372,387, which will be amortized as interest expense over the life of the bonds.

The proceeds of the issuance were received by CPJ and used to purchase the new space. The remaining purchase prices of \$7,676,273 was paid directly from CPJ's existing assets.

Minimum principal payments on the loan are as follows:

Year ending:	December 31, 2021	\$117,544
	December 31, 2022	159,494
	December 31, 2023	163,849
	December 31, 2024	167,943
	December 31, 2025	172,908
	Thereafter	<u>4,718,262</u>
	Total	<u>\$5,500,000</u>

The bond purchase and loan agreements are secured by the building that the proceeds were used to acquire. Per the terms of the agreement, CPJ is required to meet certain reporting and insurance covenants. As of May 27, 2021, management believes that CPJ is in compliance with all covenants.

Note 7 - Loans Payable

During 2019 CPJ entered into two separate agreements, a \$3,500,000 term loan and a \$1,000,000 line of credit with the same financial institution.

A total of \$2,066,901 and \$1,443,848 has been cumulatively drawn down and was outstanding as of December 31, 2020 and 2019, respectively. The full balance of the loan was paid in full subsequent to year end as part of CPJ's purchase of new office space as described in note 6. The line of credit accrues interest at the effective prime rate. The term loan accrues interest at 3.25%.

Note 8 - Paycheck Protection Program Loan

During the year ended December 31, 2020, CPJ obtained a loan from the SBA in the amount of \$654,700 through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a ten-month deferral of payments and interest will accrue at 1%.

CPJ has opted to treat the Paycheck Protection Program proceeds as a loan payable in accordance with FASB ASU 470.

Under this treatment, the proceeds from the loan will remain as a liability until either the loan is forgiven by the SBA or CPJ pays it off.

CPJ submitted its application in February 2021 and was granted forgiveness.

Note 9 - Conditional Contribution

CPJ had received a \$400,000 conditional contribution, where the donor maintained the unilateral right to reassign the full amount to any other qualified charitable institution. During 2020, the donor removed the conditions and converted this into a contribution that is restricted for the capital campaign. The investment account used to hold their funds was liquidated in 2020.

Note 10 - Net Assets With Donor Restrictions

The following summarizes net assets released from restrictions:

	<u>12/31/20</u>	<u>12/31/19</u>
Restricted for specific purposes:		
Institutional Strengthening	\$23,190	\$922,270
Latin America Program	0	25,000
Emergencies Program	30,000	0
Birch Fellows	185,619	202,132
ACLS Fellowship	67,160	28,398
Capital Campaign	668,175	0
United States Program	<u>100,000</u>	<u>350,000</u>
Total restricted for specific purposes	1,074,144	1,527,800
Restricted for time	<u>1,680,000</u>	<u>1,625,000</u>
Total purpose and time restrictions	2,754,144	3,152,800
Endowment appropriations	<u>725,933</u>	<u>700,985</u>
Total net assets with donor restrictions	<u>\$3,480,077</u>	<u>\$3,853,785</u>

The following summarizes the nature of net assets with donor restrictions:

	<u>12/31/20</u>	<u>12/31/19</u>
Restricted for specific purposes:		
Institutional Strengthening	\$0	\$23,191
Latin America Program	50,000	0
Emergencies Program	50,000	50,000
Birch Fellows	233,076	418,695
ACLS Fellowship	54,442	46,601
Capital Campaign	5,281,825	100,000
United States Program	<u>0</u>	<u>100,000</u>
Total restricted for specific purposes	5,669,343	738,487
Restricted for time	<u>3,365,000</u>	<u>1,925,000</u>
Total purpose and time restrictions	<u>9,034,343</u>	<u>2,663,487</u>
Restricted for endowment		
Endowment funds – corpus (see Note 11)	9,500,000	9,500,000
Endowment funds – earnings (see Note 11)	<u>4,677,943</u>	<u>3,911,141</u>
Total restricted for endowments	<u>14,177,943</u>	<u>13,411,141</u>
Total net assets with donor restrictions	<u>\$23,212,286</u>	<u>\$16,074,628</u>

Note 11 - Investments Held for Endowments

CPJ's endowment consists of four permanently restricted individual funds that are required to be held indefinitely as well as a portion that are board designated. The income from these investments can be used to support general activities.

At December 31, 2020, the corpus of these endowments consists of the following:

Knight Endowment	\$5,000,000
Ford Foundation Endowment	1,500,000
Bloomberg Endowment	2,000,000
Annenberg Endowment	<u>1,000,000</u>
Total	<u>\$9,500,000</u>

Interpretation of Relevant Law

CPJ follows the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). The Board of Directors of CPJ has interpreted NYPMIFA as requiring certain amounts to be retained permanently. Absent explicit donor stipulations to the contrary, the fair value of the original gift as of the gift date for all donor-restricted endowment funds will be preserved. However, under certain circumstances, CPJ has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, CPJ classifies as endowment corpus (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

When endowment funds have earnings in excess of amounts that need to be retained as part of the corpus, their earnings are restricted until the board appropriates for expenditures, therefore, they have been classified in the class of net assets with donor restrictions.

Spending Policies

In accordance with NYPMIFA, the following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of CPJ's mission and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources available;
- (7) The investment policies;
- (8) Where appropriate and circumstances would otherwise warrant alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have.

Changes in investments by net asset class were as follows:

	December 31, 2020				
	Without Donor Restrictions- Board Designated	With Donor Restrictions			Total
		Endowment Earnings	Endowment Corpus	With Donor Restriction	
Endowment net assets, beginning of year	\$376,978	\$3,911,141	\$9,500,000	13,411,141	\$13,788,119
Net gain on investments	0	1,093,706	0	1,093,706	1,093,706
Interest and dividends, net of fees	0	399,030	0	399,030	399,030
Appropriations for expenditure	<u>(165,000)</u>	<u>(725,934)</u>	<u>0</u>	<u>(725,934)</u>	<u>(890,934)</u>
Endowment net assets, end of year	<u>\$211,978</u>	<u>\$4,677,943</u>	<u>\$9,500,000</u>	<u>\$14,177,943</u>	<u>\$14,389,921</u>

	December 31, 2019				
	Without Donor Restrictions- Board Designated	With Donor Restrictions			Total
		Endowment Earnings	Endowment Corpus	With Donor Restriction	
Endowment net assets, beginning of year	\$376,978	\$2,556,249	\$9,500,000	12,056,249	\$12,433,227
Net gain on investments	0	1,649,497	0	1,649,497	1,649,497
Interest and dividends, net of fees	0	406,380	0	406,380	406,380
Appropriations for expenditure	<u>0</u>	<u>(700,985)</u>	<u>0</u>	<u>(700,985)</u>	<u>(700,985)</u>
Endowment net assets, end of year	<u>\$376,978</u>	<u>\$3,911,141</u>	<u>\$9,500,000</u>	<u>\$13,411,141</u>	<u>\$13,788,119</u>

Endowment Investment Policies

CPJ has adopted an investment policy for endowment assets that relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A diversified asset allocation is targeted that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or NYPMIFA requires to be retained as a fund of perpetual duration. There were no such deficiencies as of December 31, 2020 and 2019.

Note 12 - Employee Benefits

CPJ sponsors a defined contribution pension plan. All full-time employees with one month of service are eligible to participate. Contributions of 3% are made annually. Employer contributions totaled \$317,409 and \$318,504 for the years ended December 31, 2020 and 2019, respectively.

Note 13 - In-Kind Contributions

Donated services are recorded if they create or enhance non-financial assets or if the service requires specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions.

The contributions were charged to the following program and service functions:

	<u>December 31, 2020</u>		
		Management and General	
	<u>Programs</u>	<u>General</u>	<u>Total</u>
Professional fees - legal	<u>\$1,474,008</u>	<u>\$422,800</u>	<u>\$1,896,808</u>

	<u>December 31, 2019</u>		
		Management and General	
	<u>Programs</u>	<u>General</u>	<u>Total</u>
Professional fees - legal	<u>\$832,432</u>	<u>\$146,821</u>	<u>\$979,253</u>

Note 14 - Special Event Income

CPJ hosts an annual fundraising event, the International Press Freedom Awards. In 2020 this event was held virtually due to the pandemic and current restrictions. In 2019, direct expenses of this event that benefited donors had been netted with special event income in the public support section of the statement of activities. The financial summary of the event are as follows:

	<u>12/31/20</u>	<u>12/31/19</u>
Income	\$1,098,496	\$2,492,612
Less: expenses with a direct benefit to donor	<u>0</u>	<u>(394,478)</u>
Total	<u>\$1,098,496</u>	<u>\$2,098,134</u>

Note 15 - Availability and Liquidity

Financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$11,774,516	
Pledges receivable, net	6,477,986	
Investments	<u>139,680</u>	
Total financial assets		\$18,392,182
Less amounts not available for general expenditures:		
Restricted for specific purposes	(5,669,343)	
Time restricted net assets for 2022 and 2023	<u>(1,533,333)</u>	
Total purpose and time restrictions		<u>\$7,202,676</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$11,189,506</u>

CPJ receives significant contributions and promises to give with and without donor restrictions. It considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the organization considers all expenditures related to its ongoing activities, related to institutional strengthening to be general expenditures.

CPJ manages its liquidity and reserves by following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and building a reserve over the next few years to provide reasonable assurance that long-term obligations will be discharged. CPJ forecasts its future cash flows and monitors its liquidity on a quarterly basis.

Note 16 - Subsequent Events

Management has evaluated the impact of all subsequent events through May 27, 2021, which is the date that the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

Note 17 - Other Matters

On January 30, 2020, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include: restrictions on travel, quarantines in certain areas, forced closures for certain types of public places, and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which CPJ operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak, however as of the date of these financial statements, the potential impact cannot be quantified.