

IRA L. SCHALL, CPA  
DAVID C. ASHENFARB, CPA  
MICHAEL L. SCHALL, CPA



## Audited Financial Statements

December 31, 2021

## **INDEPENDENT AUDITORS' REPORT**

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

### ***Opinion***

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CPJ as of December 31, 2021, 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.

### ***Basis for Opinion***

We conducted our audit 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 CPJ and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 these 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, which raise substantial doubt about CPJ's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

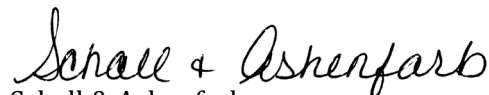
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPJ'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, which raise substantial doubt about CPJ'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.

## ***Report on Summarized Comparative Information***

We have previously audited CPJ's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Schall & Ashenfarb  
Certified Public Accountants, LLC

May 25, 2022

**COMMITTEE TO PROTECT JOURNALISTS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021**  
(With comparative totals as of December 31, 2020)

**Assets**

|   | <u>12/31/21</u>                | <u>12/31/20</u>                |
|---|--------------------------------|--------------------------------|
| Cash and cash equivalents                                 | \$7,211,893                    | \$11,774,516                   |
| Investments (Note 3)                                      | 50,914                         | 139,680                        |
| Prepaid expenses and other receivable                     | 224,738                        | 68,248                         |
| Pledges receivable, net (Note 4)                          | 3,087,652                      | 6,477,986                      |
| Fixed assets, net (Note 5)                                | 13,477,098                     | 3,462,111                      |
| Security deposit  | 0                              | 691,735                        |
| Investments held for long-term endowment (Notes 3 and 10) | <u>17,343,197</u>              | <u>14,389,921</u>              |
| <br>Total assets  | <br><u><u>\$41,395,492</u></u> | <br><u><u>\$37,004,197</u></u> |

**Liabilities and Net Assets**

|   |                                |                                |
|---|--------------------------------|--------------------------------|
| Liabilities:                                      |                                |                                |
| Accounts payable and accrued expenses             | \$615,697                      | \$533,219                      |
| Due to landlord (Note 6)                          | 0                              | 1,000,775                      |
| Deferred revenue                                  | 0                              | 25,000                         |
| Loans payable (Note 7)                            | 5,022,482                      | 2,066,901                      |
| Paycheck protection program (Note 8)              | <u>0</u>                       | <u>654,700</u>                 |
| <br>Total liabilities                             | <br><u><u>5,638,179</u></u>    | <br><u><u>4,280,595</u></u>    |
| Net assets:                                       |                                |                                |
| Without donor restrictions                        | <u>15,803,094</u>              | <u>9,511,316</u>               |
| With donor restrictions:                          |                                |                                |
| Restricted for specific purpose and time (Note 9) | 2,823,000                      | 9,034,343                      |
| Donor restricted endowment (Notes 9 and 10)       | <u>17,131,219</u>              | <u>14,177,943</u>              |
| Total net assets with donor restrictions          | <u>19,954,219</u>              | <u>23,212,286</u>              |
| <br>Total net assets                              | <br><u><u>35,757,313</u></u>   | <br><u><u>32,723,602</u></u>   |
| <br>Total liabilities and net assets              | <br><u><u>\$41,395,492</u></u> | <br><u><u>\$37,004,197</u></u> |

*The attached notes and independent auditors' report are an integral part of these financial statements.*

**COMMITTEE TO PROTECT JOURNALISTS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With comparative totals for the year ended December 31, 2020)

|   | Without Donor Restrictions |                  |                   | With Donor Restrictions                         |   |                    | Total<br>12/31/21   | Total<br>12/31/20 |
|---|----------------------------|------------------|-------------------|---|---|--------------------|---------------------|-------------------|
|   | Operations                 | Capital          | Total             | Purpose<br>and Time<br>Restrictions<br>(Note 9) | Donor Restricted<br>Endowment<br>(Notes 9 and 10) | Total              |                     |                   |
| Public support and revenue:   |                            |                  |                   |   |   |                    |                     |                   |
| Contributions   | \$8,083,284                |                  | \$8,083,284       | \$1,180,000                                     |   | \$1,180,000        | \$9,263,284         | \$16,093,711      |
| Paycheck Protection Program loan forgiveness (Note 8)                   | 654,700                    |                  | 654,700           |   |   | 0                  | 654,700             | 0                 |
| Special event, net of expenses with a direct benefit to donor (Note 13) | 1,463,983                  |                  | 1,463,983         |   |   | 0                  | 1,463,983           | 1,098,496         |
| Investment income gain, net (Note 3)                                    | (54,994)                   |                  | (54,994)          |   | \$1,850,634                                       | 1,850,634          | 1,795,640           | 1,503,570         |
| Other income  | 16,950                     |                  | 16,950            |   |   | 0                  | 16,950              | 36,655            |
| In-kind contributions (Note 12)   | 767,549                    |                  | 767,549           |   |   | 0                  | 767,549             | 1,896,808         |
| Redesignation of donor restricted net assets (Note 10)                  |                            |                  |                   | (1,585,000)                                     | 1,585,000   | 0                  | 0                   | 0                 |
| Net assets released from restriction                                    | 1,006,876                  | \$5,281,825      | 6,288,701         | (5,806,343)                                     | (482,358)   | (6,288,701)        | 0                   | 0                 |
| <b>Total public support and revenue</b>                                 | <b>11,938,348</b>          | <b>5,281,825</b> | <b>17,220,173</b> | <b>(6,211,343)</b>                              | <b>2,953,276</b>                                  | <b>(3,258,067)</b> | <b>13,962,106</b>   | <b>20,629,240</b> |
| Expenses:   |                            |                  |                   |   |   |                    |                     |                   |
| Program services  | 7,493,403                  | 324,041          | 7,817,444         |   |   | 0                  | 7,817,444           | 8,620,326         |
| Supporting Services:  |                            |                  |                   |   |   |                    |                     |                   |
| Management and general  | 1,690,407                  | 45,430           | 1,735,837         |   |   | 0                  | 1,735,837           | 1,278,679         |
| Fundraising   | 1,291,352                  | 83,762           | 1,375,114         |   |   | 0                  | 1,375,114           | 2,097,203         |
| <b>Total supporting services</b>  | <b>2,981,759</b>           | <b>129,192</b>   | <b>3,110,951</b>  | <b>0</b>  | <b>0</b>  | <b>0</b>           | <b>3,110,951</b>    | <b>3,375,882</b>  |
| <b>Total expenses</b>   | <b>10,475,162</b>          | <b>453,233</b>   | <b>10,928,395</b> | <b>0</b>  | <b>0</b>  | <b>0</b>           | <b>\$10,928,395</b> | <b>11,996,208</b> |
| Change in net assets before transfers to capital fund                   | 1,463,186                  | 4,828,592        | 6,291,778         | (6,211,343)                                     | 2,953,276   | (3,258,067)        | 3,033,711           | 8,633,032         |
| Transfers to capital fund   | (5,186,395)                | 5,186,395        | 0                 |   |   | 0                  | 0                   | 0                 |
| Change in net assets  | (3,723,209)                | 10,014,987       | 6,291,778         | (6,211,343)                                     | 2,953,276   | (3,258,067)        | 3,033,711           | 8,633,032         |
| Net assets - beginning of year  | 6,049,205                  | 3,462,111        | 9,511,316         | 9,034,343                                       | 14,177,943  | 23,212,286         | 32,723,602          | 24,090,570        |
| Net assets - end of year  | \$2,325,996                | \$13,477,098     | \$15,803,094      | \$2,823,000                                     | \$17,131,219                                      | \$19,954,219       | \$35,757,313        | \$32,723,602      |

*The attached notes and independent auditors' report are an integral part of these financial statements.*

**COMMITTEE TO PROTECT JOURNALISTS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(With comparative totals for the year ended December 31, 2020)

|   | Program Services   |                             |                    | Supporting Services    |                        |                    | Total Expenses<br>12/31/21 | Total Expenses<br>12/31/20* |                           |
|---|--------------------|-----------------------------|--------------------|------------------------|------------------------|--------------------|----------------------------|-----------------------------|---------------------------|
|   | General Programs   | Advocacy and Communications | ERT Programs       | Total Program Services | Management and General | Fundraising        |                            |                             | Total Supporting Services |
| Salaries  | \$1,760,608        | \$654,686                   | \$578,810          | \$2,994,104            | \$695,172              | \$637,921          | \$1,333,093                | \$4,327,197                 | \$3,860,073               |
| Payroll taxes and benefits                        | 459,699            | 170,941                     | 151,129            | 781,769                | 181,512                | 166,563            | 348,075                    | 1,129,844                   | 1,336,491                 |
| Professional fees (including in-kind) (Note 12)   | 1,772,355          | 256,461                     | 612,036            | 2,640,852              | 468,618                | 239,222            | 707,840                    | 3,348,692                   | 4,662,174                 |
| Occupancy   | 201,832            | 60,670                      | 80,826             | 343,328                | 40,536                 | 76,944             | 117,480                    | 460,808                     | 763,283                   |
| Travel  | 9,519              | 5,050                       | 21,279             | 35,848                 | 8,037                  | 35,031             | 43,068                     | 78,916                      | 63,551                    |
| Grants  |                    |                             | 345,718            | 345,718                |                        |                    | 0                          | 345,718                     | 322,222                   |
| Office supplies and maintenance                   | 23,497             | 6,503                       | 9,042              | 39,042                 | 5,904                  | 14,021             | 19,925                     | 58,967                      | 76,732                    |
| Telecommunications                                | 36,063             | 8,884                       | 10,772             | 55,719                 | 5,352                  | 8,190              | 13,542                     | 69,261                      | 95,563                    |
| Publications, printing and postage                | 1,503              | 533                         | 549                | 2,585                  | 263                    | 50,102             | 50,365                     | 52,950                      | 92,421                    |
| Food, facility and entertainment                  |                    |                             |                    | 0                      |                        | 282,951            | 282,951                    | 282,951                     | 0                         |
| Insurance   | 41,604             | 10,491                      | 16,147             | 68,242                 | 7,086                  | 28,491             | 35,577                     | 103,819                     | 85,431                    |
| Fees  | 475                | 50                          | 1,615              | 2,140                  | 11,093                 | 18,747             | 29,840                     | 31,980                      | 63,114                    |
| Depreciation                                      | 222,391            | 40,482                      | 61,168             | 324,041                | 45,430                 | 83,762             | 129,192                    | 453,233                     | 225,211                   |
| Amortization                                      |                    |                             |                    | 0                      | 12,413                 |                    | 12,413                     | 12,413                      | 0                         |
| Interest  |                    |                             |                    | 0                      | 138,706                |                    | 138,706                    | 138,706                     | 52,572                    |
| Bad debt expense                                  |                    |                             |                    | 0                      | 81,094                 |                    | 81,094                     | 81,094                      | 158,225                   |
| Other   | 111,685            | 29,567                      | 42,804             | 184,056                | 34,621                 | 16,120             | 50,741                     | 234,797                     | 139,145                   |
| <b>Total expenses</b>                             | <b>4,641,231</b>   | <b>1,244,318</b>            | <b>1,931,895</b>   | <b>7,817,444</b>       | <b>1,735,837</b>       | <b>1,658,065</b>   | <b>3,393,902</b>           | <b>11,211,346</b>           | <b>11,996,208</b>         |
| Less: cost of direct benefits to donors           |                    |                             |                    | 0                      |                        | (282,951)          | (282,951)                  | (282,951)                   | 0                         |
| <b>Total expenses for statement of activities</b> | <b>\$4,641,231</b> | <b>\$1,244,318</b>          | <b>\$1,931,895</b> | <b>\$7,817,444</b>     | <b>\$1,735,837</b>     | <b>\$1,375,114</b> | <b>\$3,110,951</b>         | <b>\$10,928,395</b>         | <b>\$11,996,208</b>       |

\* Reclassified for comparative purposes

*The attached notes and independent auditors' report are an integral part of these financial statements.*

**COMMITTEE TO PROTECT JOURNALISTS, INC.****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31, 2021**

(With comparative totals for the year ended December 31, 2020)

|  | <u>12/31/21</u>     | <u>12/31/20</u>     |
|--|---------------------|---------------------|
| Cash flows from operating activities:  |                     |                     |
| Change in net assets   | \$3,033,711         | \$8,633,032         |
| Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities: |                     |                     |
| Depreciation   | 453,233             | 225,211             |
| Amortization   | 12,413              | 0                   |
| Forgiveness of Paycheck Protection Program loan  | (654,700)           | 0                   |
| Contributions received for capital campaign purchases  | 0                   | (5,850,000)         |
| Realized gain on sale of investments   | (101,621)           | (127,114)           |
| Unrealized gain on sale of investments   | (1,050,710)         | (938,853)           |
| Changes in assets and liabilities:   |                     |                     |
| Prepaid expenses and other receivable  | (156,490)           | 78,440              |
| Pledges receivable   | 3,390,334           | (3,448,171)         |
| Security deposit   | 691,735             | 65,793              |
| Accounts payable and accrued expenses  | 82,478              | (820,019)           |
| Due to landlord  | (1,000,775)         | 211,436             |
| Deferred revenue   | (25,000)            | 25,000              |
| Conditional contribution   | 0                   | (400,000)           |
| Total adjustments  | <u>1,640,897</u>    | <u>(10,978,277)</u> |
| Net cash flows provided by/(used for) operating activities   | <u>4,674,608</u>    | <u>(2,345,245)</u>  |
| Cash flows from investing activities:  |                     |                     |
| Purchase of fixed assets   | (10,468,220)        | (636,205)           |
| Investment income reinvested   | (665,927)           | (488,268)           |
| Purchase of investments  | (1,585,000)         | (502,733)           |
| Proceeds from sale of investments  | 538,748             | 1,751,516           |
| Net cash flows (used for)/provided by investing activities   | <u>(12,180,399)</u> | <u>124,310</u>      |
| Cash flows from financing activities:  |                     |                     |
| Contributions received for capital campaign purchases  | 0                   | 5,850,000           |
| Repayment of loans payable   | (2,184,445)         | (87,607)            |
| Proceeds from loan payable   | 5,127,613           | 710,660             |
| Proceeds from Paycheck Protection Program loan   | 0                   | 654,700             |
| Net cash flows provided by financing activities  | <u>2,943,168</u>    | <u>7,127,753</u>    |
| Net (decrease)/increase in cash and cash equivalents   | (4,562,623)         | 4,906,818           |
| Cash and cash equivalents - beginning of year  | <u>11,774,516</u>   | <u>6,867,698</u>    |
| Cash and cash equivalents - end of year  | <u>\$7,211,893</u>  | <u>\$11,774,516</u> |
| Supplemental disclosures:  |                     |                     |
| Interest paid  | <u>\$138,706</u>    | <u>\$52,572</u>     |
| Taxes paid   | <u>\$0</u>          | <u>\$0</u>          |

*The attached notes and independent auditors' report are an integral part of these financial statements.*

**COMMITTEE TO PROTECT JOURNALISTS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**Note 1 - Organization**

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 Editors 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

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 statements 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 Codification ("ASC") 958-605 for recording contributions, which 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 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. CPJ received contributions that contain conditions that must be met before payment is received. Revenue will be recognized as the specific deliverables are met. Total maximum remaining revenue from these conditional contributions is \$1,500,000.

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 for doubtful accounts of approximately \$84,000 and \$162,000 as of December 31, 2021 and 2020, 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 a 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.

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 2020, CPJ received one large grant from an outside organization that totaled \$2,000,000. There was an outstanding balance of \$666,000 at December 31, 2021 and \$2,000,000 was outstanding at December 31, 2020. The receivable at December 31, 2020 represented 31% of pledges receivable. There were no significant concentrations of pledges receivable at December 31, 2021.

j. Functional Allocation of Expenses

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, payroll taxes 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, 2020, 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, 2018 and later are subject to examination by applicable taxing authorities.

m. New Accounting Pronouncements

FASB issued Accounting Standards Update ("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. 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.

In addition, 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:

|                          | <u>December 31, 2021</u> |                    |                    |                     |
|--------------------------|--------------------------|--------------------|--------------------|---------------------|
|                          | <u>Level 1</u>           | <u>Level 2</u>     | <u>Other (a)</u>   | <u>Total</u>        |
| Cash                     | \$310,208                | \$0                | \$0                | \$310,208           |
| Equities                 | 987,623                  | 0                  | 0                  | 987,623             |
| Intermediate-term bond   | 2,639,786                | 0                  | 0                  | 2,639,786           |
| World bond fund          | 642,651                  | 0                  | 0                  | 642,651             |
| Equity funds:            |                          |                    |                    |                     |
| Commodities broad basket | 752,172                  | 0                  | 0                  | 752,172             |
| Exchange traded funds:   |                          |                    |                    |                     |
| Foreign large blend      | 3,309,733                | 0                  | 0                  | 3,309,733           |
| Large blend              | 4,395,898                | 0                  | 0                  | 4,395,898           |
| Real estate              | 871,815                  | 0                  | 0                  | 871,815             |
| Private equity           | 0                        | 1,640,434          | 0                  | 1,640,434           |
| Hedge funds              | <u>0</u>                 | <u>0</u>           | <u>1,843,791</u>   | <u>1,843,791</u>    |
| Total                    | <u>\$13,909,886</u>      | <u>\$1,640,434</u> | <u>\$1,843,791</u> | <u>\$17,394,111</u> |

|                            | <u>December 31, 2020</u> |                    |                    |                     |
|----------------------------|--------------------------|--------------------|--------------------|---------------------|
|                            | <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                | <u>0</u>                 | <u>0</u>           | <u>1,673,425</u>   | <u>1,673,425</u>    |
| Total                      | <u>\$11,684,568</u>      | <u>\$1,171,608</u> | <u>\$1,673,425</u> | <u>\$14,529,601</u> |

(a) At December 31, 2021 and 2020, 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>12/31/21</u>     | <u>12/31/20</u>     |
|-------------------------------|---------------------|---------------------|
| Long-term endowment (Note 10) | \$17,343,197        | \$14,389,921        |
| Investment holdings           | <u>50,914</u>       | <u>139,680</u>      |
|                               | <u>\$17,394,111</u> | <u>\$14,529,601</u> |

Net investment income consists of:

|                                      | <u>12/31/21</u>    | <u>12/31/20</u>    |
|--------------------------------------|--------------------|--------------------|
| Interest and dividends               | \$686,938          | \$488,268          |
| Unrealized gain                      | 1,050,710          | 938,853            |
| Realized gain on sale of investments | 101,621            | 127,114            |
| Less: investment fees                | <u>(43,629)</u>    | <u>(50,665)</u>    |
| Net investment income                | <u>\$1,795,640</u> | <u>\$1,503,570</u> |

**Note 4 - Pledges Receivable**

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

|   | <u>12/31/21</u>    | <u>12/31/20</u>    |
|---|--------------------|--------------------|
| Year ending: December 31, 2021                                    | \$0                | \$4,469,346        |
| December 31, 2022   | 2,897,721          | 1,346,500          |
| December 31, 2023   | <u>280,000</u>     | <u>846,500</u>     |
|   | 3,177,721          | 6,662,346          |
| Less: allowance for doubtful accounts                             | (84,469)           | (161,600)          |
| Less: adjustment to fair value,<br>using a discount rate of 1.5 % | <u>(5,600)</u>     | <u>(22,760)</u>    |
| Total   | <u>\$3,087,652</u> | <u>\$6,477,986</u> |

**Note 5 - Fixed Assets**

Fixed assets consist of the following:

|  | <u>12/31/21</u>     | <u>12/31/20</u>    |
|--|---------------------|--------------------|
| Furniture (5 years)                        | \$282,336           | \$282,336          |
| Websites (3 years)                         | 464,657             | 464,657            |
| Database (3 years)                         | 302,996             | 302,996            |
| Leasehold improvements (life of the lease) | 0                   | 3,028,941          |
| Building and improvements (40 years)       | 13,497,161          | 0                  |
| Other assets (3 years)                     | <u>61,031</u>       | <u>61,031</u>      |
|  | 14,608,181          | 4,139,961          |
| Less: accumulated depreciation             | <u>(1,131,083)</u>  | <u>(677,850)</u>   |
| Total fixed assets, net                    | <u>\$13,477,098</u> | <u>\$3,462,111</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 was payable to the landlord for such improvements at December 31, 2020. During 2021, the option was exercised by CPJ to purchase the office space for a total of \$13,176,273, which included 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> |

## 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 was outstanding as of December 31, 2020. The full balance of the loan was paid in full in 2021 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 and matures on August 8, 2022. The line of credit was not used in 2021 and the available balance is \$1,000,000 at December 31, 2021. The term loan accrued interest at 3.25%. Interest expense for the year ended December 31, 2021 and 2020 was \$16,903 and \$52,572, respectively.

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. The bonds were issued at par value. 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 a coupon rate of 2.66% and is payable on an annual basis. Interest expense for the year ended December 31, 2021 was \$121,803.

In connection with the bond issuance, CPJ incurred costs of \$372,387, which are amortized as interest expense over the life of the bonds. Amortization expense for the year ended December 31, 2021 was \$12,413.

The proceeds of the issuance were received by CPJ and used to purchase the new space. The remaining purchase price 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, 2022 | \$159,494          |
|                                       | December 31, 2023 | 163,849            |
|                                       | December 31, 2024 | 167,943            |
|                                       | December 31, 2025 | 172,908            |
|                                       | December 31, 2026 | 177,630            |
|                                       | Thereafter        | <u>4,540,632</u>   |
| Total                                 |                   | 5,382,456          |
| Less: unamortized bond issuance costs |                   | <u>(359,974)</u>   |
| Total loans payable, net              |                   | <u>\$5,022,482</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 December 31, 2021, management believes that CPJ is in compliance with all covenants.

**Note 8 - Paycheck Protection Program Loan**

During the year ended December 31, 2020, CPJ obtained a loan from the Small Business Administration (“SBA”) in the amount of \$654,700 through the Paycheck Protection Program (“PPP”). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven.

CPJ treats the PPP proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan remain as a liability until either the loan is forgiven by the SBA or CPJ pays it off. During the year ended December 31, 2021, the PPP loan was forgiven in full by the SBA.

**Note 9 - Net Assets With Donor Restrictions**

The following summarizes net assets released from restrictions:

|  | <u>12/31/21</u>    | <u>12/31/20</u>    |
|--|--------------------|--------------------|
| Restricted for specific purposes:        |                    |                    |
| Institutional Strengthening              | \$0                | \$23,190           |
| Latin America Program                    | 50,000             | 0                  |
| Emergencies Program                      | 50,000             | 30,000             |
| Birch Fellows                            | 233,076            | 185,619            |
| ACLS Fellowship                          | 54,442             | 67,160             |
| Capital Campaign                         | 3,696,825          | 668,175            |
| United States Program                    | <u>0</u>           | <u>100,000</u>     |
| Total restricted for specific purposes   | 4,084,343          | 1,074,144          |
| Restricted for time                      | <u>1,722,000</u>   | <u>1,680,000</u>   |
| Total purpose and time restrictions      | 5,806,343          | 2,754,144          |
| Endowment appropriations                 | <u>482,358</u>     | <u>725,933</u>     |
| Total net assets with donor restrictions | <u>\$6,288,701</u> | <u>\$3,480,077</u> |

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

|  | <u>12/31/21</u>     | <u>12/31/20</u>     |
|--|---------------------|---------------------|
| Restricted for specific purposes:        |                     |                     |
| Latin America Program                    | \$0                 | \$50,000            |
| Emergencies Program                      | 30,000              | 50,000              |
| Birch Fellows                            | 0                   | 233,076             |
| ACLS Fellowship                          | 0                   | 54,442              |
| Capital Campaign                         | 0                   | 5,281,825           |
| United States Program                    | <u>50,000</u>       | <u>0</u>            |
| Total restricted for specific purposes   | 80,000              | 5,669,343           |
| Restricted for time                      | <u>2,743,000</u>    | <u>3,365,000</u>    |
| Total purpose and time restrictions      | <u>2,823,000</u>    | <u>9,034,343</u>    |
| Restricted for endowment                 |                     |                     |
| Endowment funds – corpus (see Note 10)   | 11,085,000          | 9,500,000           |
| Endowment funds – earnings (see Note 10) | <u>6,046,219</u>    | <u>4,677,943</u>    |
| Total restricted for endowment           | <u>17,131,219</u>   | <u>14,177,943</u>   |
| Total net assets with donor restrictions | <u>\$19,954,219</u> | <u>\$23,212,286</u> |

## Note 10 - Investments Held for Endowment

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

At December 31, 2021, the corpus of these endowments consists of the following:

|                           |                     |
|---------------------------|---------------------|
| Knights Endowment         | \$6,585,000         |
| Ford Foundation Endowment | 1,500,000           |
| Bloomberg Endowment       | 2,000,000           |
| Annenberg Endowment       | <u>1,000,000</u>    |
| Total                     | <u>\$11,085,000</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, 2021  |                                |                             |  |                     |
|--|--|--------------------------------|-----------------------------|--|---------------------|
|  | Without<br>Donor<br>Restrictions-<br><u>Board Designated</u> | <u>With Donor Restrictions</u> |                             |  | <u>Total</u>        |
|  |  | <u>Endowment<br/>Earnings</u>  | <u>Endowment<br/>Corpus</u> | <u>Total<br/>With Donor<br/>Restrictions</u> |                     |
| Endowment net assets,<br>beginning of year | \$211,978  | \$4,677,943                    | \$9,500,000                 | \$14,177,943                                 | \$14,389,921        |
| Net assets reclassified<br>to endowment*   | 0  | 0                              | 1,585,000                   | 1,585,000                                    | 1,585,000           |
| Net gain on investments                    | 0  | 933,904                        | 0                           | 933,904                                      | 933,904             |
| Interest and dividends,<br>net of fees     | 0  | 916,730                        | 0                           | 916,730                                      | 916,730             |
| Appropriations for<br>expenditure          | <u>0</u>   | <u>(482,358)</u>               | <u>0</u>                    | <u>(482,358)</u>                             | <u>(482,358)</u>    |
| Endowment net assets,<br>end of year       | <u>\$211,978</u>   | <u>\$6,046,219</u>             | <u>\$11,085,000</u>         | <u>\$17,131,219</u>                          | <u>\$17,343,197</u> |

\*During the year ended December 31, 2021, CPJ received authorization from donors to designate \$1,585,000 from the Capital Campaign to CPJ's endowment.

|  | December 31, 2020  |                                |                             |  |                     |
|--|--|--------------------------------|-----------------------------|--|---------------------|
|  | Without<br>Donor<br>Restrictions-<br><u>Board Designated</u> | <u>With Donor Restrictions</u> |                             |  | <u>Total</u>        |
|  |  | <u>Endowment<br/>Earnings</u>  | <u>Endowment<br/>Corpus</u> | <u>Total<br/>With Donor<br/>Restrictions</u> |                     |
| Endowment net assets,<br>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,<br>net of fees     | 0  | 399,030                        | 0                           | 399,030                                      | 399,030             |
| Appropriations for<br>expenditure          | <u>(165,000)</u>   | <u>(725,934)</u>               | <u>0</u>                    | <u>(725,934)</u>                             | <u>(890,934)</u>    |
| Endowment net assets,<br>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> |

#### *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, 2021 and 2020.

**Note 11 - Pension Plan**

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. During 2020, an additional 3% discretionary match was given. Employer contributions totaled \$275,851 and \$317,409 for the years ended December 31, 2021 and 2020, respectively.

**Note 12 - 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.

In-kind contributions were charged to the following programs and service functions:

|                           | <u>December 31, 2021</u> |                   |                    |
|---------------------------|--------------------------|-------------------|--------------------|
|                           |                          | Management<br>and |                    |
|                           | <u>Programs</u>          | <u>General</u>    | <u>Total</u>       |
| Professional fees - legal | <u>\$627,000</u>         | <u>\$140,549</u>  | <u>\$767,549</u>   |
|                           | <u>December 31, 2020</u> |                   |                    |
|                           |                          | Management<br>and |                    |
|                           | <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> |

**Note 13 - Special Event Income**

CPJ hosts an annual fundraising event, the International Press Freedom Awards. In 2021, 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. In 2020 this event was held virtually due to the pandemic and restrictions. The financial summary of the event is as follows:

|   |                    |                    |
|---|--------------------|--------------------|
|   | <u>12/31/21</u>    | <u>12/31/20</u>    |
| Income  | \$1,746,934        | \$1,098,496        |
| Less: expenses with a direct<br>benefit to donors | <u>(282,951)</u>   | <u>0</u>           |
| Total   | <u>\$1,463,983</u> | <u>\$1,098,496</u> |

#### **Note 14 - 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   | \$7,211,893      |                    |
| Investments   | 50,914           |                    |
| Pledges receivable, net   | <u>3,087,652</u> |                    |
| Total financial assets  |                  | \$10,350,459       |
| Less amounts not available for general expenditures:                                      |                  |                    |
| Restricted for specific purposes  | (80,000)         |                    |
| Time restricted net assets for 2023 and 2024  | <u>(921,500)</u> |                    |
| Total purpose and time restrictions   |                  | <u>(1,001,500)</u> |
| Financial assets available to meet cash needs<br>for general expenditures within one year |                  | <u>\$9,348,959</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, CPJ considers all expenditures related to its ongoing activities, and expenditures 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 15 - Subsequent Events**

Subsequent events have been evaluated through May 25, 2022, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.

#### **Note 16 - 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, and forced closures of 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. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.