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Audited Financial Statements

December 31, 2022



INDEPENDENT AUDITOR'S 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, 2022, 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, 2022, 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 Auditor's 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.

Auditor's 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 auditor's 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

The financial statements of CPJ as of and for the year ended December 31, 2021, were audited by other auditors whose report dated May 25, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects with the audited financial statements from which it was derived.

A handwritten signature in blue ink that reads "Sax CPAs LLP". The signature is written in a cursive, flowing style.

New York, NY
May 24, 2023

COMMITTEE TO PROTECT JOURNALISTS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(With comparative totals as of December 31, 2021)

Assets

	<u>12/31/22</u>	<u>12/31/21</u>
Cash and cash equivalents	\$6,819,000	\$7,211,893
Investments (Note 3)	38,985	50,914
Prepaid expenses and other assets	71,130	224,738
Pledges receivable, net (Note 4)	1,419,362	3,087,652
Other receivables	432,731	0
Fixed assets, net (Note 5)	13,024,307	13,477,098
Investments held for long-term endowment (Notes 3 and 8)	<u>15,936,504</u>	<u>17,343,197</u>
Total assets	<u><u>\$37,742,019</u></u>	<u><u>\$41,395,492</u></u>

Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued expenses	\$622,617	\$615,697
Loans payable (Note 6)	<u>4,877,884</u>	<u>5,022,482</u>
Total liabilities	<u>5,500,501</u>	<u>5,638,179</u>
Net assets:		
Without donor restrictions	<u>15,465,492</u>	<u>15,803,094</u>
With donor restrictions:		
Restricted for specific purpose and time (Note 7)	968,000	2,823,000
Donor restricted endowment (Notes 7 and 8)	<u>15,808,026</u>	<u>17,131,219</u>
Total net assets with donor restrictions	<u>16,776,026</u>	<u>19,954,219</u>
Total net assets	<u>32,241,518</u>	<u>35,757,313</u>
Total liabilities and net assets	<u><u>\$37,742,019</u></u>	<u><u>\$41,395,492</u></u>

The attached notes and independent 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, 2022
(With comparative totals for the year ended December 31, 2021)

	Without Donor Restrictions			With Donor Restrictions			Total 12/31/22	Total 12/31/21
	Operations	Capital	Total	Purpose and Time Restrictions (Note 7)	Donor Restricted Endowment (Notes 7 and 8)	Total		
Public support and revenue:								
Contributions	\$6,343,727		\$6,343,727	\$525,000	\$1,415,000	\$1,940,000	\$8,283,727	\$9,263,284
Paycheck Protection Program loan forgiveness (Note 9)			0			0	0	654,700
Special event (net of expenses with a direct benefit to donor) (Note 12)	1,370,875		1,370,875			0	1,370,875	1,463,983
Investment return (Note 3)	(69,346)		(69,346)		(\$1,988,194)	(1,988,194)	(2,057,540)	1,795,640
Other income	388,852		388,852			0	388,852	16,950
In-kind contributions (Note 11)	1,836,060		1,836,060			0	1,836,060	767,549
Net assets released from restriction	3,129,999		3,129,999	(2,380,000)	(749,999)	(3,129,999)	0	0
Total public support and revenue	13,000,167	0	13,000,167	(1,855,000)	(1,323,193)	(3,178,193)	9,821,974	13,962,106
Expenses:								
Program services	9,492,951	343,666	9,836,617			0	9,836,617	7,817,444
Supporting Services:								
Management and general	2,044,716	66,480	2,111,196			0	2,111,196	1,735,837
Fundraising	1,334,556	55,400	1,389,956			0	1,389,956	1,375,114
Total supporting services	3,379,272	121,880	3,501,152	0	0	0	3,501,152	3,110,951
Total expenses	12,872,223	465,546	13,337,769	0	0	0	13,337,769	10,928,395
Change in net assets before transfers to capital fund	127,944	(465,546)	(337,602)	(1,855,000)	(1,323,193)	(3,178,193)	(3,515,795)	3,033,711
Transfers to capital fund	(12,755)	12,755	0			0	0	0
Change in net assets	115,189	(452,791)	(337,602)	(1,855,000)	(1,323,193)	(3,178,193)	(3,515,795)	3,033,711
Net assets - beginning 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
Net assets - end of year	\$2,441,185	\$13,024,307	\$15,465,492	\$968,000	\$15,808,026	\$16,776,026	\$32,241,518	\$35,757,313

The attached notes and independent 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, 2022
(With comparative totals for the year ended December 31, 2021)

	Program Services			Supporting Services			Total Expenses 12/31/22	Total Expenses 12/31/21		
	General Programs	Advocacy and Communications	ERT Programs	Total Program Services	Management and General	Fundraising			Cost of Direct Benefit to Donor	Total Supporting Services
Salaries	\$2,118,977	\$807,924	\$273,602	\$3,200,503	\$636,211	\$576,646	\$1,212,857	\$4,413,360	\$4,327,197	
Payroll taxes and benefits	652,681	173,444	59,283	885,408	251,251	148,476	399,727	1,285,135	1,129,844	
Professional fees (including in-kind) (Note 11)	1,866,931	335,988	1,862,602	4,065,521	755,107	226,715	981,822	5,047,343	3,348,692	
Occupancy	124,539	46,495	13,852	184,886	49,890	29,076	78,966	263,852	460,808	
Travel	119,297	28,340	64,766	212,403	48,094	78,645	126,739	339,142	78,916	
Grants			601,209	601,209			0	601,209	345,718	
Office supplies and maintenance	55,714	14,916	15,305	85,935	50,872	98,498	149,370	235,305	58,967	
Telecommunications	55,619	16,022	5,742	77,383	15,389	19,723	35,112	112,495	69,261	
Publications, printing and postage	8,677	2,014	728	11,419	1,767	77,277	79,044	90,463	52,950	
Food, facility and entertainment			0	0			\$604,157	604,157	282,951	
Insurance	46,788	14,887	4,251	65,926	12,753	10,627	23,380	89,306	103,819	
Fees	4,864	267	1,610	6,741	1,065	49,244	50,309	57,050	31,980	
Depreciation	243,899	77,607	22,160	343,666	66,480	55,400	121,880	465,546	453,233	
Amortization			0	0	14,895		14,895	14,895	12,413	
Interest			0	0	143,196		143,196	143,196	138,706	
Bad debt expense			0	0			0	0	81,094	
Other	58,230	35,246	2,141	95,617	64,226	19,629	83,855	179,472	234,797	
Total expenses	5,356,216	1,553,150	2,927,251	9,836,617	2,111,196	1,389,956	604,157	4,105,309	13,941,926	11,211,346
Less: cost of direct benefits to donors				0			(604,157)	(604,157)	(604,157)	(282,951)
Total expenses for statement of activities	\$5,356,216	\$1,553,150	\$2,927,251	\$9,836,617	\$2,111,196	\$1,389,956	\$0	\$3,501,152	\$13,337,769	\$10,928,395

The attached notes and independent 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, 2022
(With comparative totals for the year ended December 31, 2021)

	<u>12/31/22</u>	<u>12/31/21*</u>
Cash flows from operating activities:		
Change in net assets	(\$3,515,795)	\$3,033,711
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	465,546	453,233
Amortization	14,895	12,413
Forgiveness of Paycheck Protection Program loan	0	(654,700)
Unrealized and realized loss/(gain) on investments	2,645,560	(1,152,331)
Changes in assets and liabilities:		
Prepaid expenses and other assets	153,608	(156,490)
Pledges receivable	1,668,290	3,390,334
Other receivables	(432,731)	0
Security deposit	0	691,735
Accounts payable and accrued expenses	6,920	82,478
Due to landlord	0	(1,000,775)
Deferred revenue	0	(25,000)
Total adjustments	<u>4,522,088</u>	<u>1,640,897</u>
Net cash flows provided by operating activities	<u>1,006,293</u>	<u>4,674,608</u>
Cash flows from investing activities:		
Purchase of fixed assets	(12,755)	(10,468,220)
Investment income reinvested	(631,242)	(665,927)
Purchase of investments	(1,415,000)	(1,585,000)
Proceeds from sale of investments	819,304	538,748
Net cash flows used for investing activities	<u>(1,239,693)</u>	<u>(12,180,399)</u>
Cash flows from financing activities:		
Repayment of loans payable	(159,493)	(2,184,445)
Proceeds from loan payable	0	5,127,613
Net cash flows (used for)/provided by financing activities	<u>(159,493)</u>	<u>2,943,168</u>
Net decrease in cash and cash equivalents	(392,893)	(4,562,623)
Cash and cash equivalents - beginning of year	<u>7,211,893</u>	<u>11,774,516</u>
Cash and cash equivalents - end of year	<u><u>\$6,819,000</u></u>	<u><u>\$7,211,893</u></u>
Supplemental disclosures:		
Interest paid	<u>\$143,196</u>	<u>\$138,706</u>
Taxes paid	<u>\$0</u>	<u>\$0</u>
Supplemental disclosure of non-cash investing activities:		
Disposal of fixed assets	<u>\$61,031</u>	<u>\$0</u>

*Reclassified for comparative purposes

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

COMMITTEE TO PROTECT JOURNALISTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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. The primary sources of revenue are contributions from individuals and foundations.

Major programs of CPJ are as follows:

General 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.

Advocacy and 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.

ERT Programs

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. Recently Adopted Accounting Pronouncement

Effective January 1, 2022, CPJ adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. 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 qualitative and quantitative disclosures. Adoption of the standard did not have a material impact on the Organization's financial statements.

c. 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.

d. Revenue Recognition

CPJ follows the requirements of the FASB's Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are deemed unconditional. 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. Conditional grants that have not been recognized amounted to \$250,000 and \$1,500,000 as of December 31, 2022 and December 31, 2021, respectively. These grants are conditioned upon CPJ raising sufficient additional funds from other sources.

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 had an allowance for doubtful accounts of approximately \$84,000 as of December 31, 2021. There was no reserve established as of December 31, 2022.

e. 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.

f. 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.

g. 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.)

h. Fixed Assets

Fixed assets that have a useful life of more than one year and exceed \$5,000, 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.

i. 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.

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. Advertising Costs

Advertising costs are expensed as incurred.

l. 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, 2021, from which the summarized information was derived.

m. 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, 2019 and later are subject to examination by applicable taxing authorities.

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, 2022</u>			
	<u>Level 1</u>	<u>Level 3</u>	<u>Other (a)</u>	<u>Total</u>
Cash	\$1,866,664	\$0	\$0	\$1,866,664
Equities	790,686	0	0	790,686
Intermediate-term bond	2,484,298	0	0	2,484,298
Equity funds:				
Commodities broad basket	550,774	0	0	550,774
Exchange traded funds:				
Foreign large blend	2,708,061	0	0	2,708,061
Large blend	3,480,996	0	0	3,480,996
Real estate	619,837	0	0	619,837
Private equity	0	1,648,652	0	1,648,652
Hedge funds	0	0	1,825,521	1,825,521
Total	<u>\$12,501,316</u>	<u>\$1,648,652</u>	<u>\$1,825,521</u>	<u>\$15,975,489</u>

	December 31, 2021			
	Level 1	Level 3	Other (a)	Total
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>

(a) At December 31, 2022 and 2021, 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>12/31/22</u>	<u>12/31/21</u>
Long-term endowment (Note 10)	\$15,936,504	\$17,343,197
Investment holdings	<u>38,985</u>	<u>50,914</u>
Total investments	<u>\$15,975,489</u>	<u>\$17,394,111</u>

Net investment return consists of:

	<u>12/31/22</u>	<u>12/31/21</u>
Interest and dividends	\$661,782	\$686,938
Unrealized and realized (loss)/ gain on investments	(2,645,560)	1,152,331
Less: investment fees	<u>(73,762)</u>	<u>(43,629)</u>
Total investment return	<u>(\$2,057,540)</u>	<u>\$1,795,640</u>

Note 4 - Pledges Receivable

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

	<u>12/31/22</u>	<u>12/31/21</u>
Year ending: December 31, 2022	\$0	\$2,897,721
December 31, 2023	<u>1,419,362</u>	<u>280,000</u>
	1,419,362	3,177,721
Less: allowance for doubtful accounts	(0)	(84,469)
Less: adjustment to fair value, using a discount rate of 1.5 %	<u>(0)</u>	<u>(5,600)</u>
Total pledges receivable	<u>\$1,419,362</u>	<u>\$3,087,652</u>

Note 5 - Fixed Assets

Fixed assets consist of the following:

	<u>12/31/22</u>	<u>12/31/21</u>
Furniture (5 years)	\$289,226	\$282,336
Websites (3 years)	464,657	464,657
Database (3 years)	302,996	302,996
Building and improvements (40 years)	13,503,026	13,497,161
Other assets (3 years)	<u>0</u>	<u>61,031</u>
	14,559,905	14,608,181
Less: accumulated depreciation	<u>(1,535,598)</u>	<u>(1,131,083)</u>
Total fixed assets, net	<u>\$13,024,307</u>	<u>\$13,477,098</u>

Note 6 - 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.

The line of credit accrues interest at the effective prime rate and matures on August 8, 2023. The line of credit was not used in 2022 and the available balance is \$1,000,000 at December 31, 2022. The term loan accrues interest at 3.25%. Interest expense for the year ended December 31, 2022 and 2021 was \$0 and \$16,903, 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, 2022 and 2021 was \$143,196 and \$121,803, respectively.

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 years ended December 31, 2022 and 2021 was \$14,895 and \$12,413, respectively.

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. 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 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>

The proceeds of the bond issuance of \$5,500,000 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. CPJ repaid the outstanding loan balance of \$2,010,126 during 2021.

Minimum principal payments on the loan are as follows:

Year ending:	December 31, 2023	\$163,849
	December 31, 2024	167,943
	December 31, 2025	172,908
	December 31, 2026	177,630
	December 31, 2027	182,480
	Thereafter	<u>4,358,153</u>
Total		5,222,963
Less: unamortized bond issuance costs		<u>(345,079)</u>
Total loans payable, net		<u>\$4,877,884</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, 2022, management believes that CPJ is in compliance with all covenants.

Note 7 - Net Assets With Donor Restrictions

The following summarizes net assets released from restrictions:

	<u>12/31/22</u>	<u>12/31/21</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	3,696,825
United States Program	<u>250,000</u>	<u>0</u>
Total restricted for specific purposes	280,000	4,084,343
Restricted for time	<u>2,100,000</u>	<u>1,722,000</u>
Total purpose and time restrictions	2,380,000	5,806,343
Endowment appropriations	<u>749,999</u>	<u>482,358</u>
Total net assets with donor restrictions	<u>\$3,129,999</u>	<u>\$6,288,701</u>

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

	<u>12/31/22</u>	<u>12/31/21</u>
Restricted for specific purposes:		
Emergencies Program	\$25,000	\$30,000
United States Program	<u>200,000</u>	<u>50,000</u>
Total restricted for specific purposes	225,000	80,000
Restricted for time	<u>743,000</u>	<u>2,743,000</u>
Total purpose and time restrictions	<u>968,000</u>	<u>2,823,000</u>
Restricted for endowment		
Endowment funds – corpus (see Note 9)	12,500,000	11,085,000
Endowment funds – earnings (see Note 9)	<u>3,308,026</u>	<u>6,046,219</u>
Total restricted for endowment	<u>15,808,026</u>	<u>17,131,219</u>
Total net assets with donor restrictions	<u>\$16,776,026</u>	<u>\$19,954,219</u>

Note 8 - 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, 2022, the corpus of these endowments consists of the following:

Knight Endowment	\$8,000,000
Ford Foundation Endowment	1,500,000
Bloomberg Endowment	2,000,000
Annenberg Endowment	<u>1,000,000</u>
Total endowments	<u>\$12,500,000</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:

	<u>December 31, 2022</u>				
	Without Donor Restrictions- <u>Board Designated</u>	<u>With Donor Restrictions</u>			<u>Total</u>
		<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total With Donor Restrictions</u>	
Endowment net assets, beginning of year	\$211,978	\$6,046,219	\$11,085,000	\$17,131,219	\$17,343,197
Contributions	0	0	1,415,000	1,415,000	1,415,000
Net loss on investments net of fees	0	(2,619,436)	0	(2,619,436)	(2,619,436)
Interest and dividends	0	631,242	0	631,242	631,242
Appropriations for expenditure	<u>(83,500)</u>	<u>(749,999)</u>	<u>0</u>	<u>(749,999)</u>	<u>(833,499)</u>
Endowment net assets, end of year	<u>\$128,478</u>	<u>\$3,308,026</u>	<u>\$12,500,000</u>	<u>\$15,808,026</u>	<u>\$15,936,504</u>

	<u>December 31, 2021</u>				
	Without Donor Restrictions- <u>Board Designated</u>	<u>With Donor Restrictions</u>			<u>Total</u>
		<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total With Donor Restrictions</u>	
Endowment net assets, beginning of year	\$211,978	\$4,677,943	\$9,500,000	\$14,177,943	\$14,389,921
Net assets reclassified 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, net of fees	0	916,730	0	916,730	916,730
Appropriations for expenditure	<u>0</u>	<u>(482,358)</u>	<u>0</u>	<u>(482,358)</u>	<u>(482,358)</u>
Endowment net assets, 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.

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, 2022 and 2021.

Note 9 - 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 that the loan, or a portion thereof, would be forgiven. CPJ treated the PPP proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan remained as a liability until the loan was forgiven by the SBA. During the year ended December 31, 2021, the PPP loan was forgiven in full by the SBA.

Note 10 - 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 \$228,277 and \$275,851 for the years ended December 31, 2022 and 2021, respectively.

Note 11 - 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. Board members and other individuals volunteer considerable time and perform a variety of services that assist the Organization. These services have not been recorded in the financial statements because they do not meet the criteria for recognition as outlined above.

During the years ended December 31, 2022 and December 31, 2021, the Organization received donated legal services valued at \$1,836,060 and \$767,549, respectively. Legal services are valued at the estimated fair value based on current hourly rates of the legal firm.

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

	<u>December 31, 2022</u>		
	Management and		
	<u>Programs</u>	<u>General</u>	<u>Total</u>
Professional fees - legal	<u>\$ 1,650,223</u>	<u>\$ 185,837</u>	<u>\$1,836,060</u>

	<u>December 31, 2021</u>		
	Management 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>

Note 12 - Special Event Income

CPJ hosts an annual fundraising event, the International Press Freedom Awards. The financial summary of the event is as follows:

	<u>12/31/22</u>	<u>12/31/21</u>
Income	\$1,975,032	\$1,746,934
Less: expenses with a direct benefit to donors	<u>(604,157)</u>	<u>(282,951)</u>
	1,370,875	1,463,983
Less: other event expenses	<u>(193,926)</u>	<u>(0)</u>
Total special event income	<u>\$1,176,949</u>	<u>\$1,463,983</u>

Note 13 - 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	\$6,819,000
Investments	38,985
Pledges receivable, net	1,419,362
Other receivables	<u>432,731</u>
Total financial assets	\$8,710,078
Less amounts not available for general expenditures:	
Restricted for specific purposes	(225,000)
Add back:	
Board funds appropriated for spending in the following year	<u>750,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$9,235,078</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 14 - Subsequent Events

Subsequent events have been evaluated through May 24, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.