**Financial Statements** 

December 31, 2023



## Independent Auditors' Report

Board of Directors Pro Publica, Inc.

## Opinion

We have audited the accompanying financial statements of Pro Publica, Inc. (the "Organization") which comprise the statement of financial position as of December 31, 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of Pro Publica, Inc. as of December 31, 2023, 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. 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 the Organization 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Board of Directors Pro Publica, Inc.** Page 2

## 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 there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 the Organization's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

June 19, 2024

## Statement of Financial Position December 31, 2023 (with comparative amounts at December 31, 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 9,748,589	\$ 7,036,343
Cash held for contingent liability	-	1,640,000
Investments	49,545,831	36,571,431
Contributions receivable, net	16,277,190	13,591,754
Prepaid expenses and other assets	897,632	906,861
Property and equipment, net	274,647	447,537
Right of use asset, net	8,770,234	3,161,170
	<u>\$ 85,514,123</u>	\$63,355,096
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 631,615	\$ 505,792
Contingent liability	-	1,640,000
Lease liability	9,449,142	3,494,826
Total Liabilities	10,080,757	5,640,618
Net Assets		
Without donor restrictions	45,856,440	38,988,806
With donor restrictions	29,576,926	18,725,672
Total Net Assets	75,433,366	57,714,478
	<u>\$ 85,514,123</u>	\$63,355,096

## Statement of Activities Year Ended December 31, 2023 (with summarized totals for the year ended December 31, 2022)

	Without Donor Restrictions	Donor With Donor 20		2022 Total
SUPPORT AND REVENUE				
Foundation grants	\$ 5,803,757	\$ 30,174,042	\$ 35,977,799	\$ 30,344,423
Individual contributions	18,252,975	1,626,946	19,879,921	12,939,743
Investment return	5,104,945	-	5,104,945	(4,188,031)
Other income	768,261	-	768,261	580,835
Net assets released from restrictions	20,949,734	(20,949,734)		
Total Support and Revenue	50,879,672	10,851,254	61,730,926	39,676,970
EXPENSES				
Program	36,377,144	-	36,377,144	35,549,722
Management and general	4,406,876	-	4,406,876	4,304,765
Fundraising	3,228,018		3,228,018	2,035,104
Total Expenses	44,012,038		44,012,038	41,889,591
Change in Net Assets	6,867,634	10,851,254	17,718,888	(2,212,621)
NET ASSETS				
Beginning of year	38,988,806	18,725,672	57,714,478	59,927,099
End of year	<u>\$ 45,856,440</u>	<u>\$ 29,576,926</u>	<u> </u>	<u> </u>

## Statement of Functional Expenses Year Ended December 31, 2023 (with summarized totals for the year ended December 31, 2022)

	Program	Management gramand General Fundraisin		2023 Total	2022 Total
Staffing	\$ 28,055,463	\$ 3,514,496	\$ 1,859,219	\$ 33,429,178	\$ 30,592,359
Professional development and training	109,585	14,515	4,738	128,838	134,971
Occupancy	1,230,540	113,609	56,626	1,400,775	1,539,515
Insurance	398,219	126,922	28,787	553,928	518,071
Freelance and consulting fees	1,020,813	19,604	351,756	1,392,173	1,121,073
Accounting fees	-	75,353	-	75,353	70,769
Legal fees, net of reimbursement	291,064	62,382	13,157	366,603	128,744
Recruitment	13,038	2,194	185,526	200,758	15,580
Travel	1,084,844	56,564	20,966	1,162,374	1,033,363
Website development and design	1,240,918	145,992	72,995	1,459,905	1,000,795
Audience/engagement and video	218,039	25,650	12,826	256,515	287,783
Advertising	-	87,774	-	87,774	57,079
Software and tech support	358,733	77,129	124,001	559,863	535,630
Public records and research	274,998	-	-	274,998	296,894
Telecommunications	224,082	26,895	10,930	261,907	272,436
Repairs and maintenance	93,968	14,693	5,050	113,711	112,866
Printing and postage	10,031	1,014	198,232	209,277	180,816
Meeting expense	32,287	5,571	12,111	49,969	109,054
Supplies	39,153	3,576	221	42,950	44,189
Equipment lease	12,089	1,424	2,106	15,619	15,528
Regrants and partner payments	1,447,649	-	-	1,447,649	1,726,279
Depreciation	221,338	25,953	12,977	260,268	260,641
Unrelated business income tax expense	-	4,500	-	4,500	21,200
Credit card and bank fees	293	1,066	255,794	257,153	173,956
Reserve for return of grant					1,640,000
	\$ 36,377,144	\$ 4,406,876	\$ 3,228,018	\$ 44,012,038	\$ 41,889,591

See notes to financial statements

## Statement of Cash Flows Year Ended December 31, 2023 (with comparative amounts for the year ended December 31, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 17,718,888	\$ (2,212,621)
Adjustments to reconcile change in net assets		
to net cash from operating activities		
Change in present value discount	204,947	287,887
Depreciation	260,268	260,641
(Gain) loss on disposal of assets	(3,586)	1,948
Donated stock	(1,748,885)	(562,816)
Realized and unrealized (gain) loss on investments	(3,850,327)	4,795,821
Amortization of right of use asset	1,127,773	1,183,887
Changes in operating assets and liabilities		
Contributions receivable	(2,890,383)	(2,292,340)
Prepaid expenses and other assets	9,229	(97,235)
Accounts payable and accrued expenses	125,823	32,712
Contingent liability	(1,640,000)	1,640,000
Lease liability	(782,521)	(1,232,733)
Net Cash from Operating Activities	8,531,226	1,805,151
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(89,234)	(263,834)
Proceeds from sale of equipment	5,442	-
Purchase of investments	(20,780,756)	(5,297,136)
Proceeds from sale of investments	13,405,568	561,429
Net Cash from Investing Activities	(7,458,980)	(4,999,541)
Net Change in Cash and Cash Equivalents		
and Restricted Cash	1,072,246	(3,194,390)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	8,676,343	11,870,733
End of year	\$ 9,748,589	\$ 8,676,343
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SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Unrelated business income taxes paid	\$ 4,500	\$ 21,200

See notes to financial statements

Notes to Financial Statements December 31, 2023

## 1. Organization

Pro Publica, Inc. (the "Organization") is an independent newsroom that produces investigative journalism in the public interest. The Organization's work focuses exclusively on truly important stories, stories with "moral force." The Organization does this by producing journalism that shines a light on exploitation of the weak by the strong and on the failures of those with power to vindicate the trust placed in them.

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation.

## 2. Summary of Significant Accounting Policies

## Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the impairment model for most financial assets and required the use of an "expected loss" model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset. The adoption of this guidance on January 1, 2023 did not have a material effect on the financial statements.

## Cash and Cash Equivalents and Restricted Cash

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Cash held for contingent liability consisted of a contribution received during 2022 that was returned to the appropriate authority during 2023 as decided by the board.

## Notes to Financial Statements December 31, 2023

## 2. Summary of Significant Accounting Policies (continued)

## Cash and Cash Equivalents and Restricted Cash (continued)

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total amount shown on the statement of cash flows at December 31:

	2023	2022
Cash and cash equivalents Cash held for contingent liability	\$  9,748,589 -	\$ 7,036,343 1,640,000
	\$ 9,748,589	\$ 8,676,343

## Fair Value Measurements

The Organization follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

## Investments and Investment Income Recognition

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest and dividends are recorded when earned.

## **Property and Equipment**

Property and equipment are stated at cost and depreciated on the straight-line basis over the estimated useful lives of the assets ranging between 3 to 7 years. Leasehold improvements are depreciated over the lesser of the life of the asset or the term of the lease using the straight-line method. The Organization capitalizes all expenditures of property and equipment in excess of \$1,000.

## Net Asset Presentation

Net assets without donor restrictions include funds having no restriction as to use or purpose imposed by donors. Net assets with donor restrictions are those whose use is limited by donors to a specific time period or purpose or limited by donors for investment in perpetuity. There were no net assets limited by donors for investment in perpetuity as of December 31, 2023 and 2022.

Notes to Financial Statements December 31, 2023

## 2. Summary of Significant Accounting Policies (continued)

## **Contributions and Grants**

Contributions and grants are recorded when unconditional promises to give are made. Nonmonetary contributions (stocks, bonds, etc.) are recorded at estimated fair value at date of receipt. All contributions are available for general use unless specifically restricted by the donor. Conditional contributions are recognized when the conditions on which they depend are substantially met. Unconditional contributions due in the next year are recorded at their full amount. Unconditional contributions due in subsequent years are reported at the present value of their net realizable value, using risk-adjusted rates applicable to the years in which the promises are received. The change in the present value discount from year to year is reported as contribution revenue in the statement of activities.

## Other Income

Other income consists of program service fees, royalties and licenses, advertising revenue and honorariums and prizes among others and are recognized as the services or goods are provided to the customers.

The beginning and ending contract balances were as follows:

	2023		2021	
Contract Assets	\$    37,300	\$    59,705	\$    4,406	
Contract Liabilities	-	-	-	

## Advertising Costs

The Organization expenses the costs of advertising as incurred.

#### Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Notes to Financial Statements December 31, 2023

## 2. Summary of Significant Accounting Policies (continued)

## Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function, specifically program services which consist of investigative journalism projects. Certain expenses are attributable to more than one program or supporting function and have been allocated among program, management and general and fundraising. These expenses include staffing, occupancy, insurance, software and tech support, website development and design among others, which are allocated based on estimates of time and effort.

## Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2020.

## **Prior Year Summarized Information**

The financial statements include certain prior year summarized comparative information in total only, which does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for 2022, from which the summarized information was derived.

## Reclassifications

Certain 2022 amounts reported in the financial statements have been reclassified to conform to the presentation in the 2023 financial statements. These reclassifications had no impact on the change in net assets or cash flows.

## Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 19, 2024.

Notes to Financial Statements December 31, 2023

#### 3. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and cash equivalents, investments and contributions receivable. Contributions receivable are from limited sources, subjecting the Organization to a concentration of credit risk. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed the FDIC and SIPC limit. As of December 31, 2023 and 2022, the Organization's uninsured cash, cash equivalents, and restricted cash balances on deposit totaled approximately \$9,420,000 and \$8,426,000. As of December 31, 2023 and 2022, the Organization's uninsured investment holdings totaled approximately \$39,994,000 and \$35,568,000.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

## 4. Contributions Receivable

Unconditional pledges are included in the financial statements as contributions receivable and revenue, discounted to the present value of expected future cash flows. Contributions to be received after one year are discounted using a risk-free interest rate between .13% and 4.41%. Management considers all amounts to be fully collectible and based on the Organization's strong collection experience, no allowance for doubtful accounts has been provided.

Management expects contributions receivable to be realized in the following periods at December 31:

	2023	2022
Due within one year Due within two to four years Discount to present value	\$ 8,990,219 7,801,888 (514,917)	\$    7,993,054 5,908,670 (309,970)
Discount to procont value	\$16,277,190	\$ 13,591,754

## Notes to Financial Statements December 31, 2023

#### 5. Investments

The following are major categories of investments measured at fair value on a recurring basis at December 31:

Description	2023	2022
Mutual Funds		
Short-term corporate bond	\$ 14,980,282	\$ 14,104,725
Large blend	17,727,897	14,068,048
Equity securities	13,128	3,655
Total Investments at Fair Value	32,721,307	28,176,428
Certificate of deposits, at cost plus accrued interest	5,171,441	-
Temporary cash investments, at cost	11,653,083	8,395,003
Total Investments	\$ 49,545,831	\$36,571,431

As of December 31, 2023 and 2022 all of the Organization's investments at fair value were level 1 investments.

## 6. **Property and Equipment**

Property and equipment consist of the following at December 31:

	2023	2022
Office furniture and fixtures	\$ 244,061	\$ 244,061
Website Computers	113,891 936,266	113,891 1,091,576
Leasehold improvements	280,423	280,423
Accumulated depreciation	1,574,641 (1,299,994)	1,729,951 (1,282,414)
	<u>\$ 274,647</u>	<u> </u>

## 7. Contingencies and Contingent Liability

The Organization may be party to certain claims and assessments arising in the normal course of business. Management does not expect the ultimate resolution of these actions, if any, to have a material adverse effect on the Organization's financial position.

During 2022, the board identified a contingent liability related to a contribution received during 2022 that was disbursed in 2023 to the appropriate authority. The board had designated certain cash (see note 2) related to this contingency.

## Notes to Financial Statements December 31, 2023

#### 8. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions are as follows for the years ended December 31:

	2023					
	Beginning	Contributions	Assets	Ending		
Purpose/Restriction	Balance	Received	Released	Balance		
Internship program underwriting	\$ 677,935	\$ 297,971	\$ (298,927)	\$ 676,979		
Healthcare projects	1,548,044	11,455	(942,328)	617,171		
Climate change	82,927	300,065	(332,992)	50,000		
COVID-19 Pandemic	724,554	-	(724,554)	-		
American Politics and Democracy	243,128	1,182,500	(352,179)	1,073,449		
Diversity initiatives	532,618	33,586	(296,400)	269,804		
Institutional strengthening/expansion	8,554,444	22,606,193	(12,370,717)	18,789,920		
Timing	6,362,022	7,369,218	(5,631,637)	8,099,603		
	\$ 18,725,672	\$31,800,988	\$(20,949,734)	\$ 29,576,926		

	2022							
Purpose/Restriction		eginning alance		ntributions Received		Assets Released		Ending Balance
Internship program underwriting	\$	634,833	\$	500,000	\$	(456,898)	\$	677,935
Healthcare projects		372,162		1,751,648		(575,766)		1,548,044
Climate change		320,988		-		(238,061)		82,927
Investigating New York's public institutions		229,167		-		(229,167)		-
COVID-19 Pandemic		577,467		1,640,000		(1,492,913)		724,554
American Politics and Democracy		278,466		215,000		(250,338)		243,128
Diversity initiatives		240,578		486,750		(194,710)		532,618
Institutional strengthening/expansion	6	6,665,489	1	3,822,300	(1	11,933,345)		8,554,444
Timing	7	7,608,614		4,625,000		(5,871,592)		6,362,022
	\$ 16	6,927,764	\$2	3,040,698	\$(2	21,242,790)	\$	18,725,672

## 9. Concentration of Revenue and Contributions Receivable

In 2023, funding from one donor amounted to 13% of total support and revenue. In 2022, funding from two donors amounted to 24% of total support and revenue. Multi-year commitments from three donors amounted to 62% and 54% of the total contribution receivable balance at December 31, 2023 and 2022. On a cash basis, funding received from these same three donors in 2023 and 2022 amounted to 9% and 4% of total donation receipts.

#### **10.** Lease Commitments

The ROU assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Notes to Financial Statements December 31, 2023

#### **10.** Lease Commitments (continued)

The Organization signed a lease for a new office space in New York City that commenced in January 2015 and expires in July 2025. This lease was amended in August 2023 and now expires in March 2035. Under the terms of the amended lease, the Organization provided an irrevocable letter of credit with a bank of \$735,450 as a security deposit which is renewed annually for this lease agreement and is included in cash and cash equivalents on the statement of financial position. The Organization entered into leases for office space in Atlanta, Georgia on April 22, 2021 expiring December 2026 and Phoenix, Arizona on April 28, 2021 expiring May 2023. Per the Phoenix office lease agreement, the lease auto renews unless otherwise notified and will expire in May 2025. The Organization also leases an office in Washington, DC that was renewed February 2024 and expires July 2025, an office in Chicago that expires June 2024 and was renewed and expires in December 2026.

For the amended Phoenix lease, as of June 1, 2023, the Organization recognized a lease liability of \$64,930, that represents the present value of the remaining operating lease payments of \$67,655, discounted using the Organizations risk-free interest rate using a treasury rate of 4.33% and a ROU asset of \$64,930.

For the amended New York City lease, as of August 1, 2023, the Organization recognized a lease liability of \$6,671,907, that represents the present value of the remaining operating lease payments of \$11,473,020, discounted using the Organizations risk-free interest rate using a treasury rate of 4.05% and a ROU asset of \$6,671,907.

As of December 31, 2023 and 2022, the weighted-average remaining lease terms for the Organization's operating leases were 10.97 and 2.57 years and the weighted average discount rates were 3.99% and 1.04%. Cash paid for operating leases for the years ended December 31, 2023 and 2022 were \$956,669 and \$1,285,038.

The Organization amortizes the operating lease ROU asset over the life of the lease agreement. ROU assets consist of the following at December 31:

	2023	2022
Right of use assets	\$ 11,081,894	\$ 4,345,057
Less: Accumulated amortization	(2,311,660)	(1,183,887)
Present value of right of use assets	\$ 8,770,234	<u>\$ 3,161,170</u>

Notes to Financial Statements December 31, 2023

#### 10. Lease Commitments (continued)

Future maturities of lease liabilities are presented in the following table, for the fiscal years ending December 31:

2024	\$ 808,641
2025	1,176,933
2026	1,164,628
2027	1,103,175
2028	1,103,175
Thereafter	 6,416,800
Total undiscounted cash flows	11,773,352
Less present value discount	 (2,324,210)
	\$ 9,449,142

Rent expense for all office space for 2023 and 2022 was \$1,400,775 and \$1,539,515. The Organization also has smaller leases from time to time for office equipment. Expenses for the leased office equipment for the years ended December 31, 2023 and 2022 amounted to \$15,619 and \$15,528.

#### 11. Retirement Plan

The Organization has a 403(b) plan covering all eligible employees in which the Organization matches 100% of employee contributions up to 5% of the employees' eligible compensation. The Organization's contributions amounted to \$1,167,094 and \$1,020,388 for 2023 and 2022.

## 12. Unrelated Business Income Tax

The Organization is subject to tax on its unrelated business income which is earned through advertising in its newsletter and website. These taxes amounted to \$4,500 and \$21,200 in 2023 and 2022.

## Notes to Financial Statements December 31, 2023

## 13. Liquidity and Availability of Financial Assets

The Organization's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows:

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 9,748,589	\$ 7,036,343
Cash held for contingent liability	-	1,640,000
Investments	49,545,831	36,571,431
Contributions receivable	16,277,190	13,591,754
Total financial assets	75,571,610	58,839,528
Less: Contractual or donor imposed restrictions amounts		
Cash held for contingent liability	-	1,640,000
Letter of credit collateral	735,450	882,540
Contributions receivable - Due in future years	7,286,971	5,598,700
Restricted by donor with time or purpose restrictions	22,289,955	13,126,972
	30,312,376	21,248,212
Add: time restricted releases for following year	5,172,214	3,766,189
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 50,431,448</u>	<u>\$ 41,357,505</u>

As part of the Organization's liquidity management strategy, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of contributions from donors. Contributions receivable are subject to implied time restrictions and are expected to be collected over the next several years. A majority of general expenditures over the next twelve months are financed through future grants and contributions. Any shortfalls will be covered by cash and investment reserves.

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