

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020



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**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Foundation for Individual Rights in Education, Inc.
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Foundation for Individual Rights in Education, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Foundation for Individual Rights in Education, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation for Individual Rights in Education, Inc., as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1, to the financial statements, in 2020, Foundation for Individual Rights in Education, Inc. adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, Foundation for Individual Rights in Education, Inc. adopted Financial Accounting Standards Board (FASB) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The accounting change has not been retrospectively applied to prior periods presented but applied prospectively. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
October 22, 2021

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,200,300	\$ 2,685,006
Accounts Receivable	228	228
Pledge Receivable	300,000	511,667
Prepaid Expenses	326,472	98,828
Total Current Assets	4,827,000	3,295,729
LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN, NET		
	1,067,310	1,252,880
INVESTMENTS		
	24,747,559	18,290,973
OTHER ASSETS		
Security Deposit	111,220	111,220
Total Assets	\$ 30,753,089	\$ 22,950,802
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 449,556	\$ 415,386
LONG-TERM LIABILITIES		
Deferred Rent	321,148	321,677
Deferred Lease Obligation	832,267	928,581
Total Long-Term Liabilities	1,153,415	1,250,258
Total Liabilities	1,602,971	1,665,644
NET ASSETS		
Without Donor Restrictions	27,786,338	20,237,592
With Donor Restrictions	1,363,780	1,047,566
Total Net Assets	29,150,118	21,285,158
Total Liabilities and Net Assets	\$ 30,753,089	\$ 22,950,802

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and Grants	\$ 13,678,988	\$ 2,082,300	\$ 15,761,288	\$ 11,852,119	\$ 1,759,758	\$ 13,611,877
Investment Income (Loss)	2,474,767	-	2,474,767	(111,137)	134	(111,003)
Other Income	74,886	-	74,886	44,767	-	44,767
Total	<u>16,228,641</u>	<u>2,082,300</u>	<u>18,310,941</u>	<u>11,785,749</u>	<u>1,759,892</u>	<u>13,545,641</u>
Net Assets Released from Restrictions	1,766,086	(1,766,086)	-	2,578,848	(2,578,848)	-
Total Support and Revenue	<u>17,994,727</u>	<u>316,214</u>	<u>18,310,941</u>	<u>14,364,597</u>	<u>(818,956)</u>	<u>13,545,641</u>
EXPENSES						
Program Services	8,089,189	-	8,089,189	7,416,948	-	7,416,948
Administrative Services	849,858	-	849,858	714,528	-	714,528
Development	1,506,934	-	1,506,934	1,494,811	-	1,494,811
Total Expenses	<u>10,445,981</u>	<u>-</u>	<u>10,445,981</u>	<u>9,626,287</u>	<u>-</u>	<u>9,626,287</u>
CHANGE IN NET ASSETS	7,548,746	316,214	7,864,960	4,738,310	(818,956)	3,919,354
Net Assets - Beginning of Year	<u>20,237,592</u>	<u>1,047,566</u>	<u>21,285,158</u>	<u>15,499,282</u>	<u>1,866,522</u>	<u>17,365,804</u>
NET ASSETS - END OF YEAR	<u>\$ 27,786,338</u>	<u>\$ 1,363,780</u>	<u>\$ 29,150,118</u>	<u>\$ 20,237,592</u>	<u>\$ 1,047,566</u>	<u>\$ 21,285,158</u>

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services									
	Individual Rights Defense Program	FIRE Student Network	Litigation Project	Policy Reform Project	Pubic Awareness Project	Legislative and Policy Project	High School Outreach Project	FIRE Facility Network	Research and Special Projects	Subtotal
Awards and Scholarships	\$ -	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ 29,500	\$ -	\$ -	\$ 29,518
Business Insurance	4,143	3,126	5,070	2,178	7,802	2,395	1,579	960	2,974	30,227
Communications	3,704	2,773	4,240	1,844	6,318	1,919	1,265	769	2,382	25,214
Computer and Network Costs	30,611	12,787	29,439	8,346	58,936	9,537	6,436	3,678	11,395	171,165
Depreciation	22,548	17,011	27,593	11,854	42,461	13,037	8,595	5,224	16,185	164,508
Dues and Subscriptions	643	429	10,594	824	1,071	13,532	217	132	408	27,850
Event Expense	-	22,801	-	-	4,000	-	20	36,438	-	63,259
Lectures and Conferences	360	4,400	-	700	-	2,520	2,929	-	-	10,909
Occupancy	56,644	42,736	69,319	29,780	148,364	32,752	21,592	13,124	40,660	454,971
Office Expenses	5,810	4,701	7,694	3,002	19,214	4,308	2,295	1,323	4,099	52,446
Postage and Delivery	6,461	1,450	2,328	4,221	12,411	1,074	14,133	429	1,334	43,841
Printing and Reproduction	268	202	2,024	141	9,940	157	4,682	62	191	17,667
Professional Fees	43,986	83,771	310,481	67,622	807,211	25,438	34,932	10,191	31,574	1,415,206
Publicity and Advertising	953	15,126	983	7,422	153,135	464	42,749	186	577	221,595
Research Services	2,392	-	9,320	-	51,526	9,104	266	625	-	73,233
Staff Training and Development	3,015	8,607	14,989	958	6,103	1,053	853	585	1,308	37,471
Travel and Entertainment	1,394	13,456	1,620	535	16,759	618	3,093	236	730	38,441
Wages, Payroll Taxes, and Benefits	669,857	504,943	828,512	349,621	1,265,379	390,272	257,533	156,921	478,022	4,901,060
Total Functional Expenses	\$ 852,789	\$ 738,337	\$ 1,324,206	\$ 489,048	\$ 2,610,630	\$ 508,180	\$ 432,669	\$ 230,883	\$ 591,839	\$ 7,778,581

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2021

	Program Services				
	Targeted Advocacy Project	Total Program	Management and General	Development	Total
Awards and Scholarships	\$ -	\$ 29,518	\$ -	\$ -	\$ 29,518
Business Insurance	1,313	31,540	4,269	5,209	41,018
Communications	1,051	26,265	3,420	5,396	35,081
Computer and Network Costs	5,097	176,262	16,363	34,901	227,526
Depreciation	7,144	171,652	23,240	28,352	223,244
Dues and Subscriptions	1,180	29,030	585	3,655	33,270
Event Expense	-	63,259	10	25	63,294
Lectures and Conferences	-	10,909	-	-	10,909
Occupancy	17,947	472,918	58,380	71,225	602,523
Office Expenses	1,922	54,368	5,937	15,740	76,045
Postage and Delivery	1,276	45,117	1,919	99,150	146,186
Printing and Reproduction	761	18,428	273	45,134	63,835
Professional Fees	59,511	1,474,717	45,332	331,162	1,851,211
Publicity and Advertising	255	221,850	829	4,497	227,176
Research Services	-	73,233	-	5,499	78,732
Staff Training and Development	601	38,072	1,878	3,676	43,626
Travel and Entertainment	376	38,817	1,049	3,064	42,930
Wages, Payroll Taxes, and Benefits	212,174	5,113,234	686,374	850,249	6,649,857
	<u>\$ 310,608</u>	<u>\$ 8,089,189</u>	<u>\$ 849,858</u>	<u>\$ 1,506,934</u>	<u>\$ 10,445,981</u>

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services								
	Individual Rights Defense Program	FIRE Student Network	Litigation Project	Policy Reform Project	Pubic Awareness Project	Legislative and Policy Project	FIRE Facility Network	High School Outreach Project	Subtotal
Awards and Scholarships	\$ -	\$ 551	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,950	\$ 9,501
Business Insurance	1,808	1,814	951	1,019	6,432	1,321	342	666	14,353
Communications	6,228	6,366	3,259	3,494	10,900	4,528	1,171	2,283	38,229
Computer and Network Costs	17,877	13,153	7,772	6,784	42,950	17,292	2,465	5,559	113,852
Depreciation	26,362	26,445	13,866	14,862	46,331	19,263	4,982	9,715	161,826
Dues and Subscriptions	1,618	334	7,210	163	577	13,215	55	106	23,278
Event Expense	-	138,241	-	-	350	-	76,969	-	215,560
Lectures and Conferences	1,678	9,601	433	3,554	4,573	3,915	361	9,988	34,103
Licenses and Permits	124	124	1,486	70	218	91	23	46	2,182
Occupancy	77,857	78,102	40,952	43,894	136,832	56,890	14,713	28,690	477,930
Office Expenses	6,191	6,280	3,106	3,287	12,461	4,901	1,102	2,466	39,794
Postage and Delivery	1,774	1,801	1,109	1,394	9,029	1,525	335	12,195	29,162
Printing and Reproduction	839	895	1,116	8,506	15,262	692	316	8,512	36,138
Professional Fees	14,766	14,813	220,853	32,490	1,070,622	32,140	2,791	119,694	1,508,169
Publicity and Advertising	274	21,056	1,278	154	48,220	4,849	8,882	16,542	101,255
Research Services	3,089	11	19,897	6	35	8	1,002	173	24,221
Staff Training and Development	5,599	7,446	7,104	2,854	10,744	4,289	1,084	2,283	41,403
Travel and Entertainment	10,052	81,580	16,476	6,483	37,552	43,160	7,450	17,971	220,724
Wages, Payroll Taxes, and Benefits	613,634	627,144	325,720	333,239	1,074,865	461,670	163,568	229,071	3,828,911
Total Functional Expenses	\$ 789,770	\$ 1,035,757	\$ 672,588	\$ 462,253	\$ 2,527,953	\$ 669,749	\$ 287,611	\$ 474,910	\$ 6,920,591

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2020

	Program Services					
	Procedural Advocacy Project	Targeted Advocacy Project	Total Program	Management and General	Development	Total
Awards and Scholarships	\$ -	\$ -	\$ 9,501	\$ 74	\$ -	\$ 9,575
Business Insurance	379	387	15,119	1,693	2,104	18,916
Communications	1,298	1,327	40,854	5,797	7,469	54,120
Computer and Network Costs	2,520	2,597	118,969	11,255	55,675	185,899
Depreciation	5,522	5,646	172,994	24,659	30,680	228,333
Dues and Subscriptions	85	62	23,425	269	3,193	26,887
Event Expense	-	-	215,560	-	186,649	402,209
Lectures and Conferences	422	5,294	39,819	769	958	41,546
Licenses and Permits	26	27	2,235	114	144	2,493
Occupancy	16,307	16,675	510,912	72,828	90,608	674,348
Office Expenses	1,221	1,249	42,264	5,452	29,827	77,543
Postage and Delivery	986	380	30,528	1,660	49,239	81,427
Printing and Reproduction	2,805	180	39,123	784	148,795	188,702
Professional Fees	3,093	147,370	1,658,632	13,811	97,869	1,770,312
Publicity and Advertising	57	59	101,371	255	2,185	103,811
Research Services	258	2	24,481	10	5,909	30,400
Staff Training and Development	1,217	1,153	43,773	4,612	7,012	55,397
Travel and Entertainment	3,629	4,007	228,360	4,249	52,041	284,650
Wages, Payroll Taxes, and Benefits	132,623	137,494	4,099,028	566,237	724,454	5,389,719
Total Functional Expenses	\$ 172,448	\$ 323,909	\$ 7,416,948	\$ 714,528	\$ 1,494,811	\$ 9,626,287

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,864,960	\$ 3,919,354
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments	(2,292,042)	365,874
Depreciation	223,244	228,333
(Increase) Decrease in:		
Accounts Receivable	-	(2)
Pledge Receivable	211,667	585,000
Prepaid Expenses	(227,644)	143,696
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	34,170	228,834
Deferred Rent	(529)	13,663
Deferred Lease Obligation	(96,314)	(128,214)
Net Cash Provided by Operating Activities	5,717,512	5,356,538
 CASH FLOW FROM INVESTING ACTIVITIES		
Redemption of Certificate of Deposit	-	4,748,000
Purchase of Investments	(19,270,300)	(30,786,020)
Proceeds on Sale of Investments	15,105,756	12,129,175
Purchase of Leasehold Improvements, Equipment, and Website Design	(37,674)	(101,047)
Net Cash Used by Investing Activities	(4,202,218)	(14,009,892)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,515,294	(8,653,354)
 Cash and Cash Equivalents - Beginning of Year	2,685,006	11,338,360
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,200,300	\$ 2,685,006

See accompanying Notes to Financial Statements.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Foundation for Individual Rights in Education, Inc. (the Foundation) was incorporated on April 8, 1999. The Foundation is a Massachusetts nonprofit corporation, based in Philadelphia, Pennsylvania, whose mission is to defend and sustain the individual rights of students and faculty members at America's colleges and universities. These rights include freedom of speech, freedom of association, due process, legal equality, religious liberty, and sanctity of conscience—the essential qualities of liberty. FIRE educates students, faculty, alumni, trustees, and the public about the threats to these rights on our campuses and provides the means to preserve them. The Foundation is supported through private contributions and grants.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Classification of Net Assets

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Foundation also reports its financial position on a classified basis to enhance the readers' understanding of current and noncurrent assets and obligations.

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. Net assets with donor restrictions are those contributions which have been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained in perpetuity.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulation or by law. Expirations of donor-imposed restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed), are reported as net assets released from restrictions and reclassified to net assets without donor restrictions. Revenue with donor-imposed restrictions received and released in the same year is reported as an increase in net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments in traditional bank accounts and money market funds to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

Certificates of Deposit

Certificates of deposit are recorded at cost. The Foundation's investments in certificates of deposit are structured so as not to exceed FDIC insurable limits.

Pledges Receivable

Unconditional promises to give are recognized as revenue and pledges receivable in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments

Investments are stated at fair value. The investments in mutual funds are valued at the net asset value of shares held by the Foundation at year-end. Invested cash is stated at cost which approximates fair value.

The valuations on the Foundation's insurance annuities are based on the stated guaranteed interest rate from each insurance company. These annuities are fixed with interest calculated using a simple interest rate on APY (Annual Percentage Yield). The interest rate is fixed until the maturity date of each annuity. Market value is determined by simple interest credited to each annuity. There are no underlying investments in these annuities and the APY is guaranteed by each insurance company.

Investments in government securities, bonds, mutual funds and equity securities with readily determinable fair values are carried at quoted market value. The net changes in fair value and the realized gains and losses on investments sold are reflected in the statements of activities as net realized and unrealized gains or losses on investments. Investment transactions are recorded on the trade date.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that such changes in the values of investments will occur in the near-term and that changes could materially affect the amounts reported in the statement of financial position.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasehold Improvements, Equipment, and Website Design

Assets purchased with an estimated useful life in excess of one year and in excess of \$2,000 are stated at cost and depreciated over the estimated useful lives of the related assets (office equipment – 5 to 10 years; leasehold improvements – shorter of estimated useful life or the lease term; website design – 3 years). Depreciation is computed over the estimated useful lives. Maintenance and repairs are charged to the operations when incurred. Significant betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

Deferred Rent

Deferred rent is recorded and amortized to the extent the total minimum rental payments allocated to the current period on the straight-line basis exceed or are less than the cash payment required.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) within the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions consist of funds received from individuals, corporations, foundations, and other nonprofit organizations for various activities provided by the Foundation.

Donated Securities

The Foundation will receive, on occasion, donated securities from its donors. Once a security has been received, the Foundation will immediately sell at the securities fair market value with the proceeds being used based on the donor's stipulations. All realized gains and losses at the time of the sale are included in the Foundation's statement of activities.

Functional Allocation of Expenses

The costs of providing the organization's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses, which cannot be directly identified with specific functions, are allocated based on estimates of staff hours devoted to various functions.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Foundation measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Foundation may use valuation techniques consistent with the market, income, and cost approaches to measure fair value.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2021 and 2020.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes. The Foundation is not aware of any activities that would jeopardize its tax-exempt status, nor is it aware of any of its activities that are subject to tax on unrelated business income taxes.

The Foundation follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard had no impact on the Foundation's financial statements.

The Foundation's income tax returns are subject to review and examination by federal, state, and local authorities.

Adoption of New Accounting Standards

During the year ended June 30, 2020, the Foundation adopted the accounting guidance in FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Foundation's financial statements reflect the application of this guidance for the year ended June 30, 2020. No cumulative-effect adjustment to net assets was recorded because the adoption did not significantly impact the Foundation's previously reported contribution revenue.

The Foundation has adopted ASU 2014-09, *Revenue from Contracts with Customers*. The guidance requires the Foundation to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative, and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. Revenue recognized as an exchange transaction was immaterial to the financial statements of the Foundation. No additional disclosures were necessary for the year ended June 30, 2021 to address the adoption of this standard. This adoption had no impact on net assets as of July 1, 2020.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Reclassifications

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 22, 2021, the date the financial statements were available to be issued.

NOTE 2 PLEDGE RECEIVABLE

The Foundation receives gifts from time to time in the form of pledges, which are to be received in the upcoming years. Management believes the entire amounts of the pledge receivables from these donors are fully collectible and, accordingly, has not provided an allowance on such receivables. Pledge receivables are as follows:

	2021	2020
Receivable in Less Than One Year	\$ 300,000	\$ 511,667
Receivable One to Three Years	-	-
Total Pledge Receivable	<u>\$ 300,000</u>	<u>\$ 511,667</u>

NOTE 3 LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN

Leasehold improvements, equipment and website design assets as of June 30, 2021 and 2020 were recorded at cost as follows:

	2021	2020
Computer Equipment	\$ 22,056	\$ 22,056
Furniture and Fixtures	405,301	367,627
Leasehold Improvements	1,666,440	1,666,440
Website Design	167,925	167,925
Total	<u>2,261,722</u>	<u>2,224,048</u>
Less: Accumulated Depreciation	1,194,412	971,168
Total Equipment and Website Design, Net	<u>\$ 1,067,310</u>	<u>\$ 1,252,880</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$223,244 and \$228,333, respectively.

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
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NOTE 4 INVESTMENTS AND INVESTMENT INCOME

Investments recorded at fair value as of June 30, 2021 and 2020 are as follow:

	<u>2021</u>	<u>2020</u>
Equities, Including Mutual Funds	\$ 19,619,521	\$ 13,456,961
Fixed Income	-	1,731,734
Other Investment:		
Insurance Annuities	2,432,699	-
Money Markets	<u>2,695,339</u>	<u>3,102,278</u>
Total Investments	<u>\$ 24,747,559</u>	<u>\$ 18,290,973</u>

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

	<u>2021</u>	<u>2020</u>
Interest and Dividends, Net of Investment Fees of \$53,337 and \$23,670 in 2021 and 2020, Respectively	\$ 182,725	\$ 252,257
Net Realized Gains (Losses) on Sale of Investments	19,940	(5,862)
Net Unrealized Gains (Losses) on Investments	<u>2,272,102</u>	<u>(357,398)</u>
Total Investment Income (Loss)	<u>\$ 2,474,767</u>	<u>\$ (111,003)</u>

Dividends and interest income earned on funds restricted by donors, if any, are reported as an increase to donor restricted net assets.

NOTE 5 FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets. For additional information on how the Foundation values all other assets refer to Note 1 – Summary of Significant Accounting Policies

Assets measured at fair value on a recurring basis as of June 30, 2021 are:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities, Including Mutual Funds	\$ 19,619,521	\$ 19,619,521	\$ -	\$ -
Fixed Income	-	-	-	-
Money Markets	2,695,339	2,695,339	-	-
Other Investment:				
Insurance Annuities	<u>2,432,699</u>	<u>-</u>	<u>2,432,699</u>	<u>-</u>
Total Investments	<u>\$ 24,747,559</u>	<u>\$ 22,314,860</u>	<u>\$ 2,432,699</u>	<u>\$ -</u>

FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.
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NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value on a recurring basis as of June 30, 2020 are:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities, Including Mutual Funds	\$ 13,456,961	\$ 13,456,961	\$ -	\$ -
Fixed Income	1,731,734	1,731,734	-	-
Money Markets	3,102,278	3,102,278	-	-
Total Investments	<u>\$ 18,290,973</u>	<u>\$ 18,290,973</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Time Restricted	\$ 300,000	\$ 771,667
Purpose Restricted:		
Due Process Project	115,000	169,583
Faculty Legal Defense Fund	737,476	-
Alumni Outreach	109,318	-
Spotlight Database and Website Project	27,600	-
Venture Fund	-	6,930
Student Network Conference - California	40,000	40,000
Orientation Program	-	35,000
FIRE Student Network - California	10,000	-
Total Purpose Restricted	<u>1,339,394</u>	<u>1,023,180</u>
Endowment Funds	24,386	24,386
Total	<u>\$ 1,363,780</u>	<u>\$ 1,047,566</u>

Net assets with donor restrictions released from restrictions for the years ended June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Alumni Outreach	\$ 23,682	\$ -
Due Process Project	74,583	155,417
Faculty Defense Fund	82,524	-
Free Expression Campaign	-	149,250
Freedom of Information Act Requests	-	14,550
FSN Conference	-	40,000
High School Initiative	85,000	-
Individual Rights Defense Program	130,000	-

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NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	<u>2021</u>	<u>2020</u>
Balance Forwarded	\$ 395,789	\$ 359,217
Litigation	350,000	-
Litigation and High School Initiative	-	76,500
Notice and Comment Project	-	40,000
Orientation Program	45,000	-
Other - Restricted for Time	771,667	1,585,000
Qualified Immunity Project	-	51,637
Spotlight Database and Website Project	97,400	100,000
Student Press Campaign	1,000	-
Surveys	98,300	-
20th Anniversary Gala	-	289,959
Venture Fund	6,930	76,535
Total	<u>\$ 1,766,086</u>	<u>\$ 2,578,848</u>

Endowment

The Foundation's endowment consists of one individual fund established primarily to fund operations. The endowment includes only donor-restricted endowment funds totaling \$24,386 for both June 30, 2021 and 2020, respectively. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of trustees, the endowment assets are invested in a U.S. Treasury Money Market Fund.

NOTE 7 OPERATING LEASES

The Foundation leases office space in Philadelphia and Washington, DC, and office equipment expiring in various years through 2030. Rent expense, including common area maintenance and utilities, incurred under operating leases for the years ended June 30, 2021 and 2020 was \$602,523 and \$674,348, respectively.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 629,092
2023	810,960
2024	827,940
2025	841,012
2026	858,141
Thereafter	<u>2,282,335</u>
Total	<u>\$ 6,249,480</u>

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NOTE 8 PENSION PLAN

The Foundation has a defined contribution salary deferral plan (403(b) plan), covering substantially all employees. The Foundation matched, dollar-for-dollar, employees' contributions up to a maximum 6% of their base annual earnings and distributed this match in January. The total pension expense for the years ended June 30, 2021 and 2020 was \$191,784 and \$221,525, respectively.

NOTE 9 AVAILABLE RESOURCES AND LIQUIDITY

The Foundation regularly monitors liquidity required to meet its operating needs and commitments. As of June 30, 2021 and 2020, \$26,815,388 and \$20,440,308, respectively, could readily be made available within one year of the statement of financial position date to meet general expenditures, consisting of cash, investments, accounts receivable and pledges receivable, net of amounts subject to donor restrictions of \$1,363,780 and \$1,047,566, respectively.

As part of its liquidity management, the Foundation invests cash in excess of daily requirements in various investment funds held by the Foundation's third-party investment brokerage house, which include cash equivalents, insurance annuities, equities and mutual funds. These funds can be accessed by the Foundation.

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