

FREEDOM  
FROM RELIGION  
*foundation*

**CONSOLIDATED FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended December 31, 2022**

**FREEDOM FROM RELIGION FOUNDATION, INC.**

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December 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Executive Board of Directors  
Freedom From Religion Foundation, Inc.  
Madison, Wisconsin

### ***Opinion***

We have audited the accompanying consolidated financial statements of Freedom From Religion Foundation, Inc. and the FFRF Action Fund, Inc. (nonprofit organizations), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Freedom From Religion Foundation, Inc. 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Freedom From Religion Foundation, Inc. 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.

### ***Emphasis of Matter***

As discussed in Note 12 to the financial statements, net assets were restated as of January 1. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Freedom From Religion Foundation, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 Freedom From Religion Foundation, Inc.'s and FFRF Action Fund, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Freedom From Religion Foundation, Inc.'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 Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Johnson Block & Company, Inc.*

Johnson Block & Company, Inc.  
September 21, 2023

**CONSOLIDATED FINANCIAL STATEMENTS**

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**Madison, Wisconsin**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2022**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 1,662,574
Promises to Give	113,275
Prepays	795,795
Inventory	<u>156,231</u>
Total Current Assets	<u>2,727,875</u>

Fixed Assets

Land	750,337
Buildings and Improvements	3,940,541
Furniture and Equipment	443,544
Vehicle	37,604
Less: Accumulated Depreciation	<u>(1,243,173)</u>
Net Fixed Assets	<u>3,928,853</u>

Other Assets

Investments Measured at Fair Value	15,950,771
Investments - Certificates of Deposit	<u>1,549,962</u>
Total Other Assets	<u>17,500,733</u>

TOTAL ASSETS	<u><u>\$ 24,157,461</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 143,335
Accrued Payroll	<u>239,118</u>
Total Current Liabilities	<u>382,453</u>

Net Assets

Net Assets Without Donor Restrictions:	
Designated	8,429,544
Net Investment in Property and Equipment	3,928,853
Undesignated	<u>9,319,960</u>
	21,678,357
Net Assets with Donor Restrictions	<u>2,096,651</u>
Total Net Assets	<u>23,775,008</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 24,157,461</u></u>
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The accompanying notes are an integral part of the financial statements.

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**Madison, Wisconsin**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2022**

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
<u>Revenue, Gains, and Other Support</u>			
Convention Income	87,185	\$ -	\$ 87,185
Donations	3,252,789	164,960	3,417,749
Bequests	4,708,961	-	4,708,961
Donations - Combined Federated Campaign	40,816	-	40,816
Student Activist Donations	-	94,063	94,063
Legal Fund Donations	-	174,177	174,177
Grants	28,500	-	28,500
Membership Dues	1,790,968	-	1,790,968
Miscellaneous	112,480	-	112,480
Sales	130,751	-	130,751
Investment Income (Loss)	(2,886,633)	(211,742)	(3,098,375)
Subtotal	<u>7,265,817</u>	<u>221,458</u>	<u>7,487,275</u>
Net assets released from donor restriction	421,081	(421,081)	-
Total Revenue, Gains, and Other Support	<u>7,686,898</u>	<u>(199,623)</u>	<u>7,487,275</u>
<u>Expenses</u>			
Program	8,924,806	-	8,924,806
Management and General	736,611	-	736,611
Fundraising	117,178	-	117,178
Total Expenses	<u>9,778,595</u>	<u>-</u>	<u>9,778,595</u>
Change in Net Assets	(2,091,697)	(199,623)	(2,291,320)
Net Assets at Beginning of Year, as Previously Stated	23,260,636	2,458,923	25,719,559
Prior Period Adjustments	509,418	(162,649)	346,769
Net Assets at Beginning of Year, as Restated	<u>23,770,054</u>	<u>2,296,274</u>	<u>26,066,328</u>
Net Assets at End of Year	<u>\$ 21,678,357</u>	<u>\$ 2,096,651</u>	<u>\$ 23,775,008</u>

The accompanying notes are an integral part of the financial statements.



**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**Madison, Wisconsin**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2022**

<u>EXPENSES</u>	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 1,921,101	\$ 192,110	\$ 21,346	\$ 2,134,557
Employee Benefits	483,886	48,389	5,377	537,651
Payroll Taxes	146,978	14,698	1,633	163,309
Radio Expense	9,792	-	-	9,792
Video - TV/Film	14,361	-	-	14,361
Advertising and Promotion	3,682,286	-	-	3,682,286
Legal	97,339	40,606	-	137,945
Convention Expense	313,766	-	-	313,766
Regional Meeting	21,421	-	-	21,421
Other Events	488	-	-	488
Accounting Fees	-	22,053	-	22,053
Auto	420	420	-	840
Building Maintenance	39,947	9,987	-	49,934
Broadcasting	871,117	-	-	871,117
Chapter Expense	29,294	-	-	29,294
Depreciation	108,202	27,051	-	135,253
Dues and Subscriptions and Donations	150,365	3,221	-	153,586
Equipment and Maintenance	8,299	29,422	-	37,721
Executive Board	-	27,312	-	27,312
Freethought Today	49,173	-	-	49,173
Insurance	45,677	11,419	-	57,096
Items for Resale	77,254	-	-	77,254
Internet	141,594	-	-	141,594
Banking Fees	-	92,413	-	92,413
Office Expense	23,468	5,867	19,556	48,891
Scholarships, Grants and Awards	250,580	-	-	250,580
Postage and Shipping	144,922	36,230	9,534	190,686
Printing	52,816	13,204	59,733	125,753
Library Project	82	-	-	82
Lobbying	49,326	-	-	49,326
Telephone	12,934	3,234	-	16,168
Travel	85,444	-	-	85,444
Utilities	16,935	4,234	-	21,169
Godless Gospel Project	74,459	-	-	74,459
Special Projects	1,079	154,742	-	155,821
Total Expenses	<u>\$ 8,924,806</u>	<u>\$ 736,611</u>	<u>\$ 117,178</u>	<u>\$ 9,778,595</u>

The accompanying notes are an integral part of the consolidated financial statements.

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**Madison, Wisconsin**  
**CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the Year Ended December 31, 2022**

Cash Flows from Operating Activities

Increase (Decrease) in Net Assets	\$ (2,291,320)
Adjustments to reconcile increase(decrease) in net assets to net cash provided (used) by operating activities:	
Depreciation	135,253
Proceeds from donations restricted for long-term investment	(9,200)
Realized (gains)/losses on investments	(180,088)
Unrealized (gains)/losses on investments	3,619,685
Changes in operating assets and liabilities:	
Promise to give	267,935
Prepays	682,012
Inventory	11,580
Accounts payable	75,559
Accrued payables	43,745
Net cash provided (used) by operating activities	<u>2,355,161</u>

Cash Flows from Investing Activities

Purchases of investments	(1,785,066)
Sales of investments	239,697

Net cash provided(used) by investing activities (1,545,369)

Cash Flows of Financing Activities

Proceeds from donations restricted for long-term investment	9,200
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Net cash provided(used) by financing activities 9,200

Net (Decrease) Increase in cash 818,992

Cash at beginning of year 843,582

Cash at end of year \$ 1,662,574

Supplemental disclosure of noncash investing activities

During 2022, the Foundation received donated securities valued at \$61,477.

The accompanying notes are an integral part of the financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

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**1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business

Freedom from Religion Foundation, Inc. (the “Foundation”) operates for the promotion of the constitutional principle of separation of state and church, to educate the public relating to nontheism and to continue encouraging freethinking with awards to students and other activists.

Principles of Consolidation

These consolidated financial statements include the accounting for Freedom From Religion Foundation, Inc. and FFRF Action Fund, Inc. (the “Fund”). The Foundation holds a financial interest in the Fund and the Foundation holds substantial influence over the Board of Directors and operations of the Fund. References to the “Organization” refer to the consolidated group. All significant intercompany transactions and balances have been eliminated.

Method of Accounting

The Organization utilizes the accrual method of accounting for financial statement reporting. Under this method, revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments measured at fair value consist of equity securities, debt securities, money market accounts, and mutual funds. Other investments consist of certificates of deposit and are measured at cost. See Notes 3 and 4 for further information.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. As of December 31, 2022, all unconditional promises to give are expected to be collected within one year. Any allowance for uncollectable promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At December 31, 2022 there was no allowance for uncollectable promises to give.

Prepaid Expenses

Prepaid expenses consist of operating and programming fees paid in 2022 that will be charged to expenses in 2023.

Inventory

Inventories of merchandise purchased for resale such as books, shirts and CDs are stated at cost. Costs are determined on a first-in, first-out basis.

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

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**1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

Fixed Assets

Fixed assets consist of land, buildings, furniture and equipment and vehicles with a cost, if purchased, or a fair market value, if donated, of more than \$5,000 and a useful life of more than one year. Depreciation expense is calculated on the straight-line basis over the estimated useful lives of the assets.

Compensated Absences

Employees accumulate accrued vacation in varying amounts based on years of service. Unused accrued vacation can be carried over to the following year and is paid out upon separation. As of December 31, 2021, the balance of accrued vacation of \$188,327 was included with accrued payroll on the statement of net position.

Income Taxes

The Foundation is a non-profit corporation and qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Fund is a non-profit corporation and qualifies as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements for either organization. The Foundation has been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(a)(ii).

The Foundation's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Foundation is no longer subject to examinations for years before 2019. The Fund was form in 2022.

Basis of Presentation and Net Assets

The Organization utilizes the accrual method of accounting, whereby revenue is recognized when earned, and expenses are recognized when incurred. The Organization's consolidated financial statements are prepared in accordance with professional standards. Under generally accepted accounting principles (GAAP), the Organization 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:

Net assets without donor restrictions consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Organization and include those expendable resources which have been designated for special use by the Organization's Executive Board of Directors.

Net assets with donor restrictions consist of net assets that are subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices of when to use these resources.

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

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**1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES, Continued**

Revenue Recognition

Revenue from sales of inventory are recognized when products are transferred to the purchaser. Revenue from ticket sales to the annual convention are recognized when the convention is held. Membership dues are not considered exchange transactions and are recognized as contribution revenues.

Contributions are recognized when cash, securities or other assets, and unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of December 31, 2022, no conditional promises to give were outstanding.

Functional Allocation of Expenses

Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are allocated based on payroll.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principles

Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as amended, supersedes or replaces nearly all GAAP nonfinancial asset contribution guidance. These standards increase the transparency of contributed nonfinancial assets for not-for-profit entities, as well as the amount of those contributions used in their programs and other activities. The Organization has implemented ASU 2020-07 and has had no effect on these consolidated financial statements. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, *Leases*, as amended, supersedes or replaces nearly all GAAP nonfinancial asset contribution guidance. These standards increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The Organization has implemented ASU 2016-02 and has had no effect on these consolidated financial statements. The amendments have been applied retrospectively to all periods presented with no effect on net assets.

Subsequent Events

Subsequent events have been evaluated through September 21, 2023, which represents the date the consolidated financial statements were available to be issued.

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

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**2. DEPOSITS AND INVESTMENTS**

Concentration of Credit and Market Risk

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of cash equivalents and investments. The Organization places its cash equivalents with financial institutions and limits the amount of credit exposure to any one financial institution. The Organization's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Organization's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the consolidated financial statements.

Interest Rate Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations of the stated interest rate. Most of the Organization's Certificates of Deposit have maturities of one year or less.

Custodial Credit Risk is the risk that in the event of a bank failure, securities that are uninsured will not be returned to the Organization.

The Organization maintains deposits in excess of federally insured limits. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 per institution. As of December 31, 2022, the Organization's uninsured cash balances totaled \$52,285.

Cash and securities maintained through a registered securities dealer are insured up to \$500,000 by the Securities Investor Protection Corporation ("SIPC"). SIPC covers losses from fraud and negligence of the registered securities dealer, but not against market losses or investment return. Balances held in accounts may still at times exceed insured limits.

**3. INVESTMENTS**

The Organization invests in equity securities, debt securities, money market accounts, mutual funds, and inherited IRAs. Market risk could occur and is dependent on future changes in market prices of the various investments held. Investments held as of December 31, 2022 are comprised of the following:

	Fair Market Value	Cost
Money Market Accounts	\$ 682,206	\$ 682,206
Equity Securities	2,872,102	852,971
Bonds	1,584,779	1,687,731
Equity Mutual Funds	570,114	575,277
Mutual Fund Securities	10,241,570	11,712,162
Balance at December 31, 2022	<u>\$ 15,950,771</u>	<u>\$ 15,510,347</u>

Other investments consist of Certificates of Deposits. These investments are shown at cost.

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

**3. INVESTMENTS, Continued**

Income from these investments for the year ended December 31, 2022 is summarized as follows:

	2022
Interest and dividends	\$ 341,224
Net realized and unrealized gains (losses)	(3,439,597)
	\$ (3,098,373)

**4. FAIR VALUE MEASUREMENT**

In accordance with current authoritative accounting guidance, the Organization discloses and recognizes the fair value of its assets using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The guidance establishes three levels of fair value hierarchy as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Observable market based inputs or unobservable inputs that are corroborated by market data

Level 3 – Unobservable inputs that are not corroborated by market data

An investment’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does correspond to the Organization’s perceived risk of that investment.

The following tables summarize the valuation of the Organization’s financial assets measured and recorded at fair value on a recurring basis at December 31, 2022 based on the input utilized to measure fair value:

December 31, 2022	Fair Value	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Money Market Accounts	\$ 682,206	\$ 682,206	\$ -	\$ -
Equity Securities	2,872,102	2,872,102	-	-
Bonds	1,584,779	-	1,584,779	-
Equity Mutual Funds	570,114	570,114	-	-
Mutual Fund Securities	10,241,570	10,241,570	-	-
Total	\$ 15,950,771	\$ 14,365,992	\$ 1,584,779	\$ -

*Level 1 Fair Value Measurements*

The fair values of money market accounts, bond mutual funds, equity securities, equity mutual funds, other mutual fund securities, and real estate investment trusts are based on the closing price reported on the active market where the individual securities are traded.



**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

**4. FAIR VALUE MEASUREMENT, Continued**

*Level 2 Fair Value Measurements*

The value of bonds is based on quoted prices for similar assets traded on an active market.

**5. ENDOWMENTS**

The Organization's endowment is composed of one donor-restricted funds, one board-designated fund, and one fund with a mix of board-designated and donor-restricted funds. The donor-restricted funds are subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. Accordingly, the Organization classifies the original value of the gifts made to such endowment as the amount it must maintain in perpetuity.

Endowment Net Asset Composition by Type of Fund as of December 31, 2022

	Board-Designated Endowment Funds	Donor Restricted Endowment Funds	Total
Life Member Reserves	\$ 3,741,262	\$ -	\$ 3,741,262
FFRF Endowment	500,000	272,238	772,238
Henry H. Zumach Freedom From Fundamentalist Religion Award Fund	-	569,792	569,792
Total Funds	<u>\$ 4,241,262</u>	<u>\$ 842,030</u>	<u>\$5,083,292</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2022

	Board-Designated Endowment Funds	Donor Restricted Endowment Funds	Total
Endowment net assets, beginning of year	\$ 4,639,316	\$ 1,080,109	\$5,719,425
Investment return:			
Investment Income	(642,854)	(211,742)	(854,596)
Contributions	244,800	9,200	254,000
Amounts appropriated for expenditure	-	(35,537)	(35,537)
Other Changes	-	-	-
Endowment net assets, end of year	<u>\$ 4,241,262</u>	<u>\$ 842,030</u>	<u>\$5,083,292</u>

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

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**5. ENDOWMENTS, Continued**

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include both Executive Board of Directors designated funds and permanently restricted funds. Under this policy, as approved by the Executive Board of Directors, the designated endowment assets are invested in a manner that is intended to produce a prudent realization while preserving the principal. The permanently restricted assets are invested to achieve preservation of the principal to allow distribution of income for designated uses consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by Wisconsin. The designated endowment assets are primarily invested in Certificates of Deposit, mutual funds, equity securities, and money market accounts. Donor-restricted endowment assets are invested in mutual funds.

Strategies Employed for Achieving Objectives

To satisfy its long-term objectives of the Life Member Reserve and the FFRF Endowment amounts are invested in accordance with the Organization's financial management policy. This policy calls for a target allocation of 60% equity investments and 40% fixed income and cash investments. The target allocation establishes allowable ranges for each investment class as follows:

- Money Market Funds: Minimum 1%; Maximum 30% of total assets
- Equity Investments: Minimum 40%; Maximum 70% of total assets
- Fixed Income Investments: Minimum 30%; Maximum 60% of total assets

The goal of the total return fund is to achieve a total return (income and appreciation) of 5% after inflation, over a full market cycle of three to five years. Equity investments may be invested in mutual funds that have expense ratios consistent with other funds of similar investment styles as measured by the Lipper and/or Morningstar rating services. Fixed income investments must be rated BBB or higher by Standard & Poor's and Baa or higher by Moody's. In accordance with the endowment agreement, The Henry H. Zumach Freedom From Fundamentalism Religion Award Fund is invested in a low management fee S&P 500 stock index fund with a target rate of return of 5%.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Income from the Life Member Reserve may be used to promote the constitutional principle of separation of church and state, and to educate the public on matters related to nontheism through an Executive Board of Directors vote. No distribution of principal is allowed except for special or unusual circumstances and requires an affirmative vote of three-fourths of the members of the Executive Board of Directors. Income from the FFRF Endowment may be used at the Executive Board of Director's discretion to further the exempt purpose of the Organization. Income from The Henry H. Zumach Freedom From Fundamentalism Religion Award Fund may be used annually to fund the award at the Executive Board of Director's discretion.

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

**6. FIXED ASSETS AND DEPRECIATION**

Fixed assets consist of land, building, furniture, equipment and a vehicle.

	Land	Buildings	Vehicle	Furniture/ Equipment	Accumulated Depreciation
Balance at 1/1/22	\$ 750,337	\$ 3,940,541	\$ 37,604	\$ 443,544	\$ 1,107,920
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation	-	-	-	-	135,253
Balance 12/31/22	<u>\$ 750,337</u>	<u>\$ 3,940,541</u>	<u>\$ 37,604</u>	<u>\$ 443,544</u>	<u>\$ 1,243,173</u>

Depreciation expense for the year ended December 31, 2022 was \$135,253.

**7. NET ASSETS WITHOUT DONOR RESTRICTIONS**

At December 31, 2022 the Organization has the following amounts which represent net assets without donor restrictions that have been designated for various purposes:

Legal	\$ 1,021,090
Life Member Reserves	3,741,262
Building and Operations	2,372,584
Scholarships	688,808
Board Designated Endowment	500,000
Other	105,800
Total Board Designated Net Assets	<u>\$ 8,429,544</u>

**8. NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, 2022 the Organization has net assets with donor restrictions consisting of the following:

Purpose Restrictions:	
Activist Awards	\$ 305,408
Scholarships and Awards	323,391
Advertising and Education	498,047
Other	27,775
Subtotal	<u>1,154,621</u>
Amounts to be Maintained in Perpetuity:	
Endowments	842,030
Internships	100,000
Subtotal	<u>942,030</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,096,651</u>

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

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**9. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The Organization monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Organization’s financial assets as of December 31, 2022, reduced by amounts not available for general expenditure within one year. Financial assets are not considered available when not liquid or not convertible into cash within one year, assets held for others, perpetual endowments and accumulated earnings net of appropriations within one year, or because the board of directors has designated funds for specific reserves or long-term investments such as board-designated quasi-endowments. The board designated amounts could be used within one year if approved by the Executive Committee. The Organization’s investment policy places importance on liquidity of the investments. Accordingly, invested funds are deemed to be available for use within the next 12 months.

Cash and cash equivalents	\$ 1,662,574
Promises to give	113,275
Investments	17,500,733
Total financial assets, excluding noncurrent receivables	19,276,582
Less those unavailable for general expenditure within one year due to:	
Endowments and accumulated earnings subject to appropriation beyond one year	(842,030)
Other donor restrictions	(1,254,621)
Board-designations:	
Endowment	(500,000)
Operating reserves	(2,372,584)
Life member reserves	(3,741,262)
Other board designated amounts	(1,815,698)
Financial assets available to meet cash needs for expenditures within one year	\$ 8,750,387

**10. RETIREMENT PLAN**

The Organization established a 401(k)-defined contribution retirement plan effective May 1, 2016 for the benefit of all regular full-time employees who are a minimum of twenty-one years of age. Participating employees may elect to contribute, on a tax deferred basis, a portion of their compensation, in accordance with Section 401(k) of the Internal Revenue Code. The Organization makes matching contributions at the discretion of the Board of Directors. Employees are fully vested after two years of employment. The Organization made contributions of \$200,831 to the plan for the year ended December 31, 2022.

**11. RELATED PARTY**

The Thomas Paine Memorial Association, Inc. (“Association”) was incorporated during 2020. The Organization has the power to appoint one member of the Association’s board of directors.

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022**

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**12. PRIOR PERIOD ADJUSTMENT**

The following prior period adjustments have been recorded effective January 1, 2022 as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions
Net assets as previously reported	\$ 23,260,636	\$ 2,458,923
Cumulative effect of reclassifying net assets to the proper category	162,649	(162,649)
Cumulative effect of recording contributions in the proper period	346,769	-
Net assets, January 1, as restated	<u>\$ 23,770,054</u>	<u>\$ 2,296,274</u>

**13. FUTURE ACCOUNTING STANDARDS**

In July 2021, the FASB issued ASU 2021-05, *Leases – Certain Leases with Variable Lease Payments* (Topic 842), which addresses issues related to accounting for certain leases with variable lease payments. ASU 2021-05 is effective for fiscal years beginning after December 15, 2022. The Organization is evaluating the effect that ASU 2021-05 will have on its consolidated financial statements and related disclosures.

**SUPPLEMENTARY INFORMATION**

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**Madison, Wisconsin**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**December 31, 2022**

<u>ASSETS</u>	Freedom From Religion Foundation, Inc.	FFRF Action Fund, Inc.	Eliminations	Consolidated Balance
<u>Current Assets</u>				
Cash and Cash Equivalents	\$ 1,662,574	\$ -	\$ -	\$ 1,662,574
Promises to Give	235,771	150,000	(272,496)	113,275
Prepays	795,795	-	-	795,795
Inventory	156,231	-	-	156,231
Total Current Assets	<u>2,850,371</u>	<u>150,000</u>	<u>(272,496)</u>	<u>2,727,875</u>
<u>Fixed Assets</u>				
Land	750,337	-	-	750,337
Buildings and Improvements	3,940,541	-	-	3,940,541
Furniture and Equipment	443,544	-	-	443,544
Vehicle	37,604	-	-	37,604
Less: Accumulated Depreciation	(1,243,173)	-	-	(1,243,173)
Net Fixed Assets	<u>3,928,853</u>	<u>-</u>	<u>-</u>	<u>3,928,853</u>
<u>Other Assets</u>				
Investments Measured at Fair Value	15,950,771	-	-	15,950,771
Investments - Other	1,549,962	-	-	1,549,962
Total Other Assets	<u>17,500,733</u>	<u>-</u>	<u>-</u>	<u>17,500,733</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 24,279,957</u></u>	<u><u>\$ 150,000</u></u>	<u><u>\$ (272,496)</u></u>	<u><u>\$ 24,157,461</u></u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$ 293,335	\$ 122,496	\$ (272,496)	\$ 143,335
Accrued Payroll Expenses	239,118	-	-	239,118
Total Current Liabilities	<u>532,453</u>	<u>122,496</u>	<u>(272,496)</u>	<u>382,453</u>
<u>Net Assets</u>				
Net Assets Without Donor Restrictions				
Designated	8,429,544	-	-	8,429,544
Net investment in property and equipment	3,928,853	-	-	3,928,853
Undesignated	9,292,456	27,504	-	9,319,960
	<u>21,650,853</u>	<u>27,504</u>	<u>-</u>	<u>21,678,357</u>
Net Assets With Donor Restrictions	2,096,651	-	-	2,096,651
Total Net Assets	<u>23,747,504</u>	<u>27,504</u>	<u>-</u>	<u>23,775,008</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 24,279,957</u></u>	<u><u>\$ 150,000</u></u>	<u><u>\$ (272,496)</u></u>	<u><u>\$ 24,157,461</u></u>

**FREEDOM FROM RELIGION FOUNDATION, INC.**  
**Madison, Wisconsin**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2022**

	Freedom From Religion Foundation, Inc.	FFRF Action Fund, Inc.	Eliminations	Consolidated Balance
<u>Support and Revenue</u>				
Convention Income	\$ 87,185	\$ -	\$ -	\$ 87,185
Donations	3,417,749	150,000	(150,000)	3,417,749
Bequests	4,708,961	-	-	4,708,961
Donations - Combined Federated Campaign	40,816	-	-	40,816
Student Activist Donations	94,063	-	-	94,063
Legal Fund Donations	174,177	-	-	174,177
Grants	28,500	-	-	28,500
Membership Dues and Fees	1,790,968	-	-	1,790,968
Miscellaneous	234,976	-	(122,496)	112,480
Sales	130,751	-	-	130,751
Investment Income (Loss)	(3,098,375)	-	-	(3,098,375)
Total Support and Revenue	<u>7,609,771</u>	<u>150,000</u>	<u>(272,496)</u>	<u>7,487,275</u>
<u>Expenses</u>				
Program	9,074,806	-	(150,000)	8,924,806
Management and General	736,611	122,496	(122,496)	736,611
Fundraising	117,178	-	-	117,178
Total Expenses	<u>9,928,595</u>	<u>122,496</u>	<u>(272,496)</u>	<u>9,778,595</u>
Change in Net Assets	(2,318,824)	27,504	-	(2,291,320)
Net Assets at Beginning of Year, as Previously Stated	25,719,559	-	-	25,719,559
Prior Period Adjustments	346,769	-	-	346,769
Net Assets at Beginning of Year, as Restated	<u>26,066,328</u>	<u>-</u>	<u>-</u>	<u>26,066,328</u>
Net Assets at End of Year	<u>\$ 23,747,504</u>	<u>\$ 27,504</u>	<u>\$ -</u>	<u>\$ 23,775,008</u>