

**FOUNDATION FOR INDIVIDUAL RIGHTS  
IN EDUCATION, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2018 AND 2017**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2018 AND 2017**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>8</b>

## 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, 2018 and 2017, 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, 2018 and 2017, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
October 10, 2018

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 6,634,265	\$ 3,434,948
Certificates of Deposit	7,066,000	6,614,000
Accounts Receivable	2,653	3,092
Pledge Receivable	238,333	325,000
Prepaid Expenses	325,464	226,973
Total Current Assets	14,266,715	10,604,013
<b>LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN, NET</b>	1,137,168	1,308,153
<b>INVESTMENTS</b>	841,806	-
<b>OTHER ASSETS</b>		
Security Deposit	133,014	91,309
Total Assets	\$ 16,378,703	\$ 12,003,475
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 206,868	\$ 185,633
<b>LONG-TERM LIABILITIES</b>		
Deferred Rent	309,341	307,848
Deferred Lease Obligation	729,389	817,710
Total Long-Term Liabilities	1,038,730	1,125,558
Total Liabilities	1,245,598	1,311,191
<b>NET ASSETS</b>		
Unrestricted	13,797,040	8,021,881
Temporarily Restricted	1,312,337	2,647,039
Permanently Restricted	23,728	23,364
Total Net Assets	15,133,105	10,692,284
Total Liabilities and Net Assets	\$ 16,378,703	\$ 12,003,475

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SUPPORT AND REVENUE</b>								
Contributions and Grants	\$ 10,787,222	\$ 840,120	\$ -	\$ 11,627,342	\$ 7,643,802	\$ 3,114,500	\$ -	\$ 10,758,302
Interest Income	103,202	-	364	103,566	57,464	-	32	57,496
Realized Gains (Losses) on Investments	(62,732)	-	-	(62,732)	(41,843)	-	-	(41,843)
Other Income	874,310	-	-	874,310	84,986	-	-	84,986
Total	<u>11,702,002</u>	<u>840,120</u>	<u>364</u>	<u>12,542,486</u>	<u>7,744,409</u>	<u>3,114,500</u>	<u>32</u>	<u>10,858,941</u>
Net Assets Released from Restrictions	<u>2,174,822</u>	<u>(2,174,822)</u>	<u>-</u>	<u>-</u>	<u>2,919,203</u>	<u>(2,919,203)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>13,876,824</u>	<u>(1,334,702)</u>	<u>364</u>	<u>12,542,486</u>	<u>10,663,612</u>	<u>195,297</u>	<u>32</u>	<u>10,858,941</u>
<b>EXPENSES</b>								
Program Services	6,388,309	-	-	6,388,309	5,299,379	-	-	5,299,379
Administrative Services	811,066	-	-	811,066	697,152	-	-	697,152
Development	902,290	-	-	902,290	790,762	-	-	790,762
Total Expenses	<u>8,101,665</u>	<u>-</u>	<u>-</u>	<u>8,101,665</u>	<u>6,787,293</u>	<u>-</u>	<u>-</u>	<u>6,787,293</u>
<b>CHANGE IN NET ASSETS</b>	5,775,159	(1,334,702)	364	4,440,821	3,876,319	195,297	32	4,071,648
Net Assets - Beginning of Year	<u>8,021,881</u>	<u>2,647,039</u>	<u>23,364</u>	<u>10,692,284</u>	<u>4,145,562</u>	<u>2,451,742</u>	<u>23,332</u>	<u>6,620,636</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 13,797,040</u>	<u>\$ 1,312,337</u>	<u>\$ 23,728</u>	<u>\$ 15,133,105</u>	<u>\$ 8,021,881</u>	<u>\$ 2,647,039</u>	<u>\$ 23,364</u>	<u>\$ 10,692,284</u>

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2018**

Program Services

	Individual Rights Defense Program	FIRE Student Network	FIRE Litigation	Policy Reform Project	Public Awareness Project	Project SOAR	Total Program Services	Management and General	Development	Total
Awards and Scholarships	\$ -	\$ 2,614	\$ -	\$ -	\$ -	\$ 7,750	\$ 10,364	\$ -	\$ -	\$ 10,364
Business Insurance	1,921	2,646	3,855	4,211	5,829	7,560	26,022	2,944	3,705	32,671
Communications	2,678	3,749	5,375	5,871	8,124	10,540	36,337	4,104	5,343	45,784
Computer and Network Costs	9,816	7,763	13,679	10,173	31,048	18,277	90,756	7,079	14,195	112,030
Depreciation	-	-	-	-	-	-	-	185,647	-	185,647
Dues and Subscriptions	157	216	1,445	21,363	475	1,022	24,678	240	1,992	26,910
Event Expense	-	59,759	-	277	4,013	106,900	170,949	-	41,218	212,167
Lectures and Conferences	3,628	563	456	16,027	7,756	31,254	59,684	43	554	60,281
Licenses and Permits	128	177	258	857	390	505	2,315	197	498	3,010
Occupancy	30,960	42,648	62,130	67,869	93,932	121,837	419,376	33,538	59,707	512,621
Office Expenses	2,088	3,362	4,165	5,609	12,430	8,355	36,009	10,482	22,276	68,767
Postage and Delivery	978	1,329	1,899	2,178	6,250	8,555	21,189	1,445	15,205	37,839
Printing and Reproduction	418	2,261	1,814	12,135	10,918	12,632	40,178	640	60,600	101,418
Professional Fees	5,530	10,136	1,106,884	79,955	322,064	27,142	1,551,711	8,473	12,464	1,572,648
Publicity and Advertising	11,289	13,278	1,583	13,232	15,626	21,535	76,543	1,209	8,306	86,058
Research Services	1,613	347	2,155	15,020	845	28,527	48,507	386	4,825	53,718
Staff Training and Development	3,430	3,216	7,504	5,277	7,809	5,866	33,102	2,158	5,608	40,868
Travel and Entertainment	15,982	55,787	35,310	70,927	53,633	59,257	290,896	6,062	25,588	322,546
Wages, Payroll Taxes, and Benefits	250,654	477,928	199,775	765,029	890,461	865,846	3,449,693	546,419	620,206	4,616,318
<b>Total</b>	<b>\$ 341,270</b>	<b>\$ 687,779</b>	<b>\$ 1,448,287</b>	<b>\$ 1,096,010</b>	<b>\$ 1,471,603</b>	<b>\$ 1,343,360</b>	<b>\$ 6,388,309</b>	<b>\$ 811,066</b>	<b>\$ 902,290</b>	<b>\$ 8,101,665</b>

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2017**

Program Services

	Individual Rights Defense Program	FIRE Student Network	FIRE Litigation	Policy Reform Project	Public Awareness Project	Project SOAR	Total Program Services	Management and General	Development	Total
Awards and Scholarships	\$ -	\$ 11,250	\$ -	\$ -	\$ 5,000	\$ -	\$ 16,250	\$ -	\$ -	\$ 16,250
Business Insurance	3,223	5,055	1,691	5,333	8,143	7,203	30,648	2,977	4,708	38,333
Communications	4,537	7,410	1,849	7,138	12,191	6,178	39,303	3,956	6,286	49,545
Computer and Network Costs	9,303	13,034	3,652	12,487	46,304	13,551	98,331	6,940	17,043	122,314
Depreciation	-	-	-	-	-	-	-	185,052	-	185,052
Dues and Subscriptions	216	1,279	156	8,388	570	461	11,070	192	459	11,721
Event Expense	329	125,332	241	591	4,340	15,494	146,327	334	15,447	162,108
Lectures and Conferences	1,148	20,852	506	7,873	3,032	4,925	38,336	707	1,578	40,621
Licenses and Permits	51	77	15	76	145	28	392	41	3,567	4,000
Occupancy	43,343	66,919	19,107	69,198	114,508	69,744	382,819	38,432	60,982	482,233
Office Expenses	4,497	7,063	2,537	7,612	14,706	9,199	45,614	4,168	12,811	62,593
Postage and Delivery	858	2,320	525	2,296	6,218	2,280	14,497	814	5,263	20,574
Printing and Reproduction	843	12,859	388	15,603	13,108	1,477	44,278	755	39,504	84,537
Professional Fees	10,056	16,069	1,018,248	40,191	89,588	12,372	1,186,524	8,661	13,772	1,208,957
Publicity and Advertising	233	14,944	155	408	21,685	1,667	39,092	230	4,719	44,041
Research Services	298	466	271	16,081	1,810	26,436	45,362	291	6,611	52,264
Staff Training and Development	3,052	4,474	4,496	6,428	7,360	6,466	32,276	2,087	4,540	38,903
Travel and Entertainment	13,670	78,336	22,505	57,598	53,484	17,701	243,294	7,360	18,721	269,375
Wages, Payroll Taxes, and Benefits	290,917	466,489	144,026	696,294	911,083	376,157	2,884,966	434,155	574,751	3,893,872
<b>Total</b>	<b>\$ 386,574</b>	<b>\$ 854,228</b>	<b>\$ 1,220,368</b>	<b>\$ 953,595</b>	<b>\$ 1,313,275</b>	<b>\$ 571,339</b>	<b>\$ 5,299,379</b>	<b>\$ 697,152</b>	<b>\$ 790,762</b>	<b>\$ 6,787,293</b>

See accompanying Notes to Financial Statements.



**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 4,440,821	\$ 4,071,648
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Unrealized Gains on Investments	(723)	-
Depreciation	185,647	185,052
(Increase) Decrease in:		
Accounts Receivable	439	1,409
Pledge Receivable	86,667	380,000
Prepaid Expenses	(98,491)	390,467
Security Deposit	(41,705)	-
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	21,235	2,721
Deferred Rent	1,493	75,543
Deferred Lease Obligation	(88,321)	84,182
Net Cash Provided by Operating Activities	4,507,062	5,191,022
 <b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Certificates of Deposit	(2,588,000)	(4,478,000)
Redemption of Certificate of Deposit	2,136,000	1,500,000
Purchase of Securities	(841,083)	-
Purchase of Leasehold Improvements, Equipment, and Website Design	-	-
Net Cash Used by Investing Activities	(1,307,745)	(3,310,603)
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,199,317	1,880,419
Cash and Cash Equivalents - Beginning of Year	3,434,948	1,554,529
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 6,634,265	\$ 3,434,948

See accompanying Notes to Financial Statements.

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**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 individual rights at America's colleges and universities. These rights include freedom of speech, legal equality, due process, religious liberty, and sanctity of conscience – the essential qualities of individual liberty and dignity. The Foundation's core mission is to protect the unprotected and to educate the public and communities of concerned Americans about threats to these rights on our campuses and about 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**

Resources in the accompanying financial statements are classified for accounting and reporting purposes into three classes of net assets according to the existence or absence of donor-imposed restrictions as follows:

**Permanently Restricted Net Assets**

Net assets that are subject to donor-imposed restrictions that are to be maintained permanently by the Foundation or used to account for funds which have been accepted with donor stipulations that principal be maintained intact in perpetuity. At June 30, 2018 and 2017, the Foundation had permanently restricted net assets of \$23,728 and \$23,364 respectively.

**Temporarily Restricted Net Assets**

Net assets that are subject to donor-imposed restrictions relating to use and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2018 and 2017, the Foundation had temporarily restricted net assets of \$1,112,337 and \$2,647,039, respectively.

**Unrestricted Net Assets**

Net assets that are not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as net assets released from restrictions.

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**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 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 recorded at fair value. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

**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. 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.

Office Equipment	5-10 Years
Leasehold Improvements	10 Years
Website Design	3 Years

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future use or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. These 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 Foundation'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.

**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.

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**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 Organization 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.

**Subsequent Events**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 10, 2018, the date the financial statements were available to be issued.

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**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:

	<u>2018</u>	<u>2017</u>
Receivable in Less Than One Year	\$ 238,333	\$ 325,000
Receivable One to Three Years	-	-
Total Pledge Receivable	<u>\$ 238,333</u>	<u>\$ 325,000</u>

**NOTE 3 LEASEHOLD IMPROVEMENTS, EQUIPMENT, AND WEBSITE DESIGN**

Leasehold improvements, equipment and website design assets as of June 30, 2018 and 2017 were recorded at cost as follows:

	<u>2018</u>	<u>2017</u>
Computer Equipment	\$ 22,056	\$ 22,056
Furniture and Fixtures	308,204	308,204
Leasehold Improvements	1,142,020	1,142,020
Website Design	167,925	153,262
Total	<u>1,640,205</u>	<u>1,625,542</u>
Less: Accumulated Depreciation	503,037	317,389
Total Equipment and Website Design, Net	<u>\$ 1,137,168</u>	<u>\$ 1,308,153</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$185,647 and \$185,052, respectively.

**NOTE 4 INVESTMENTS**

Investments recorded at fair value as of June 30, 2018 and 2017 are as follow:

	<u>Fair Value</u>	
	<u>2018</u>	<u>2017</u>
Bonds	\$ 841,806	\$ -
Total Investments	<u>\$ 841,806</u>	<u>\$ -</u>

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 5 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes as of June 30:

	<u>2018</u>	<u>2017</u>
Time Restricted	\$ 238,333	\$ 275,000
Purpose Restricted:		
Coddling of the American Mind Event	7,500	-
Court Case 1	-	20,000
Court Case 2	-	75,000
Crimson Ads	14,500	-
Due Process Project	50,000	51,900
First Amendment Library	36,182	8,242
Free Expression Campaign	79,250	123,000
Freedom of Information Act Requests	29,775	45,000
FSN Conference	40,000	-
Harvard Campaign	-	2,200
iPhone Application	-	10,000
Legal Projects	-	488,317
Litigation and High School Outreach	77,500	15,000
Million Voices Project	-	150,000
Notice & Comment Project	40,000	-
Policy Reform Project	334,367	994,150
Qualified Immunity Project	51,637	75,000
Spotlight Database and Website Project	93,293	96,730
Stand Up For Speech Litigation Project	-	50,000
Student Defenders	-	47,500
Top 25 Project	-	25,000
Venture Fund	95,000	95,000
Video Fellowship and Podcast Efforts	100,000	-
Website Revamp	25,000	-
Total Purpose Restricted	<u>1,074,004</u>	<u>2,372,039</u>
Total	<u>\$ 1,312,337</u>	<u>\$ 2,647,039</u>

**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 5 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)**

Temporarily restricted net assets released from restrictions for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Court Case 1	\$ 20,000	\$ -
Court Case 2	75,000	-
Crimson Ads	10,500	-
Due Process Project	51,900	148,100
First Amendment Library	22,060	72,988
Free Expression Campaign	73,750	-
Freedom of Information Act Requests	15,225	5,000
FSN Conference	-	80,000
Harvard Campaign	2,200	13,800
iPhone Application Design	10,000	5,000
Legal Projects	488,316	-
Legal Transformation Project	-	503,849
Million Voices Project	150,000	-
Other - Restricted for Time	286,667	630,000
Policy Reform Project	659,784	5,850
Project SOAR	-	500,000
Qualified Immunity Project	23,363	-
Spotlight Database and Website Project	98,437	88,700
Stand Up For Speech Litigation Project	50,000	782,916
Student Defenders	47,500	12,500
Summer Intern Program	5,120	15,500
Top 25 Project	25,000	-
Venture Fund	-	5,000
Video Fellow	60,000	50,000
Total	<u>\$ 2,174,822</u>	<u>\$ 2,919,203</u>

**NOTE 6 PERMANENTLY RESTRICTED NET ASSETS**

**Endowment**

The Foundation's endowment consists of one individual fund established primarily to fund operations. The endowment includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions or Pennsylvania Law.

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.

The financial activity of the endowment fund is reflected on the statement of activities under the heading permanently restricted.



**FOUNDATION FOR INDIVIDUAL RIGHTS IN EDUCATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 7 OPERATING LEASES**

The Foundation leases office space in Philadelphia and Washington, DC, and office equipment expiring in various years through 2028. Rent expense incurred under operating leases for the years ended June 30, 2018 and 2017 was \$512,621 and \$482,233 respectively.

Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2018 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 719,108
2020	671,360
2021	627,414
2022	640,245
2023	653,234
Thereafter	3,261,196
Total	<u>\$ 6,572,557</u>

On May 22, 2015, the Foundation entered into a new office lease for 128 months. In connection with that lease renewal, the landlord provided renovations and improvements to the Center's office space in the amount of \$775,964. Those leasehold improvements were capitalized and are being depreciated over the term of occupancy; in addition, a corresponding deferred lease obligation liability was recorded by the Foundation, which will be amortized over the term of the lease.

**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 of \$2,500 per year per employee. The total pension expense for the years ended June 30, 2018 and 2017 was \$60,479 and \$45,780, respectively.



Investment advisory services are offered through CliftonLarsonAllen  
Wealth Advisors, LLC, an SEC-registered investment advisor.