

FreedomWorks Foundation, Inc.

Financial Statements
and Independent Auditors' Report

December 31, 2022 and 2021

FreedomWorks Foundation, Inc.
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Independent Auditors' Report

Board of Directors
FreedomWorks Foundation, Inc.

Opinion

We have audited the accompanying financial statements of FreedomWorks Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

Atchley & Associates, LLP

Austin, Texas

August 2, 2023

FINANCIAL STATEMENTS

FreedomWorks Foundation, Inc.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 1,011,462	\$ 3,282,437
Contributions receivable	695	1,290
Due from FreedomWorks, Inc.	645,236	-
Prepaid expenses and other assets	5,736	-
Property and equipment, net	-	4,947
	\$ 1,663,129	\$ 3,288,674
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 343,541	\$ 240,135
Due to FreedomWorks, Inc.	-	437,645
Capital lease obligations	-	10,605
	343,541	688,385
Net Assets		
Without donor restrictions	1,319,588	2,378,177
With donor restrictions	-	222,112
	1,319,588	2,600,289
Total net assets	1,319,588	2,600,289
Total liabilities and net assets	\$ 1,663,129	\$ 3,288,674

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

FreedomWorks Foundation, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 7,139,619	\$ -	\$ 7,139,619
Other revenue	-	-	-
Investment return, net	3,523	-	3,523
Released from restrictions	222,112	(222,112)	-
Total support and revenue	7,365,254	(222,112)	7,143,142
Expenses			
Program services:			
Center for Economic Freedom	7,563,144	-	7,563,144
Regulatory Action	144,710	-	144,710
BEST	230,249	-	230,249
Total program services	7,938,103	-	7,938,103
Supporting services:			
Fundraising and development	196,312	-	196,312
General and administrative	289,428	-	289,428
Total supporting services	485,740	-	485,740
Total expenses	8,423,843	-	8,423,843
Change in net assets	(1,058,589)	(222,112)	(1,280,701)
Net assets, beginning of year	2,378,177	222,112	2,600,289
Net assets, end of year	\$ 1,319,588	\$ -	\$ 1,319,588

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

FreedomWorks Foundation, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 7,379,830	\$ 100,000	\$ 7,479,830
Other revenue	4,250	-	4,250
Investment return, net	948	-	948
Released from restrictions	220,329	(220,329)	-
 Total support and revenue	 7,605,357	 (120,329)	 7,485,028
 Expenses			
Program services:			
Center for Economic Freedom	7,553,047	-	7,553,047
Regulatory Action	204,223	-	204,223
BEST	432,823	-	432,823
Total program services	8,190,093	-	8,190,093
Supporting services:			
Fundraising and development	193,971	-	193,971
General and administrative	220,918	-	220,918
Total supporting services	414,889	-	414,889
 Total expenses	 8,604,982	 -	 8,604,982
 Change in net assets	 (999,625)	 (120,329)	 (1,119,954)
Net assets, beginning of year	3,377,802	342,441	3,720,243
Net assets, end of year	\$ 2,378,177	\$ 222,112	\$ 2,600,289

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

FreedomWorks Foundation, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services			Support Services			Totals
	Center for Economic Freedom	Regulatory Action	BEST	Total Program Services	Fundraising and Development	General and Administrative	
Salaries and benefits	\$ 3,297,454	\$ 140,659	\$ -	\$ 3,438,113	\$ 82,765	\$ 178,330	\$ 3,699,208
Professional fees & contract services	1,722,712	1,378	47,853	1,771,943	10,838	70,789	1,853,570
Advertising & promotions	560,063	1,027	15,572	576,662	67,556	7,381	651,599
Office expenses	381,885	1,548	473	383,906	9,117	1,332	394,355
Occupancy	423,063	-	-	423,063	10,636	23,381	457,080
Meetings & events	620,022	-	35,112	655,134	7,202	1,601	663,937
Travel	516,401	98	131,239	647,738	4,203	1,261	653,202
Depreciation & amortization	-	-	-	-	-	4,947	4,947
Contributions	33,656	-	-	33,656	-	-	33,656
Interest & other expenses	7,888	-	-	7,888	3,995	406	12,289
Total expenses	\$ 7,563,144	\$ 144,710	\$ 230,249	\$ 7,938,103	\$ 196,312	\$ 289,428	\$ 8,423,843

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

FreedomWorks Foundation, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021

	Program Services			Support Services			Totals
	Center for Economic Freedom	Regulatory Action	BEST	Total Program Services	Fundraising and Development	General and Administrative	
Salaries and benefits	\$ 2,908,492	\$ 153,915	\$ 92,500	\$ 3,154,907	\$ 89,680	\$ 110,015	\$ 3,354,602
Professional fees & contract services	1,732,664	-	111,000	1,843,664	53,592	77,183	1,974,439
Advertising & promotions	692,384	-	-	692,384	15,385	-	707,769
Office expenses	623,464	50,308	1,251	675,023	8,930	14,375	698,328
Occupancy	132,332	-	-	132,332	3,652	4,478	140,462
Meetings & events	545,195	-	200,383	745,578	273	7,032	752,883
Travel	688,551	-	27,689	716,240	300	950	717,490
Depreciation & amortization	24,227	-	-	24,227	3,029	3,029	30,285
Contributions	200,181	-	-	200,181	-	-	200,181
Interest & other expenses	5,557	-	-	5,557	19,130	3,856	28,543
Total expenses	\$ 7,553,047	\$ 204,223	\$ 432,823	\$ 8,190,093	\$ 193,971	\$ 220,918	\$ 8,604,982

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

FreedomWorks Foundation, Inc.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (1,280,701)	\$ (1,119,954)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	4,947	30,285
Net realized and unrealized gain on investments	-	(472)
Donated stock	-	(62,875)
Change in operating assets and liabilities		
(Increase) decrease in:		
Contributions receivable	595	963
Prepaid expenses and other assets	(5,736)	15,330
Increase (decrease) in:		
Accounts payable and accrued expenses	103,406	168,232
Due to/from FreedomWorks, Inc.	(1,082,881)	355,435
	(2,260,370)	(613,056)
Net cash flows from operating activities		
Cash flows from investing activities		
Proceeds from sale of investments	-	63,874
	-	63,874
Net cash flows from investing activities		
Cash Flows from Financing Activities		
Payments on capital leases	(10,605)	(16,654)
	(10,605)	(16,654)
Net cash from financing activities		
Net increase in cash and cash equivalents	(2,270,975)	(565,836)
Cash and cash equivalents, beginning of year	3,282,437	3,848,273
Cash and cash equivalents, end of year	\$ 1,011,462	\$ 3,282,437
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 398	\$ 9,118

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

FreedomWorks Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 1. Nature of Operations

The FreedomWorks Foundation, Inc. (the Foundation) is a not-for-profit organization incorporated under the laws of the District of Columbia dedicated to free markets, limited government, and citizens' involvement in the policy process. It functions as a public policy and educational organization that supports consumers' freedom of choice in a market economy.

FreedomWorks, Inc. (FreedomWorks) controls the Foundation through a majority voting interest in its Board of Directors and an economic interest. The accompanying financial statements present only the accounts of the Foundation, in accordance with accounting principles generally accepted in the United States of America, which permit a subsidiary organization to issue stand-alone financial statements.

The Foundation administers the following programs:

Center for Economic Freedom: The Foundation works to constantly engage activists across the country in order to implement its programs. Additionally, education and research programs are conducted to support the community to further its free market and limited government activities. Strategy includes strategic management and discussion about the Foundation development and creation of future programs. In order to ensure that the Foundation is being responsive to its community and key stakeholders, the Foundation will continually evaluate programs.

Regulatory Action: Mobilize the community to implement the regulatory action program. The Foundation utilizes cutting edge technology to engage its community to take part in the regulatory process. Additionally, training and support are provided to the activist community to further the Foundation's regulatory engagement.

Save Our Country Coalition: Aims to educate and inform elected officials and policymakers at all levels of government in an effort to bring about a quick, safe and responsible reopening of US society.

Building Education for Student's Together (BEST): FreedomWorks Foundation's Building Education for Students Together (BEST) program works to educate and mobilize activists to become involved in the education of their children and the broader community. Research is conducted on education policy across the United States. Activists learn about the different roles of school boards, superintendents, teachers, and parents within the education system.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting and Presentation - The Foundation's financial statements are prepared on the accrual basis of accounting.

Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

FreedomWorks Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (Continued)

- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. The Foundation reports contributions restricted by donors 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) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on 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 statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions support in the accompanying statements of activities.

Cash Equivalents - For the purpose of the statements of cash flows, the Foundation considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase. Excluded from this definition are amounts held for investment.

Investments - Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses, net of investment management fees, are reported in net investment return in the accompanying statements of activities. Donated investments are recorded at fair value based on quoted market prices at the time of receipt. Unless restricted, it is the Foundation's policy to sell all donated investments upon receipt.

Contributions Receivable - Contributions receivable represent unconditional amounts committed to the Foundation and are recognized as revenue in the period promised or received. All amounts are expected to be collected within one year and are recorded at their net realizable value. No allowance for doubtful amounts or discounts was provided, as the amounts are deemed fully collectible and will be collected within one year.

Property and Equipment - Property and equipment purchased at a cost of \$2,500 or more and with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. Repair and maintenance costs are expensed as incurred.

Revenue Recognition - The Foundation recognizes contributions when cash, securities, or other assets, or an unconditional promise to give, 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.

Revenue from all other sources is recognized when earned.

FreedomWorks Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Donated Services - A number of volunteers have donated significant time to develop and assist with the Foundation's programs and activities. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

Functional Allocation of Expenses - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that are allocated include salaries and benefits, advertising and promotion, office expenses, professional fees, depreciation and amortization, occupancy, travel, meetings and events, and other expenses, which are allocated on the basis of estimates of time and effort.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events - In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors report, the date the financial statements were available to be issued.

Note 3. Liquidity & Availability

The Foundation strives to maintain liquid financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets in excess of daily cash requirements are invested in money market funds and short-term investments. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2022	2021
Cash and cash equivalents	\$ 1,011,462	\$ 3,282,437
Contributions receivable	695	1,308
Total financial assets	1,012,157	3,283,745
Less: restricted by donors for purposes and time	-	(222,112)
Total available for general expenditures	\$ 1,012,157	\$ 3,061,633

FreedomWorks Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 4. Concentrations of Risk

Credit Risk - Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Foundation maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal. At December 31, 2022, the Foundation has cash balances of \$692,643 that exceeded FDIC insurance limits.

Note 5. Property and Equipment

	2022	2021
Computer equipment	\$ 72,473	\$ 72,473
Office equipment	32,934	32,934
Total property and equipment	105,407	105,407
Less: accumulated depreciation and amortization	(105,407)	(100,460)
Property and equipment, net	\$ -	\$ 4,947

Note 6. Net Assets With Donor Restriction

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2022	2021
Purpose restricted:		
Save Our Country Coalition	\$ -	\$ 194,857
American Freedom Initiative	-	27,255
Total net assets with donor restrictions	\$ -	\$ 222,112

FreedomWorks Foundation, Inc.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

Note 7. Allocation of Joint Costs

For the years ended December 31, 2022 and 2021, FreedomWorks conducted direct mail campaigns that included fundraising appeals. Within the appeals, donors were given the option to contribute to either FreedomWorks or the Foundation. As a result, costs for these appeals have been allocated to both entities. Direct mail costs allocated to the Foundation totaled \$95,070 and \$108,904 at December 31, 2022 and 2021, respectively. The programmatic component of the Foundation's allocation was \$85,613 and \$96,817 at December 31, 2022 and 2021, respectively, and the fundraising component of the Foundation's allocation was \$9,453 and \$12,087, respectively.

Note 8. Transactions with Related Parties

The Foundation shares office space, employees, contractors, and related expenses with FreedomWorks. Such costs are allocated to FreedomWorks and the Foundation under the terms of a cost-sharing agreement that includes charges representing the Foundation's usage of FreedomWorks' property and equipment, which are shown as depreciation and amortization in the accompanying statements of functional expenses.

The Foundation reimburses FreedomWorks for these personnel, contracted services, and operating and administrative costs. For the years ended December 31, 2022 and 2021, FreedomWorks provided administrative support and personnel to the Foundation totaling \$3,404,389 and \$3,968,008 respectively. FreedomWorks also collected certain contributions on behalf of the Foundation. Contributions collected on behalf of the Foundation totaled \$9,716 and \$172,785 for the years ended December 31, 2022 and 2021, respectively. The Foundation had a receivable due from FreedomWorks totaling \$645,236 at December 31, 2022. The Foundation had a payable due to FreedomWorks totaling \$437,645 at December 31, 2021.

Note 9. Income Taxes

The Foundation is a tax-exempt organization as described in Internal Revenue Code (IRC) Section 501(c)(3), and it is not a private foundation because it is described in IRC Section 170(b)(1)(A)(vi). Contributions to the Foundation are deductible under IRC Section 170(c)(2). The Foundation is subject to tax on income from unrelated business activities.

Management has evaluated the Foundation's tax positions and has concluded that the Foundation has taken no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.