

**THE FUTURE OF FREE SPEECH**  
**AUDITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

# The Future of Free Speech

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## **Independent Auditor's Report**

Board of Directors  
**The Future of Free Speech**  
Nashville, Tennessee

### ***Opinion***

We have audited the accompanying financial statements of The Future of Free Speech (a nonprofit organization) which comprise the statement of financial position as of December 31, 2023, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Future of Free Speech as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

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

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

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

## **Independent Auditor's Report (Continued)**

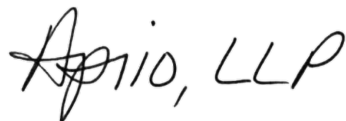
### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Future of Free Speech'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 Future of Free Speech'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.



Rockville, Maryland  
July 9, 2024

# The Future of Free Speech

## Statement of Financial Position

*December 31, 2023*

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### Assets

Cash	\$	320,301
Receivables		162

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<b>Total assets</b>	<b>\$</b>	<b>320,463</b>
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### Liabilities and Net Assets

#### Liabilities

Accounts payable	\$	7,698
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<b>Total liabilities</b>		<b>7,698</b>
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#### Net assets

Without donor restrictions		312,765
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<b>Total net assets</b>		<b>312,765</b>
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<b>Total liabilities and net assets</b>	<b>\$</b>	<b>320,463</b>
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The accompanying Notes to Financial Statements are an integral part of these financial statements.

# The Future of Free Speech

## Statement of Activities and Changes in Net Assets

*Year Ended December 31, 2023*

*Change in Net Assets Without Donor Restrictions*

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**Revenue and support**

Contributions	\$	411,442
Noncash contributions		43,436

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**Total revenue and support****454,878**

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**Expenses**

Program		96,008
Fundraising		17,237
General and administrative		28,868

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**Total expenses****142,113**

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**Change in net assets****312,765****Net assets, beginning of period****-**

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**Net assets, end of period****\$ 312,765**

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The accompanying Notes to Financial Statements are an integral part of these financial statements.

# The Future of Free Speech

## Statement of Functional Expenses

<i>Year Ended December 31, 2023</i>	Program	Supporting Activities		Total
		Fundraising	General and Administrative	
Communication and marketing	\$ 1,730	\$ 1,727	\$ -	\$ 3,457
Consultants	2,180	-	-	2,180
Contract and professional fees	270	-	6,795	7,065
Gifts	-	-	172	172
Honorarium	27,500	-	-	27,500
Meals	939	349	1,711	2,999
Occupancy	27,400	6,521	8,233	42,154
Office expenses	288	670	1,157	2,115
Salaries and related expenses	25,331	7,316	6,106	38,753
Travel	10,370	654	2,402	13,426
Vehicle expenses	-	-	2,292	2,292
<b>Total</b>	<b>\$ 96,008</b>	<b>\$ 17,237</b>	<b>\$ 28,868</b>	<b>\$ 142,113</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

# The Future of Free Speech

## Statement of Cash Flows

*Year Ended December 31, 2023*

<b>Cash flows from operating activities</b>	
Change in net assets	\$ 312,765
<b>Adjustments to reconcile changes in net assets to net cash provided by operating activities</b>	
<b>(Increase) decrease in assets:</b>	
Receivables	(162)
<b>Increase (decrease) in liabilities:</b>	
Accounts payable	7,698
<b>Net cash provided by operating activities</b>	<b>320,301</b>
<b>Net change in cash</b>	<b>320,301</b>
<b>Cash, beginning of period</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 320,301</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



# The Future of Free Speech

## Notes to Financial Statements

### 1. Organization and summary of significant accounting policies

**Organization:** The Future of Free Speech (or the “Organization”) was founded in Tennessee in December 2022. The Future of Free Speech was originally founded as a collaboration between the global judicial think tank Justitia and Vanderbilt University to research why freedom of speech is in global decline, to better understand and conceptualize the benefits and harms of free speech, and to determine how to create a resilient global culture of free speech that benefits everyone. Operations began in 2023. The Organization received tax exempt status in April 2023 with a mission to generate knowledge and spark the involvement needed to energize activists, persuade skeptics, resist authoritarians, and foster a resilient global culture of free speech.

The Organization does this through a three-part endeavor: (1) Through polling and research, to measure global attitudes toward free speech and analyze whether common concerns and arguments used to justify restrictions of free speech are based on real or imagined harms. (2) Through work to defend and strengthen existing standards needed to resist the global authoritarian deterioration of freedom of expression. (3) Through outreach, which provides activists, policymakers, academics, and other critical stakeholders with the data, arguments, and standards.

**Basis of presentation:** The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets of the Organization and changes therein are classified and reported as follows:

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. The net assets may be used at the discretion of the Organization management and the board of directors.

**Net assets with donor restrictions** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or by the passage of time. The Organization does not have any donor restrictions that are temporary or perpetual in nature.

**Use of accounting estimates:** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

# The Future of Free Speech

## Notes to Financial Statements

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**Cash:** For purposes of financial statement presentation, the organization considers all highly liquid investments with initial maturities of ninety days or less to be cash equivalents. The organization maintains a cash balance at one commercial bank, this balance can exceed the FDIC insured deposit limit of \$250,000 per financial institution. At December 31, 2023, the Organization's cash balance held at the commercial bank exceeded the FDIC insured deposit limit by approximately \$72,000. Management does not believe that this results in any significant credit risk. The Organization has not experienced any losses through the date when the financial statements were available to be issued.

### **Revenue recognition:**

**Contributions:** The Organization recognizes contributions as revenue when they are received or unconditionally promised and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions. When a restriction expires or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. Contributions that have both (a) a barrier to be overcome and (b) a right of return or right of release element present are considered conditional, therefore they are not included as revenue until such time as the conditions have been substantially met. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts on multi-year pledges is recorded as additional contribution revenue as either with or without donor restrictions based on any donor-imposed restrictions, if any, on the related contributions.

**Noncash contributions:** The Organization's policy is to recognize contributed professional services if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Contributions of tangible assets and materials are recognized at fair value when received or unconditionally promised. The organization does not sell donated in-kind gifts.

**Functional allocation of expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and changes and in net assets. Accordingly, certain costs have been allocated among the programs services and supporting activities benefited. Such allocations are determined by management on an equitable basis.

# The Future of Free Speech

## Notes to Financial Statements

Expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related expenses	Time and effort
Occupancy	Time and effort

**Income taxes:** The Organization is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation. The Organization is liable for Federal and state income taxes on its unrelated business income only. There was no income tax expense for the period ended December 31, 2023.

**Accounting for uncertain tax positions:** The Organization evaluates uncertainty in income tax positions based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement. Management evaluated the Organization's tax positions and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. For the period ended December 31, 2023, no unrecognized tax positions or benefit exists. The current tax year remains open for examination by tax authorities.

**Subsequent events:** Management has evaluated subsequent events for disclosure in these financial statements through July 9, 2024, which is the date the financial statements were available to be issued.

### 2. Liquidity and availability of resources

The following represents the Organization's financial assets at December 31, 2023:

Cash	\$	320,301
Receivables		162
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Financial assets available to meet general expenditures over the next year	\$	320,463

### 3. Noncash contributions

The Organization received two types of noncash support, including office space and legal services. These contributions are recognized at fair value when received. The amounts reflected in the accompanying financial statements as noncash contributions are offset by like amounts included in program and support activity expenses.

# The Future of Free Speech

## Notes to Financial Statements

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The Organization received contributions of office space during the year ended December 31, 2023, with a fair value of \$42,154 and legal services during the year ended December 31, 2023, with a fair value of \$1,282. The fair value of donated office space is determined based on the amount of rent charged for comparative facilities in the area.

In addition, multiple individuals have donated their time to the Organization's program and support services. These contributions are not reflected in the financial statements since these services do not meet the criteria for recognition.

- 4. Concentration** The organization received contributions from two related entities that represented 100% of the total revenue and support for the year ended December 31, 2023.
- 5. Related party transactions** Justitia is related to the Future of Free Speech through a shared executive director and the entire Board of Directors for the Organization make up 75% of the Justitia Executive Board. Justitia has a Future of Free Speech project for which they receive funding and subgrant a portion to the Organization. For the year ended December 31, 2023, the Organization received \$54,367 of contributions from Justitia and recognized \$1,282 of in-kind contributions for legal services paid for by Justitia.

Vanderbilt University (or "Vanderbilt") is related to the Future of Free Speech as a significant contributor. Under a formally executed Academic Affiliation Agreement signed January 2023, between Vanderbilt University, Justitia, and the Future of Free Speech, Vanderbilt provides significant financial support, office space, and admin support to both organizations. Per the agreement, Vanderbilt contributed \$1,050,000 to be paid equally over three years to Justitia and the Organization for the Future of Free Speech project as well as an additional \$1,800,000 to be paid equally over three years to Justitia and the Organization for the Future of Free Speech project that is conditioned on meeting a matching requirement. The breakdown between amounts to be contributed to Justitia versus the Organization are undeterminable until time of receipt and therefore are not recognized by the Organization until the contribution is received. The conditional grant is not recognized until the matching requirement is also met. For the year ended December 31, 2023, the Organization received \$357,016 of contributions from Vanderbilt on the conditional contribution for amounts whose conditions had been met and recognized \$42,154 of in-kind contributions for donated office space from Vanderbilt.

In addition, a number of Vanderbilt employees spent time working for the Organization for which their time did not meet the requirements to be recognized as in-kind contributed services. This employee time is valued at approximately \$112,500 for the year ended December 31, 2023.