THE REASON FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

THE REASON FOUNDATION

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Reason Foundation

Report on the Audit of the Financial Statements
We have audited the financial statements of The Reason Foundation (the Foundation), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2024, 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 (GAAS). 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 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 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 the 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 for one year after the date that the financial statements are available to be issued.

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 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.

Green Hasson & Janks LLP

January 31, 2025
Los Angeles, California

THE REASON FOUNDATION

STATEMENT OF FINANCIAL POSITION
September 30, 2024

ASSETS	Without Donor Restrictions	With Donor Restrictions	Total
Cash and Cash Equivalents	$ 1,015,147	$ 597,896	$ 1,613,043
Investments	15,814,412	51,279	15,865,691
Accounts Receivable (Net)	236,220		236,220
Pledges Receivable	476,320	1,630,113	2,106,433
Deposits and Other Assets	252,597	-	252,597
Property and Equipment (Net)	2,873,812	-	2,873,812
Intangible Assets	26,014	-	26,014
Right-of-Use Asset - Operating Lease	2,669,128	-	2,669,128
TOTAL ASSETS	$ 23,363,650	$ 2,279,288	$ 25,642,938
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accrued Compensation Expenses	$ 1,307,085	$ -	$ 1,307,085
Accounts Payable and Other Accrued Expenses	342,346	-	342,346
Current Portion of Unearned Subscriptions	218,177	-	218,177
Deferred Compensation	1,492,512	-	1,492,512
Current Portion of Operating Lease Liability	61,254	-	61,254
TOTAL CURRENT LIABILITIES	3,421,374	-	3,421,374
LONG TERM LIABILITIES:			
Unearned Subscriptions	25,904	-	25,904
Operating Lease Liability	2,828,882	-	2,828,882
TOTAL LONG TERM LIABILITIES	2,854,786	-	2,854,786
TOTAL LIABILITIES	6,276,160	-	6,276,160
NET ASSETS:			
Without Donor Restrictions	17,087,490	-	17,087,490
With Donor Restrictions	-	2,279,288	2,279,288
TOTAL NET ASSETS	17,087,490	2,279,288	19,366,778
TOTAL LIABILITIES AND NET ASSETS	$ 23,363,650	$ 2,279,288	$ 25,642,938

The Accompanying Notes are an Integral Part of These Financial Statements

THE REASON FOUNDATION

STATEMENT OF ACTIVITIES
Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Public Support			
Contributions	$ 19,327,069	$ 2,083,870	$ 21,410,939
Reason Magazine	814,124	-	814,124
Conferences	475,855	-	475,855
Other Income	28,166	-	28,166
Net Assets Released from Donor Restrictions	453,514	(453,514)	-
TOTAL REVENUE AND SUPPORT	21,098,728	1,630,356	22,729,084
EXPENSES:			
Program Services	17,341,279	-	17,341,279
Management and General	672,616	-	672,616
Fundraising	1,914,148	-	1,914,148
TOTAL EXPENSES	19,928,043	-	19,928,043
CHANGE IN NET ASSETS BEFORE INVESTMENT RETURN (NET)	1,170,685	1,630,356	2,801,041
Investment Return (net)	3,120,491	-	3,120,491
CHANGE IN NET ASSETS AFTER INVESTMENT RETURN (NET)	4,291,176	1,630,356	5,921,532
Net Assets - Beginning of Year	12,796,314	648,932	13,445,246
NET ASSETS - END OF YEAR	$ 17,087,490	$ 2,279,288	$ 19,366,778

THE REASON FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2024

	Program Services					Support Services		
	Public Affairs	Reason-TV	Magazine	Research	Total Program Services	Management and General	Fundraising	Total
Personnel Expenses								
Salaries	$ 418,190	$ 1,617,817	$ 3,377,920	$ 3,271,670	$ 8,685,597	$ 393,123	$ 916,363	$ 9,995,083
Payroll Taxes	94,222	257,691	492,440	383,974	1,228,327	79,195	226,938	1,534,460
Employee Benefits	37,255	109,319	205,628	214,911	567,113	23,650	85,845	676,608
TOTAL PERSONNEL EXPENSES	549,667	1,984,827	4,075,988	3,870,555	10,481,037	495,968	1,229,146	12,206,151
Contract Services	220	682,841	348,594	1,084,747	2,116,402	40,736	26,965	2,184,103
Magazine Printing and Distribution	2,028	7,938	695,326	44	705,336	-	319	705,655
Travel	432	72,246	78,733	310,296	461,707	10,504	210,523	682,734
Foundation-Hosted Events and Conferences	-	277,247	129,130	118,392	524,769	-	146,387	671,156
Marketing Contractors	-	-	522,342	-	522,342	-	-	522,342
Occupancy	17,452	71,197	141,314	136,576	366,539	24,947	38,583	430,069
Grants Made to Outside Organizations	-	-	-	360,000	360,000	-	-	360,000
Advertising and Promotion	20,942	788	238,124	40,345	300,199	616	10,549	311,364
On-line Services	651	15,649	234,376	28,279	278,955	1,586	4,716	285,257
Fiscal Sponsorship	-	80,300	-	169,782	250,082	-	-	250,082
Conference Attendance and Sponsorships	15,874	160	3,314	183,606	202,954	325	43,973	247,252
Supplies	2,200	45,492	40,062	70,699	158,453	8,715	41,192	208,360
Dues and Subscriptions	784	1,628	4,988	159,291	166,691	10	1,518	168,219
Email Marketing	-	385	165,333	-	165,718	-	-	165,718
Insurance	4,865	18,822	39,299	38,063	101,049	9,330	10,661	121,040
Professional Fees	-	9,165	-	31,232	40,397	70,186	-	110,583
Printed Material	6	221	104	3,105	3,436	5	93,906	97,347
Depreciation	2,624	10,150	21,193	20,526	54,493	2,466	5,749	62,708
Postage and Shipping	370	1,940	10,052	3,456	15,818	341	39,430	55,589
Telephone	1,086	4,463	7,352	8,676	21,577	685	4,658	26,920
Commissions	104	404	20,965	817	22,290	98	229	22,617
Miscellaneous	260	1,012	4,049	2,422	7,743	6,047	4,832	18,622
Books and Periodicals	803	2,283	5,471	4,735	13,292	51	812	14,155
TOTAL FUNCTIONAL EXPENSES	$ 620,368	$ 3,289,158	$ 6,786,109	$ 6,645,644	$ 17,341,279	$ 672,616	$ 1,914,148	$ 19,928,043

The Accompanying Notes are an Integral Part of These Financial Statements

THE REASON FOUNDATION

STATEMENT OF CASH FLOWS
Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	$ 5,921,532
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided By Operating Activities:	
Depreciation	62,708
Net Realized and Unrealized Gain on Investments	(2,574,732)
(Increase) Decrease in:	
Accounts Receivable (Net)	517,015
Pledges Receivable	(1,711,433)
Deposits and Other Assets	20,427
Right-of-Use Asset - Operating Lease	210,716
Increase (Decrease) in:	
Accrued Compensation Expenses	383,062
Accounts Payable and Other Accrued Expenses	(204,963)
Unearned Subscriptions	(84,409)
Deferred Compensation	284,638
Operating Lease Liability	(55,192)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,769,369
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Property and Equipment	(11,157)
Reinvested Interest and Dividends	(545,759)
Proceeds on Sale of Investments	3,819,423
Purchases of Investments	(5,555,165)
Proceeds on Sale of Intangible Assets	23,448
NET CASH USED IN INVESTING ACTIVITIES	(2,269,210)
NET INCREASE IN CASH AND CASH EQUIVALENTS	500,159
Cash and Cash Equivalents - Beginning of Year	1,112,884
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,613,043

The Accompanying Notes are an Integral Part of These Financial Statements

THE REASON FOUNDATION

NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 - ORGANIZATION

The Reason Foundation (the Foundation) is a California tax-exempt nonprofit corporation formed for the purpose of educating Americans in the basic principles of the classical liberal/libertarian political philosophy. Toward this end, the Foundation (Reason.org) provides research and publications which apply free-market principles to public policy issues. The Foundation's products include Reason Magazine (Reason.com), online videos, podcasts, events, studies and commentaries as well as newsletters on public policy.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PRESENTATION

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

(b) NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions**. Net assets available for use in general operations and not subject to donor-imposed restrictions.

- **Net Assets With Donor Restrictions**.
  Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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 statement of activities as net assets released from restrictions.

(c) CASH AND CASH EQUIVALENTS

Cash and cash equivalents are short-term, highly liquid investments with original maturities of three months or less at the time of purchase. The carrying value of cash and cash equivalents at September 30, 2024 approximates its fair value.

The Foundation maintains its cash and cash equivalents in bank deposit and other investment accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INVESTMENTS

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value. Investment purchases and sales are accounted for on a trade-date basis. Interest income is recorded as earned on an accrual basis, and dividend income is recorded based upon the ex-dividend date. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Unrealized gains and losses are included in the statement of activities and represent the change in the difference between the cost and fair value of investments held at the end of the fiscal year.

(e) ACCOUNTS RECEIVABLE

Accounts receivable are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for credit losses represents their estimated net realizable value. The allowance for credit losses is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. At September 30, 2024, management evaluated the collectability of accounts receivable and decided to maintain the existing allowance for credit losses of $41,100, which is included in accounts receivable.

(f) PLEDGES RECEIVABLE

The Foundation recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest are received. The Foundation reports unconditional contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. Pledges are discounted to their present value when payments are expected in future periods exceeding one year. These discounts are recorded as reductions to contribution revenue and pledges receivable and are adjusted annually. Management anticipates it will collect 100% of the pledges receivable balance, therefore no allowance for potentially uncollectible pledges has been established as of September 30, 2024.

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 met.

Assets held in beneficial interest trusts totaled $1,380,113 at September 30, 2024, representing the portion of the net present value of the beneficial interest trust for which the Foundation is a designated beneficiary, and are included within pledges receivable on the statement of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments include cash and cash equivalents, accounts receivable, pledges receivable, deposits and other assets, accrued compensation expenses, accounts payable and other accrued expenses, and unearned subscriptions. Due to the short-term nature of these balances, the carrying amounts approximate their fair value.

(h) PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets as follows:

Building and improvements	7-39 Years
Furniture and equipment	3 Years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

(i) INTANGIBLE ASSETS

The Foundation determines the useful lives of identifiable intangible assets after considering specific facts and circumstances related to each intangible asset. Factors considered when determining useful lives include the contractual term of any agreement, this history of the asset, and the Foundation's long-term strategy for the use of the asset and other economic factors, including competition and specific market conditions. Intangible assets consist of donations received in cryptocurrency, which has an indefinite life and is reported at the lower of fair market value and the value of the asset when received.

Intangible assets are reviewed for impairment when an impairment indicator exists such as the price of the currency falling below the original cost. There was no impairment of intangible assets for the year ended September 30, 2024.

(j) LONG-LIVED ASSETS

The Foundation evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset, in which case a write-down is recorded to reduce the related asset to its estimated value. No impairment losses were recognized during the year ended September 30, 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) MAGAZINE REVENUE

The Foundation has contracts with customers for magazine subscriptions where the Foundation has performance obligations under the contracts and in return the Foundation receives commensurate value. These revenues are recognized under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Performance obligations under these contracts are satisfied at a point in time, specifically upon delivery of each print or digital magazine. The revenue is recognized at various points in time over the term of the subscription agreement as the magazines are delivered and the performance obligations are satisfied.

Payments received for magazine subscriptions in advance of the Foundation satisfying its performance obligations are deferred and recorded within unearned subscriptions in the accompanying statement of financial position.

The Foundation has contracts with customers for magazine advertising where the Foundation has performance obligations under the contracts and in return the Foundation receives commensurate value. Performance obligations under these contracts are satisfied as a point in time as the advertisements run in the print or digital magazines. The revenue is recognized at various points in time over the term of the agreement as the advertisements are run and the performance obligations are satisfied.

Payments received for magazine advertising in advance of the Foundation satisfying its performance obligations are deferred and recorded within accounts payable and other accrued expenses in the accompanying statement of financial position.

(l) CONFERENCE INCOME

The Foundation has contracts with customers for conference income where the Foundation has performance obligations under the contracts to provide various accommodations and participant engagement, and the attendees receive commensurate value. These revenues are recognized under FASB ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). Performance obligations under these contracts are satisfied at a point in time, specifically in the period in which the specific conference is held.

Payments received for conference income in advance of the Foundation satisfying its performance obligations are deferred and recorded within deferred revenues in the accompanying statement of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) ADVERTISING AND PROMOTION

Costs of advertising and promotion are expensed as incurred. Total advertising and promotion expense was $311,364 for the year ended September 30, 2024.

(n) FUNCTIONAL EXPENSES

The costs of providing the Foundation's programs and other activities have been presented in the statement of activities. During the year, such costs are allocated among program and support services by a method that best measures the relative degree of benefit. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated accordingly based on the specific department.

(o) LEASES

The Foundation recognizes and measures its leases in accordance with FASB Accounting Standards Codification (ASC) 842, *Leases*. The Foundation is a lessee in an operating lease for a facility (see Note 5). The Foundation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Foundation recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Foundation uses its risk-free rate. The implicit rate of the Foundation's operating lease is not readily determinable and accordingly, the Foundation uses the risk-free rate based on the information available at the commencement date of the lease.

The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Foundation has elected, for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise. The Foundation recognizes lease cost associated with short-term leases on a straight-line basis over the lease term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) INCOME TAXES

The Foundation is a nonprofit public benefit corporation organized under the laws of California and, as such, is generally exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and corresponding state provisions. The Foundation incurs unrelated business income taxes (UBIT) from its activities involving Reason Magazine advertising income and from rental of its mailing list. UBIT is calculated using federal and California corporate tax rates applied to any surplus from its unrelated business activities.

In accordance with the FASB's ASC Topic No. 740, *Uncertainty in Income Taxes,* the Foundation recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended September 30, 2024, the Foundation performed an evaluation of uncertain tax positions and did not note any matters that would require recognition in the financial statements or which might have an effect on its tax-exempt status.

(q) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP) requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as of the date and for the period presented. Actual results could differ from those estimates.

(r) NEW ACCOUNTING PRONOUNCEMENTS

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss impairment methodology previously used for certain financial instruments with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates in their measurement. The guidance has subsequently been amended through a series of targeted ASUs. The Foundation implemented this ASU during the year ended September 30, 2024 using the modified retrospective method for accounts receivable and adoption had no material impact on the financial statements.

(s) SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to the statement of financial position date of September 30, 2024, for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through January 31, 2025, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

NOTE 3 - INVESTMENTS

The Foundation has implemented the fair value accounting standard for those assets that are re-measured and reported at fair value at each reporting period. This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value based on inputs used, and requires additional disclosures about fair value measurements. This Standard applies to fair value measurements already required or permitted by existing standards.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset and include situations where there is little, if any, market activity for the asset. At September 30, 2024 the Foundation does not have any investments in Level 2 or Level 3 of the fair value hierarchy.

The following table presents information about the Foundation's assets that are measured at fair value on a recurring basis at September 30, 2024 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value:

	Fair Value Measurements Using			
	Year Ended September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual Funds	$ 15,169,358	$ 15,169,358	$ -	$ -
Exchange -Traded Funds	696,333	696,333	-	-
TOTAL INVESTMENTS	$ 15,865,691	$ 15,865,691	$ -	$ -

The fair values of the investments within Level 1 inputs were obtained based on quoted market prices at the closing of the last business day of the fiscal year.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2024 consist of the following:

Land	$ 1,908,473
Buildings and Improvements	1,018,670
Furniture and Equipment	447,843
Leasehold Improvements	255,574
TOTAL	3,630,560
Less: Accumulated Depreciation	(756,748)
PROPERTY AND EQUIPMENT (NET)	$ 2,873,812

Depreciation expense for the year ended September 30, 2024 was $62,708.

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consist entirely of investments in cryptocurrency.

The table below sets forth a summary of changes in the net carrying amount of intangible assets:

Balance as of October 1, 2023	$ 49,462
Donations of Intangible Assets	-
Sales of Intangible Assets	(23,448)
NET INTANGIBLE ASSETS	$ 26,014

Intangible assets are not subject to amortization, and there was no amortization of intangible assets during the year ended September 30, 2024.

NOTE 6 - LEASES

The Foundation leases office space in Washington, D.C. which is accounted for as an operating lease. The operating lease expires in April 2035. The lease includes one option to renew, with the renewal terms extending the lease for 5 years. The exercise of lease renewal options is at the Foundation’s discretion. The Foundation has chosen to not include the renewal term in the calculation of the right-of-use asset and related lease liability as they are not reasonably certain they will exercise the option. Leases with an initial term of 12 months or less, which are not expected to be renewed beyond one year, are not recorded on the balance sheet and are recognized as lease expense on a straight-line basis over the lease term. As of September 31, 2024, the Foundation recognized $2,669,128 of a right-of-use asset and $2,890,136 of a related lease liability for a contract that classifies as an operating lease.

NOTE 6 - LEASES (continued)

Lease cost comprises solely of operating lease costs and is included in occupancy costs on the statement of functional expenses. Lease cost for the period ended September 30, 2024 was $313,133 which is included in occupancy costs within the statement of functional expenses.

Weighted-average remaining lease term and weighted-average discount rate were as follows during the year ended September 30, 2024:

Weighted-Average Lease Term	10.58 years
Weighted-Average Discount Rate	3.57%

Maturities of lease liabilities as of September 30, 2024 are as follows:

Years Ending September 30	
2025	$ 163,082
2026	167,159
2027	328,545
2028	351,243
2029	360,024
Thereafter	2,180,754
Total Rent Payments	3,550,807
Less: Imputed Interest	(660,671)
Total	2,890,136
Less: Current Portion	(61,254)
LONG-TERM LIABILITY	$ 2,828,882

NOTE 7 - LINE OF CREDIT

The Foundation has a $200,000 line of credit with a bank, secured by all personal property of the Foundation, with interest at the bank's index rate (8.50% as of September 30, 2024) plus 0.5% renewable annually. There is no maturity date on the line of credit and there was no outstanding balance on the line of credit at September 30, 2024.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2024:

Time Restrictions	$	1,630,113
Internship and Fellows Fund		453,757
Magazine		132,613
Unappropriated Earnings on Permanent Endowment		51,279
Savas Privatization Award		11,526
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	$	2,279,288

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended September 30, 2024:

Soho Forum	$	299,000
Pension Program		75,000
Magazine		28,805
Savas Privatization Award		25,006
Appropriation of Endowment Assets		25,703
TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	$	453,514

NOTE 9 - RETIREMENT PLANS

(a) 403(b) PLAN

The Foundation offered an IRC Section 403(b) individual defined contribution plan (the 403(b) Plan) for all eligible employees. Participants may make salary deferrals to their individual accounts up to the maximum allowable deferral amounts for defined contribution plans. The Foundation did not make contributions to the 403(b) Plan. Effective December 31, 2022, the foundation stopped withholding contributions from employees for the 403(b) Plan as they implemented a 401(k) Plan.

(b) 401(k) PLAN

The Foundation offers a 401(k) plan for the benefit of substantially all employees who have reached 21 years of age and have completed 3 months of service. The Foundation matches 100% of the first 4% of employee contributions. Employer contributions for the year ended September 30, 2024 were $323,843.

NOTE 9 - RETIREMENT PLANS (continued)

(c) 457(f) PLAN

The Foundation has established a nonqualified IRC Section 457(f) employee retirement plan (the 457(f) Plan) on behalf of an officer. The participant's right to receive deferred compensation is vested based over a 14-year period, and will be paid out over a five year period, commencing in April 2027. The 457(f) Plan provides for an earlier payout of the vested portion in the event of a death, disability or termination of employment.

During the year ended September 30, 2024, the Foundation transferred $105,000 into the 457(f) Plan and accrued $150,000 of contributions at September 30, 2024. Investments of the 457(f) Plan generated a net gain of $284,638 during the year. The Foundation has recorded a deferred compensation liability of $1,492,512 at September 30, 2024, which represents the fair value of future payouts of the 457(f) Plan. The Board of Trustees may make discretionary contributions to the 457(f) Plan in the future.

The plan provides that the accounts' funds shall be deemed to be invested in investment funds in which the Foundation has invested its general assets. The income, gains, losses and investment results of such deemed investment shall be credited to, or debited from, the accounts as of the end of each calendar year.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

LITIGATION

In the ordinary course of conducting its business, the Foundation may become involved in various lawsuits. Some of these proceedings may result in judgments being assessed against the Foundation, which, from time to time, may have an impact on changes in net assets or its financial position. The Foundation does not believe that these proceedings individually, or in the aggregate, would have a material effect on the accompanying financial statements.

NOTE 11 - ENDOWMENT

The Foundation's endowment consists of funds established for a variety of purposes. Endowment funds are established by donor-restricted gifts to either provide a perpetual endowment, which is to provide a permanent source of income to the Foundation, or a term endowment, which is to provide income for a specified period to the Foundation.

The Foundation's management understands California State law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on endowments restricted in perpetuity, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

NOTE 11 - ENDOWMENT (continued)

The primary long-term financial objective for the Foundation's endowments is to preserve the real (inflation-adjusted) purchasing power of the endowment assets and income after accounting for endowment spending, inflation and costs of portfolio management. The Foundation's Board of Directors has approved a spending policy that will distribute a specific payout rate (5%) of the endowment base (calculated as the three-year average market value of endowment funds) to support the Foundation's programs. Such a policy will allow for a greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowments. In addition, this policy will minimize the probability of invading the principal over the long term.

	With Donor Restrictions
Endowment Net Asset Composition At September 30, 2024	
Donor-Restricted:	
Original Donor-Restricted Perpetual Gifts	$ 51,279
ENDOWMENT NET ASSETS - SEPTEMBER 30, 2024	$ 51,279

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At September 30, 2024, the Foundation had no underwater endowments.

The Foundation's endowment net assets remained the same during the fiscal year as there were no additions or appropriations for expenses.

Investment return (net) related to the Foundation's donor-restricted endowment is recorded as revenue without donor restrictions unless otherwise directed by the donor's gift instrument.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The total financial assets held by the Foundation at September 30, 2024 and the amounts of those financial assets that could be made available for general expenditures within one year of the date of the statement of financial position are summarized in the following table:

Financial Assets at September 30, 2024	
Cash and Cash Equivalents	$ 1,015,147
Investments	15,814,412
Accounts Receivable (Net)	236,220
Pledges Receivable	476,320
TOTAL FINANCIAL ASSETS AT SEPTEMBER 30, 2024	$ 17,542,099

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and liquid investments. Additionally, the Foundation has a $200,000 line of credit facility at September 30, 2024 which can be utilized to fund operations.