



AUDITED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

# FREE TO CHOOSE NETWORK, INC.

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2402 West 8<sup>th</sup> Street  
Erie, PA 16505  
**814.453.6594**  
Fax: 814.455.3642  
www.mpbcpa.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Free To Choose Network, Inc.  
Erie, Pennsylvania

### **Opinion**

We have audited the accompanying consolidated financial statements of Free To Choose Network, Inc. (Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023 and 2022, and the changes in its assets 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note A to the financial statements, in 2023, the Organization adopted new accounting guidance, Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, effective July 1, 2022. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*McGill, Power, Bell & Associates, LLP*

McGill, Power, Bell & Associates, LLP  
Erie, Pennsylvania  
December 28, 2023

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,552,467	\$ 1,860,765
Accounts Receivable	19,118	19,160
Inventory	76,061	73,894
Prepaid Expenses	60,148	30,392
Other Assets	653	200
<b>TOTAL CURRENT ASSETS</b>	<b>1,708,447</b>	<b>1,984,411</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>202,938</b>	<b>217,410</b>
<b>OTHER ASSETS</b>		
Other Asset - CapitaF, LLC	1,075,000	1,075,000
Operating Lease Right-of-Use Asset	135,099	-
<b>TOTAL OTHER ASSETS</b>	<b>1,210,099</b>	<b>1,075,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,121,484</b>	<b>\$ 3,276,821</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 45,479	\$ 68,507
Accrued Expenses	377	94,626
Short-Term Lease Liability	65,420	-
Deferred Revenue	3,500	601,743
<b>TOTAL CURRENT LIABILITIES</b>	<b>114,776</b>	<b>764,876</b>
<b>NON-CURRENT LIABILITIES</b>		
Long-Term Lease Liability	70,931	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>70,931</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>185,707</b>	<b>764,876</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	789,773	108,544
With Donor Restrictions	2,146,004	2,403,401
<b>TOTAL NET ASSETS</b>	<b>2,935,777</b>	<b>2,511,945</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,121,484</b>	<b>\$ 3,276,821</b>

See notes to consolidated financial statements.

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>			
<b>REVENUES</b>			
Donations and Contributions	\$ 1,749,602	\$ 2,504,232	\$ 4,253,834
Charges for Services	109,913	-	109,913
Interest Income	2,023	-	2,023
Miscellaneous	301,362	-	301,362
<b>TOTAL REVENUES</b>	2,162,900	2,504,232	4,667,132
Net Assets Released from Restrictions	2,509,321	(2,509,321)	-
<b>TOTAL REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	4,672,221	(5,089)	4,667,132
<b>EXPENSES</b>			
Program	3,378,145	-	3,378,145
Management and General	602,345	-	602,345
Fundraising	262,810	-	262,810
<b>TOTAL EXPENSES</b>	4,243,300	-	4,243,300
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	428,921	(5,089)	423,832
<b>CHANGE IN NET ASSETS</b>	428,921	(5,089)	423,832
<b>NET ASSETS, BEGINNING OF YEAR</b>	360,852	2,151,093	2,511,945
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 789,773</u>	<u>\$ 2,146,004</u>	<u>\$ 2,935,777</u>

See notes to consolidated financial statements.



**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>OPERATING ACTIVITIES</b>			
<b>REVENUES</b>			
Donations and Contributions	\$ 1,968,184	\$ 1,599,993	\$ 3,568,177
In-Kind Contributions	425,850	-	425,850
Charges for Services	143,620	-	143,620
Interest Income	2,904	-	2,904
Miscellaneous	48,801	-	48,801
<b>TOTAL REVENUES</b>	<b>2,589,359</b>	<b>1,599,993</b>	<b>4,189,352</b>
Net Assets Released from Restrictions	2,497,961	(2,497,961)	-
<b>TOTAL REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>5,087,320</b>	<b>(897,968)</b>	<b>4,189,352</b>
<b>EXPENSES</b>			
Program	3,880,643	-	3,880,643
Management and General	475,916	-	475,916
Fundraising	306,789	-	306,789
<b>TOTAL EXPENSES</b>	<b>4,663,348</b>	<b>-</b>	<b>4,663,348</b>
<b>CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>423,972</b>	<b>(897,968)</b>	<b>(473,996)</b>
<b>NON-OPERATING ACTIVITIES</b>			
Change in Value of Capital, LLC Investment	13,590	-	13,590
<b>CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES</b>	<b>13,590</b>	<b>-</b>	<b>13,590</b>
<b>CHANGE IN NET ASSETS</b>	<b>437,562</b>	<b>(897,968)</b>	<b>(460,406)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>519,204</b>	<b>2,558,048</b>	<b>3,077,252</b>
<b>PRIOR PERIOD ADJUSTMENTS</b>	<b>(595,914)</b>	<b>491,013</b>	<b>(104,901)</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 360,852</b>	<b>\$ 2,151,093</b>	<b>\$ 2,511,945</b>

See notes to consolidated financial statements.

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and Wages	\$ 580,305	\$ 316,703	\$ 148,227	\$ 1,045,235
Payroll Taxes and Benefits	156,309	78,157	15,962	250,428
<b>Total Salaries and Related Expenses</b>	736,614	394,860	164,189	1,295,663
Consulting	730,410	-	-	730,410
Legal and Professional	351	55,324	-	55,675
Bank Fees and Charges	-	4,558	-	4,558
Dues and Subscriptions	-	6,509	3,697	10,206
Facility Expenses	63,174	-	-	63,174
Fundraising	-	-	1,128	1,128
Amortization and Depreciation	-	33,257	-	33,257
Office Equipment	15,521	576	-	16,097
Rent	49,750	17,768	3,554	71,072
Shipping	16,068	2,603	607	19,278
Supplies	15,916	6,580	2,844	25,340
Utilities	17,160	3,968	3,968	25,096
Vehicle Expense	4,630	7,679	7,462	19,771
Travel	151,737	-	35,678	187,415
Internet and Computer Expense	141,856	13,892	581	156,329
Public Relations Services	14	-	-	14
Advertising	233,502	-	-	233,502
Printing	307	-	16,859	17,166
Production Services - Broadcast	1,126,108	-	-	1,126,108
Post Production Services	27,080	-	-	27,080
Video Expense	2,833	-	-	2,833
Conferences	33,163	-	22,227	55,390
Insurance	7,647	52,612	-	60,259
Miscellaneous	4,304	2,159	16	6,479
<b>Total Expenses</b>	<b>\$ 3,378,145</b>	<b>\$ 602,345</b>	<b>\$ 262,810</b>	<b>\$ 4,243,300</b>

See notes to consolidated financial statements.

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Program</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and Wages	\$ 620,414	\$ 231,024	\$ 185,700	\$ 1,037,138
Payroll Taxes and Benefits	89,555	51,279	8,425	149,259
<b>Total Salaries and Related Expenses</b>	709,969	282,303	194,125	1,186,397
Consulting	604,074	5,785	40,000	649,859
Legal and Professional	5,328	44,640	-	49,968
Bank Fees and Charges	-	9,969	-	9,969
Dues and Subscriptions	-	6,630	6,515	13,145
Facility Expenses	59,595	-	-	59,595
Amortization and Depreciation	-	20,340	-	20,340
Office Equipment	6,044	375	-	6,419
Rent	36,973	13,205	2,641	52,819
Shipping	17,664	1,766	2,349	21,779
Supplies	25,066	6,756	3,484	35,306
Utilities	19,512	4,309	4,309	28,130
Vehicle Expense	3,604	7,208	7,208	18,020
Travel	141,340	-	38,676	180,016
Internet and Computer Expense	148,702	14,896	-	163,598
Public Relations Services	17,586	-	-	17,586
Advertising	133,335	-	-	133,335
Printing	38	-	7,482	7,520
Production Services - Broadcast	1,883,082	-	-	1,883,082
Post Production Services	14,284	-	-	14,284
Video Expense	11,340	-	-	11,340
Conferences	10,485	-	-	10,485
Cleaning	-	2,146	-	2,146
Insurance	18,620	46,442	-	65,062
Miscellaneous	14,002	9,146	-	23,148
<b>Total Expenses</b>	<b>\$ 3,880,643</b>	<b>\$ 475,916</b>	<b>\$ 306,789</b>	<b>\$ 4,663,348</b>

See notes to consolidated financial statements.

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Contributions, Sales and Other Income	\$ 4,245,439	\$ 4,375,838
Interest Received	2,023	2,904
Cash Paid to Suppliers and Employees	<u>(4,534,499)</u>	<u>(4,642,277)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	(287,037)	(263,535)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Fixed Assets	17,500	-
Purchase of Fixed Assets	<u>(38,761)</u>	<u>(195,457)</u>
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>(21,261)</u>	<u>(195,457)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(308,298)	(458,992)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,860,765</u>	<u>2,319,757</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u>\$ 1,552,467</u></u>	<u><u>\$ 1,860,765</u></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATIONS</b>		
Change in Net Assets	\$ 423,832	\$ (460,406)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by (Used in) Operating Activities		
Depreciation and Amortization	33,257	20,340
Change in Value of Other Asset		
(Gain) Loss on Disposal of Fixed Assets	2,476	731
In-Kind Contributions	-	(425,850)
Change in Value of Capital, LLC Investment	-	(13,590)
Decrease (Increase) in		
Accounts Receivable	42	(6,210)
Inventory	(2,167)	(1,933)
Prepaid Expenses	(29,756)	(30,392)
Other Assets	(453)	-
Increase (Decrease) in		
Accounts Payable	(23,028)	(36,394)
Accrued Expenses	(92,997)	88,426
Deferred Revenue	<u>(598,243)</u>	<u>601,743</u>
<b>Total Adjustments</b>	<u>(710,869)</u>	<u>196,871</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u><u>\$ (287,037)</u></u>	<u><u>\$ (263,535)</u></u>
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>		
Operating Lease Right-of-Use Assets Obtained in Exchange for		
Operating Lease Liabilities	<u><u>\$ 135,099</u></u>	<u><u>\$ -</u></u>

See notes to consolidated financial statements.

# FREE TO CHOOSE NETWORK, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Free to Choose Network, Inc. and izzit.org ("the Organization") are presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

#### Nature of Organization

Free To Choose Network ("FTCN") is a global media 501(c)(3) nonprofit organization that produces and distributes documentary films for public television and internet distribution, which may be distributed through a variety of venues. The mission of the organization is to use accessible and engaging media to persuade others that individuals and societies flourish when we're all free to choose how best to live our lives and pursue our happiness in an ethical manner.

Capitaf Partners, LLC ("Capitaf, LLC") – An educational institute used to perpetuate Milton Friedman's legacy by providing a space for practical application of Friedman's ideas on public policy issues. Free To Choose Network is the operating manager of Capitaf Partners, LLC and has a majority ownership in the LLC.

izzit.org ("izzit.org") is a separate 501(c)(3) educational nonprofit entity that began as an initiative of Free To Choose Network to offer video-based teaching materials to educators at no cost. izzit.org's mission is to present and explore moral and social choices for living flourishing lives. Free To Choose Network continues to produce educational videos to license to izzit.org.

#### Basis of Accounting

Assets, liabilities, revenues, and expenses are recognized on the accrual method of accounting for financial statement presentation purposes.

#### Principles of Consolidation

Due to Free to Choose Network's support of izzit.org during its start-up phase, the accounts of Free to Choose Network and izzit.org have been consolidated. Capitaf Partners, LLC's accounts have also been consolidated with Free to Choose Network due to a majority ownership in Capitaf Partners, LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

## FREE TO CHOOSE NETWORK, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Net Assets

Contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the 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. These net assets may be used at the discretion of the Organization's management and 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 passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

#### Use of Estimates

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

#### Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2023, the Organization's cash accounts exceeded federally insured limits by approximately \$968,000.

#### Receivables and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding receivables. The Organization considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. All accounts receivable are expected to be collected in less than one year.

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation or, if donated, at the approximate fair value at the date of donation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

## FREE TO CHOOSE NETWORK, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The estimated useful lives for each major depreciable classification of property and equipment are as follows:

	<u>Years</u>
Equipment, Furniture and Fixtures	5 - 10 Years
Vehicles	5 Years

#### Inventory

Inventories consist of film media, educational materials, and clothing, and are stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method.

#### Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. The consolidated statements of functional expenses present the natural classification of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the time and effort and other methods.

#### Income Taxes

Free to Choose Network, Inc. is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

izzit.org is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

#### Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Contributions and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions.

# FREE TO CHOOSE NETWORK, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e. the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, long-lived assets, and services	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, contributions of unconditional gifts to be collected in future years are also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

### Contributed Nonfinancial Assets

Contributions of nonfinancial assets in the year ended June 30, 2022 consist of contributions of ownership interest in Capitaf Partners, LLC. This interest is valued at fair value at the time of the contribution. During the year ended June 30, 2022, 39.62% interest in Capitaf Partners, LLC was contributed to Free to Choose Network, Inc. from various donors, with a total value of \$425,850. Free to Choose Network, Inc. recorded the value of this in-kind donation as Investment in Capitaf Partners, LLC and similarly increased contribution revenue by a like amount. There were no contributions of nonfinancial assets recognized in 2023.



## FREE TO CHOOSE NETWORK, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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#### Revenue Recognition

The Organization has two revenue streams that are accounted for as reciprocal exchange transactions: sales of educational material and Capitaf usage events revenues.

#### Educational Material Revenue

The Organization recognizes revenue from the sale of certain educational materials, including short videos. The Organization recognizes revenues as the customer pays and takes possession of the merchandise. Some merchandise is sold with the right of return. If probable customer returns exist at the end of an accounting period, the Organization estimates and records in its consolidated financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of June 30, 2023 and 2022.

#### Capitaf Usage Events

The Organization recognizes revenue for events held at the Capitaf facilities. All usage agreements are for durations of less than one year. Revenue is recognized at the point in time when the event takes place, as that is when the Organization's sole obligation to perform is satisfied and when the barriers are overcome. Payments for events are generally required to be made when registering for the event. No liability for probable customer returns was considered necessary as of June 30, 2023 and 2022.

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components.

The Organization elected to use the portfolio approach provided (606-10-10-4) to evaluate contracts. As a practical expedient, the portfolio approach may be applied to a portfolio of contracts (or performance obligations) with similar characteristics. The Organization reasonably expects that the effects of applying this guidance to the portfolio would not differ materially from applying the guidance to the individual contracts (or performance obligations) within the portfolio.

The Organization elected the practical expedient (606-10-32-18), which allows the Organization to recognize the promised amount of consideration without adjusting for the time value of money for contracts that have a duration of one year or less.

#### Recently Issued and Adopted Accounting Pronouncement

#### Accounting for Leases

Effective July 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing

## FREE TO CHOOSE NETWORK, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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operating leases as operating leases under new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of June 30, 2021) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on June 30, 2023 (a) a short-term lease liability of \$65,420 and a long-term lease liability of \$70,931, which represents the present value of the remaining lease payments of \$136,351, discounted using the Organization's incremental borrowing rate of 2.88%, and (b) a right-of-use asset of \$135,099.

#### Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising for June 30, 2023 and 2022 amounted to \$233,502 and \$133,335, respectively.

#### Reclassifications

Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. These reclassifications had no effect on the change in net assets.

#### Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure as of December 28, 2023, the date the consolidated financial statements were available to be issued.

## NOTE B LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use within one year of the consolidated statement of financial position date, because of contractual or donor-imposed restrictions or internal designations.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,552,467	\$ 1,860,765
Accounts Receivable	19,118	19,160
Other Assets	<u>653</u>	<u>200</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,572,238</u>	<u>\$ 1,880,125</u>

**FREE TO CHOOSE NETWORK, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE C PROPERTY AND EQUIPMENT**

Property and equipment at June 30 consists of:

	<u>2023</u>	<u>2022</u>
Equipment, Furniture and Fixtures	\$ 87,925	\$ 87,925
Assets In Progress	-	144,494
Vehicles	<u>205,286</u>	<u>43,823</u>
	293,211	276,242
Less Accumulated Depreciation	<u>(90,273)</u>	<u>(58,832)</u>
	<u><u>\$ 202,938</u></u>	<u><u>\$ 217,410</u></u>

**NOTE D LEASE COMMITMENT**

The Organization leases its operating facilities from Blue Group Properties, LLC (Blue Group), a Pennsylvania limited liability company, under a long-term, non-cancellable operating lease agreement. A determination of whether a contract contains a lease is made at the inception of the arrangement. The lease term expires on June 30, 2025, but allows for renewal options at the discretion of Blue Group. In the normal course of business, it is expected that the lease will either be renewed or replaced by a lease on another property. Lease payments are \$5,685 per month through June 30, 2024, and \$5,998 per month through the lease termination date.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the balance sheet. ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The leases do not provide an implicit rate and, therefore, the Organization used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

# FREE TO CHOOSE NETWORK, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2023:

	<b>2023</b>
2024	\$ 68,220
2025	71,976
Total Future Minimum Lease Payments	140,196
Less Imputed Interest	5,097
Total	<u>\$ 135,099</u>

Other information related to leases for the year ended June 30, 2023 is as follows:

	<b>2023</b>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	\$ 64,714
ROU Assets Obtained in Exchange for New Operating Lease Liabilities	199,813
Weighted Average Remaining Lease Term - Operating Leases	2 Years
Weighted Average Discount Rate - Operating Leases	2.88%

### NOTE E RETIREMENT PLAN

The Organization has a Simple IRA plan covering substantially all employees. The Organization contributes up to 3% of gross pay for each employee that participates. Contributions to this plan were \$29,346 and \$24,211 for June 30, 2023 and 2022, respectively.

### NOTE F NET ASSETS AND RESTRICTIONS

#### Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2023 and 2022 are restricted for the following purposes or periods:

	<b>2023</b>	<b>2022</b>
Subject to Expenditure for Specified Purpose		
Film Production	\$ 2,136,437	\$ 2,065,360
izzit.org	9,567	85,733
	<u>\$ 2,146,004</u>	<u>\$ 2,151,093</u>

**FREE TO CHOOSE NETWORK, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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*Net Assets Released From Restrictions*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2023</u>	<u>2022</u>
Film Production	\$ 2,503,638	\$ 2,348,194
izzit.org	<u>5,683</u>	<u>149,767</u>
Total Net Assets Released from Restriction	<u>\$ 2,509,321</u>	<u>\$ 2,497,961</u>

**NOTE G GRANT REVENUE**

If a contract or grant agreement contains a right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to overcome, the Organization recognizes revenue for these conditional contributions when the related barrier to entitlement has been overcome. Funds received in advance of conditions being met are reported as deferred revenues in the consolidated statements of financial position. As of June 30, 2023 and 2022, contracts and grants for which the contractual performance obligations have not yet been met or the right to recognize revenue is depending on future events, totaled \$3,500 and \$601,743, respectively.

**NOTE H CAPITAF PARTNERS, LLC**

As described in Note A, Capitaf Partners, LLC is an educational institute operated by Free to Choose Network, Inc. During the year ended June 30, 2022, 39.61% of ownership interest in Capitaf Partners, LLC was contributed to Free to Choose Network, Inc. from other existing Members, bringing Free to Choose Network, Inc.'s total ownership percentage to 80.67%, giving Free to Choose Network, Inc. a majority ownership. The contribution of ownership interest is recorded at fair value at the date the contributions were made and totals \$425,850. The interest owned by Free to Choose Network, Inc. before the contributions were made have also been adjusted to fair value. This increase in value as of June 30, 2022 is calculated as follows:

Value as Previously Reported	\$ 427,946
Fair Value at Time of Contribution	<u>441,536</u>
Gain on Investment in Capitaf, LLC	<u>\$ 13,590</u>

**FREE TO CHOOSE NETWORK, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE I RELATED PARTY TRANSACTION**

As described in Note A, izzit.org is a nonprofit entity created and controlled by Free to Choose Network, Inc., that offers no-cost educational materials to educators. Related party transactions between izzit.org and Free to Choose Network, Inc. include reimbursement of direct expenses, as well as payment of an administrative overhead fee pursuant to the Service Partnership Agreement (Agreement) between izzit.org and Free to Choose Network, Inc., effective July 1, 2022. The Agreement states that Free to Choose Network, Inc. will provide general administrative services to assist izzit.org with creating, publishing, and disseminating video, audio, and written content that will advance izzit.org and Free to Choose Network, Inc.'s charitable and educational purposes. izzit.org will pay Free to Choose Network, Inc. for shared expenses based on an agreed-upon percentage of various operating costs incurred by Free to Choose Network, Inc. each month. Total intercompany transactions for the year ended June 30, 2023 totaled \$863,649, all of which remained payable to Free to Choose Network, Inc. at June 30, 2023 and was eliminated as part of the consolidation for financial statement purposes. There was no related party activity for the year ended June 30, 2022.

**NOTE J CONDITIONAL PROMISE TO GIVE**

During the year ended June 30, 2023, the Organization was named as a beneficiary in a will. As of the date of this report, the amount to be received cannot be determined.

## **SUPPLEMENTARY INFORMATION**

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2023**

	<u>FTCN</u>	<u>izzit.org</u>	<u>Capitaf, LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 1,180,211	\$ 371,965	\$ 291	\$ -	\$ 1,552,467
Accounts Receivable	882,829	-	-	(863,711)	19,118
Inventory	76,061	-	-	-	76,061
Prepaid Expenses	47,464	12,684	-	-	60,148
Other Current Assets	653	-	-	-	653
<b>TOTAL CURRENT ASSETS</b>	<b>2,187,218</b>	<b>384,649</b>	<b>291</b>	<b>(863,711)</b>	<b>1,708,447</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>202,938</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202,938</b>
<b>OTHER ASSETS</b>					
Other Asset - Capitaf, LLC	-	-	1,075,000	-	1,075,000
Operating Lease Right-of-Use Asset	135,099	-	-	-	135,099
Investment in Capitaf Partners, LLC	867,558	-	-	(867,558)	-
<b>TOTAL OTHER ASSETS</b>	<b>1,002,657</b>	<b>-</b>	<b>1,075,000</b>	<b>(867,558)</b>	<b>1,210,099</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,392,813</b>	<b>\$ 384,649</b>	<b>\$ 1,075,291</b>	<b>\$ (1,731,269)</b>	<b>\$ 3,121,484</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 45,479	\$ 863,711	\$ -	\$ (863,711)	\$ 45,479
Accrued Expenses	131	246	-	-	377
Short-Term Lease Liability	65,420	-	-	-	65,420
Deferred Revenue	3,500	-	-	-	3,500
<b>TOTAL CURRENT LIABILITIES</b>	<b>114,530</b>	<b>863,957</b>	<b>-</b>	<b>(863,711)</b>	<b>114,776</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-Term Lease Liability	70,931	-	-	-	70,931
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>70,931</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,931</b>
<b>TOTAL LIABILITIES</b>	<b>185,461</b>	<b>863,957</b>	<b>-</b>	<b>(863,711)</b>	<b>185,707</b>
<b>NET ASSETS</b>					
Without Donor Restrictions	1,070,915	(488,875)	1,075,291	(867,558)	789,773
With Donor Restrictions	2,136,437	9,567	-	-	2,146,004
<b>TOTAL NET ASSETS</b>	<b>3,207,352</b>	<b>(479,308)</b>	<b>1,075,291</b>	<b>(867,558)</b>	<b>2,935,777</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,392,813</b>	<b>\$ 384,649</b>	<b>\$ 1,075,291</b>	<b>\$ (1,731,269)</b>	<b>\$ 3,121,484</b>

See independent auditor's report.



**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2022**

	<u>FTCN</u>	<u>izzit.org</u>	<u>Capitaf, LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 1,860,474	\$ -	\$ 291	\$ -	\$ 1,860,765
Accounts Receivable	19,160	-	-	-	19,160
Inventory	73,894	-	-	-	73,894
Prepaid Expenses	30,392	-	-	-	30,392
Other Current Assets	200	-	-	-	200
<b>TOTAL CURRENT ASSETS</b>	<b>1,984,120</b>	<b>-</b>	<b>291</b>	<b>-</b>	<b>1,984,411</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>217,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>217,410</b>
<b>OTHER ASSETS</b>					
Other Asset - Capitaf, LLC	-	-	1,075,000	-	1,075,000
Operating Lease Right-of-Use Asset	-	-	-	-	-
Investment in Capitaf Partners, LLC	867,558	-	-	(867,558)	-
<b>TOTAL OTHER ASSETS</b>	<b>867,558</b>	<b>-</b>	<b>1,075,000</b>	<b>(867,558)</b>	<b>1,075,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,069,088</b>	<b>\$ -</b>	<b>\$ 1,075,291</b>	<b>\$ (867,558)</b>	<b>\$ 3,276,821</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 68,507	\$ -	\$ -	\$ -	\$ 68,507
Accrued Expenses	94,626	-	-	-	94,626
Deferred Revenue	601,743	-	-	-	601,743
<b>TOTAL LIABILITIES</b>	<b>764,876</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>764,876</b>
<b>NET ASSETS</b>					
Without Donor Restrictions	153,119	-	1,075,291	(867,558)	360,852
With Donor Restrictions	2,151,093	-	-	-	2,151,093
<b>TOTAL NET ASSETS</b>	<b>2,304,212</b>	<b>-</b>	<b>1,075,291</b>	<b>(867,558)</b>	<b>2,511,945</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,069,088</b>	<b>\$ -</b>	<b>\$ 1,075,291</b>	<b>\$ (867,558)</b>	<b>\$ 3,276,821</b>

See independent auditor's report.

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	FTCN		izzit.org		Capitaf, LLC			Total		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total	
OPERATING ACTIVITIES										
SUPPORT AND REVENUE										
Donations and Contributions	\$ 1,306,332	\$ 2,488,982	\$ 443,270	\$ 15,250	\$ -	\$ -	\$ 1,749,602	\$ 2,504,232	\$ 4,253,834	
Charges for Services	436,553	-	292	-	-	(326,932)	109,913	-	109,913	
Interest Income	2,023	-	-	-	-	-	2,023	-	2,023	
Miscellaneous	301,350	-	12	-	-	-	301,362	-	301,362	
TOTAL SUPPORT AND REVENUE	2,046,258	2,488,982	443,574	15,250	-	(326,932)	2,162,900	2,504,232	4,667,132	
Net Assets Released from Restrictions	2,503,638	(2,503,638)	5,683	(5,683)	-	-	2,509,321	(2,509,321)	-	
TOTAL REVENUES AND NET ASSETS RELEASED FROM RESTRICTIONS	4,549,896	(14,656)	449,257	9,567	-	(326,932)	4,672,221	(5,089)	4,667,132	
EXPENSES										
Program	2,857,655	-	765,689	-	-	(245,199)	3,378,145	-	3,378,145	
Management and General	548,651	-	70,041	-	-	(16,347)	602,345	-	602,345	
Fundraising	225,794	-	102,402	-	-	(65,386)	262,810	-	262,810	
TOTAL EXPENSES	3,632,100	-	938,132	-	-	(326,932)	4,243,300	-	4,243,300	
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	917,796	(14,656)	(488,875)	9,567	-	-	428,921	(5,089)	423,832	
CHANGE IN NET ASSETS	917,796	(14,656)	(488,875)	9,567	-	-	428,921	(5,089)	423,832	
NET ASSETS, BEGINNING OF YEAR	153,119	2,151,093	-	-	207,733	-	360,852	2,151,093	2,511,945	
NET ASSETS, END OF YEAR	\$ 1,070,915	\$ 2,136,437	\$ (488,875)	\$ 9,567	\$ 207,733	\$ -	\$ 789,773	\$ 2,146,004	\$ 2,935,777	

See independent auditor's report.

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	FTCN		izzit.org		Capitaf, LLC		Total		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING ACTIVITIES</b>									
<b>REVENUES</b>									
Donations and Contributions	\$ 1,968,184	\$ 1,599,993	\$ -	\$ -	\$ -	\$ -	\$ 1,968,184	\$ 1,599,993	\$ 3,568,177
In-Kind Contributions	425,850	-	-	-	-	-	425,850	-	425,850
Charges for Services	143,620	-	-	-	-	-	143,620	-	143,620
Interest Income	2,904	-	-	-	-	-	2,904	-	2,904
Miscellaneous	48,801	-	-	-	-	-	48,801	-	48,801
<b>TOTAL REVENUES</b>	2,589,359	1,599,993	-	-	-	-	2,589,359	1,599,993	4,189,352
Net Assets Released from Restrictions	2,497,961	(2,497,961)	-	-	-	-	2,497,961	(2,497,961)	-
<b>TOTAL REVENUES AND NET ASSETS RELEASED</b>	5,087,320	(897,968)	-	-	-	-	5,087,320	(897,968)	4,189,352
<b>EXPENSES</b>									
Program	3,880,643	-	-	-	-	-	3,880,643	-	3,880,643
Management and General	475,916	-	-	-	-	-	475,916	-	475,916
Fundraising	306,789	-	-	-	-	-	306,789	-	306,789
<b>TOTAL EXPENSES</b>	4,663,348	-	-	-	-	-	4,663,348	-	4,663,348
<b>CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES</b>	423,972	(897,968)	-	-	-	-	423,972	(897,968)	(473,996)
<b>NON-OPERATING ACTIVITIES</b>									
Change in Value of Capitaf Investment	13,590	-	-	-	-	-	13,590	-	13,590
<b>CHANGES IN NET ASSETS FROM NON-OPERATING ACTIVITIES</b>	13,590	-	-	-	-	-	13,590	-	13,590
<b>CHANGE IN NET ASSETS</b>	437,562	(897,968)	-	-	-	-	437,562	(897,968)	(460,406)
<b>NET ASSETS, BEGINNING OF YEAR</b>	311,471	2,558,048	-	-	207,733	-	519,204	2,558,048	3,077,252
<b>PRIOR PERIOD ADJUSTMENTS</b>	(595,914)	491,013	-	-	-	-	(595,914)	491,013	(104,901)
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 153,119</u>	<u>\$ 2,151,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,733</u>	<u>\$ -</u>	<u>\$ 360,852</u>	<u>\$ 2,151,093</u>	<u>\$ 2,511,945</u>

See independent auditor's report.

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATING SCHEDULE OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>FTCN</b>	<b>izzit.org</b>	<b>Capitaf, LLC</b>	<b>Eliminations</b>	<b>Consolidated Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash Received from Contributions, Sales and Other Income	\$ 2,935,342	\$ 1,310,097	\$ -	\$ -	\$ 4,245,439
Interest Received	2,023	-	-	-	2,023
Cash Paid to Suppliers and Employees	(3,596,367)	(938,132)	-	-	(4,534,499)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	(659,002)	371,965	-	-	(287,037)
<b>CASH FLOWS FORM INVESTING ACTIVITIES</b>					
Proceeds from Sale of Fixed Assets	17,500	-	-	-	17,500
Purchase of Fixed Assets	(38,761)	-	-	-	(38,761)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	(21,261)	-	-	-	(21,261)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(680,263)	371,965	-	-	(308,298)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,860,474	-	291	-	1,860,765
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,180,211</u>	<u>\$ 371,965</u>	<u>\$ 291</u>	<u>\$ -</u>	<u>\$ 1,552,467</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATIONS</b>					
Change in Net Assets	\$ 903,140	\$ (479,308)	\$ -	\$ -	\$ 423,832
Adjustments to Reconcile Change in Net Assets to Net Cash					
Provided by (Used in) Operating Activities					
Depreciation and Amortization	33,257	-	-	-	33,257
(Gain) Loss on Disposal of Fixed Assets	2,476	-	-	-	2,476
Decrease (Increase) in					
Accounts Receivable	(863,669)	-	-	863,711	42
Inventory	(2,167)	-	-	-	(2,167)
Prepaid Expenses	(17,072)	(12,684)	-	-	(29,756)
Other Assets	(453)	-	-	-	(453)
Increase (Decrease) in					
Accounts Payable	(23,028)	863,711	-	(863,711)	(23,028)
Accrued Expenses	(93,243)	246	-	-	(92,997)
Deferred Revenue	(598,243)	-	-	-	(598,243)
<b>Total Adjustments</b>	(1,562,142)	851,273	-	-	(710,869)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ (659,002)</u>	<u>\$ 371,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (287,037)</u>
<b>SUPPLEMENTAL CASH FLOWS INFORMATION</b>					
Operating Lease Right-of-Use Assets Obtained in Exchange for					
Operating Lease Liabilities	<u>\$ 135,099</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,099</u>

See independent auditor's report.

**FREE TO CHOOSE NETWORK, INC.**  
**CONSOLIDATING SCHEDULE OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<b>FTCN</b>	<b>izzit.org</b>	<b>Capitaf, LLC</b>	<b>Consolidated Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Contributions, Sales and Other Income	\$ 4,375,838	\$ -	\$ -	\$ 4,375,838
Interest Received	2,904	-	-	2,904
Cash Paid to Suppliers and Employees	(4,642,277)	-	-	(4,642,277)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	(263,535)	-	-	(263,535)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(195,457)	-	-	(195,457)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	(195,457)	-	-	(195,457)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(458,992)	-	-	(458,992)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,319,466	-	291	2,319,757
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,860,474</u>	<u>\$ -</u>	<u>\$ 291</u>	<u>\$ 1,860,765</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATIONS</b>				
Change in Net Assets	\$ (460,406)	\$ -	\$ -	\$ (460,406)
Adjustments to Reconcile Change in Net Assets to Net Cash				
Provided by (Used in) Operating Activities				
Depreciation and Amortization	20,340	-	-	20,340
(Gain) Loss on Disposal of Fixed Assets	731	-	-	731
In-Kind Contributions	(425,850)	-	-	(425,850)
Change in Value of Capitaf, LLC Investment	(13,590)	-	-	(13,590)
Decrease (Increase) in				
Accounts Receivable	(6,210)	-	-	(6,210)
Inventory	(1,933)	-	-	(1,933)
Prepaid Expenses	(30,392)	-	-	(30,392)
Increase (Decrease) in				
Accounts Payable	(36,394)	-	-	(36,394)
Accrued Expenses	88,426	-	-	88,426
Deferred Revenue	601,743	-	-	601,743
<b>Total Adjustments</b>	196,871	-	-	196,871
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ (263,535)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (263,535)</u>

See independent auditor's report.