

FINANCIAL STATEMENTS

WITNESS, INC.

**FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2024**

WITNESS, INC.

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WITNESS, Inc.
Brooklyn, New York

Opinion

We have audited the accompanying financial statements of WITNESS, Inc. (WITNESS), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and change 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 WITNESS as of June 30, 2025, and the change 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 WITNESS 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 WITNESS' ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists.

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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 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 WITNESS' 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 WITNESS' 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 Summarized Comparative Information

We have previously audited WITNESS' 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 4, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.



December 1, 2025

WITNESS, INC.

STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024

ASSETS

	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 346,661	\$ 1,107,732
Investments	8,153,054	9,011,612
Accounts receivable	62,269	18,343
Grant receivable	2,893,431	3,571,720
Prepaid expenses	<u>84,028</u>	<u>111,917</u>
Total current assets	<u>11,539,443</u>	<u>13,821,324</u>
FIXED ASSETS		
Equipment	317,032	308,797
Less: Accumulated depreciation and amortization	<u>(269,544)</u>	<u>(209,006)</u>
Net fixed assets	<u>47,488</u>	<u>99,791</u>
NONCURRENT ASSETS		
Deposits	275,160	150,168
Grants receivables, net of current portion and present value discount	<u>783,268</u>	<u>1,650,831</u>
Total noncurrent assets	<u>1,058,428</u>	<u>1,800,999</u>
TOTAL ASSETS	<u>\$ 12,645,359</u>	<u>\$ 15,722,114</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 365,824	\$ 477,413
Refundable advances	<u>750,000</u>	<u>750,000</u>
Total liabilities	<u>1,115,824</u>	<u>1,227,413</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	2,871,464	5,168,444
Board designated for operating reserve	<u>4,140,006</u>	<u>3,821,038</u>
Total net assets without donor restrictions	7,011,470	8,989,482
With donor restrictions	<u>4,518,065</u>	<u>5,505,219</u>
Total net assets	<u>11,529,535</u>	<u>14,494,701</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,645,359</u>	<u>\$ 15,722,114</u>

See accompanying notes to financial statements.

WITNESS, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	<u>2025</u>			<u>2024</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
SUPPORT AND REVENUE				
Contributions and grants	\$ 1,825,897	\$ 2,093,300	\$ 3,919,197	\$ 7,302,135
Net investment return	506,360	-	506,360	664,300
Contributed services	464,519	-	464,519	272,243
Other revenue	41,114	-	41,114	33,056
Net assets released from donor restrictions	<u>3,244,086</u>	<u>(3,244,086)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,081,976</u>	<u>(1,150,786)</u>	<u>4,931,190</u>	<u>8,271,734</u>
EXPENSES				
Program Services:				
Program	4,643,027	-	4,643,027	4,953,524
Technology	<u>432,183</u>	<u>-</u>	<u>432,183</u>	<u>420,892</u>
Total program services	<u>5,075,210</u>	<u>-</u>	<u>5,075,210</u>	<u>5,374,416</u>
Supporting Services:				
Management and General	1,863,828	-	1,863,828	1,645,631
Fundraising	<u>800,924</u>	<u>-</u>	<u>800,924</u>	<u>737,582</u>
Total supporting services	<u>2,664,752</u>	<u>-</u>	<u>2,664,752</u>	<u>2,383,213</u>
Total expenses	<u>7,739,962</u>	<u>-</u>	<u>7,739,962</u>	<u>7,757,629</u>
Change in net assets before other items	(1,657,986)	(1,150,786)	(2,808,772)	514,105
OTHER ITEMS				
Restructuring and reorganization costs	(320,026)	-	(320,026)	-
Foreign exchange gain	<u>-</u>	<u>163,632</u>	<u>163,632</u>	<u>2,438</u>
Change in net assets	(1,978,012)	(987,154)	(2,965,166)	516,543
Net assets at beginning of year	<u>8,989,482</u>	<u>5,505,219</u>	<u>14,494,701</u>	<u>13,978,158</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,011,470</u>	<u>\$ 4,518,065</u>	<u>\$ 11,529,535</u>	<u>\$ 14,494,701</u>

WITNESS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	2025						2024	
	Program Services			Supporting Services			Total Expenses	Total Expenses
	Program	Technology	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries, payroll taxes, and employee benefits	\$ 3,585,734	\$ 257,050	\$ 3,842,784	\$ 887,927	\$ 697,767	\$ 1,585,694	\$ 5,428,478	\$ 5,255,134
Advisors and professional fees	237,198	46,931	284,129	666,050	33,845	699,895	984,024	887,384
Program equipment purchased for distribution	25,486	-	25,486	-	-	-	25,486	37,589
Travel	420,362	5,175	425,537	9,474	21,575	31,049	456,586	657,791
Printing and translation	1,540	117	1,657	443	233	676	2,333	2,138
Staff and other program expenses	157,900	7,686	165,586	230,264	27,648	257,912	423,498	404,678
Grant expense	77,517	-	77,517	-	-	-	77,517	64,886
Insurance	33,519	2,539	36,058	9,649	5,079	14,728	50,786	59,647
Rent and utilities	7,970	604	8,574	2,294	1,208	3,502	12,076	71,872
Technology and telecommunications	7,506	107,481	114,987	29,885	-	29,885	144,872	176,940
Event expense	16,646	-	16,646	-	3,062	3,062	19,708	10,970
Postage and other office expenses	23,556	1,785	25,341	6,781	3,569	10,350	35,691	39,149
Bank charges	761	-	761	9,540	1,150	10,690	11,451	14,620
Miscellaneous	6,918	-	6,918	-	-	-	6,918	8,449
Total expenses before depreciation	4,602,613	429,368	5,031,981	1,852,307	795,136	2,647,443	7,679,424	7,691,247
Depreciation and amortization	40,414	2,815	43,229	11,521	5,788	17,309	60,538	66,382
TOTAL	\$ 4,643,027	\$ 432,183	\$ 5,075,210	\$ 1,863,828	\$ 800,924	\$ 2,664,752	\$ 7,739,962	\$ 7,757,629

See accompanying notes to financial statements.

WITNESS, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2024**

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,965,166)	\$ 516,543
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation and amortization	60,538	66,382
Unrealized gain	(38,887)	(307,713)
Realized gain	(263,005)	(144,695)
Change in discount on long-term grant receivables	(74,642)	82,968
(Increase) decrease:		
Accounts receivable	(43,926)	(14,213)
Grant receivable	1,620,494	(1,148,374)
Prepaid expenses	27,889	2,112
Deposits	(124,992)	(6,233)
(Decrease) increase in:		
Accounts payable and accrued liabilities	<u>(111,589)</u>	<u>97,183</u>
Net cash used by operating activities	<u>(1,913,286)</u>	<u>(856,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(8,235)	(40,602)
Purchase of investments	(5,908,441)	(7,735,355)
Proceeds from sale of investments	<u>7,068,891</u>	<u>7,375,263</u>
Net cash provided (used) by investing activities	<u>1,152,215</u>	<u>(400,694)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of finance lease obligations	<u>-</u>	<u>(946)</u>
Net cash used by financing activities	<u>-</u>	<u>(946)</u>
Net decrease in cash and cash equivalents	(761,071)	(1,257,680)
Cash and cash equivalents at beginning of year	<u>1,107,732</u>	<u>2,365,412</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 346,661</u>	<u>\$ 1,107,732</u>

WITNESS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

WITNESS, Inc. (WITNESS) is an international, non-profit organization that helps people use video and technology to protect and defend human rights. WITNESS' programs are global but rooted in key regions including Sub-Saharan Africa, Asia and the Pacific, Latin America, the Middle East and North Africa. Co-founded in 1992, to date WITNESS has partnered with more than 570 human rights groups representing over 135 countries, trained over 19,000 human rights defenders, and in the last year has reached over 1.3 million engagements online with our guidance and resources.

Over the last year, WITNESS has leveraged our expertise to provide critical microgrant support, training, and strategic communication skills to traditional communities focused on environmental defense across Central and South America. Faced with the rise of generative AI and escalating digital threats, we advanced our Technology Threats and Opportunities work by developing the Deepfakes Rapid Response Force, and actively shaping emerging global policy standards, including advocacy around Coalition for Content Provenance and Authenticity and the EU AI Act, to ensure human rights principles guide new digital infrastructure. Simultaneously, our work supported vital Community archiving and verification projects, including launching the pilot Fortifying Community Truth Project in West and Central Africa, and the development of e-learning tools for the Rohingya Genocide Archive in Asia-Pacific, ensuring that global grassroots voices remain central to accountability and truth-telling.

WITNESS obtains funds from individuals, public and private foundations, corporate funds, and governmental development agencies.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with WITNESS' financial statements for the year ended June 30, 2024, from which the summarized information was derived.

WITNESS, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Cash and cash equivalents -

WITNESS considers all cash and other highly liquid investments with maturities of three months or less to be cash equivalents, which excludes money market funds held by investment managers in the amount of \$1,211,012 for the year ended June 30, 2025. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, WITNESS maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in Investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. WITNESS' policy is to liquidate all gifts of investments as soon as possible after the gift.

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to other revenue. Accounts receivable are recorded at their net realizable value which approximates fair value. Accounts receivable are presented net of an allowance for credit losses resulting from the inability of customers to make required payments. The allowance for credit losses is based upon historical loss experience in combination with current economic conditions and a forecast of future economic conditions. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs.

Grant receivable -

Grant receivable include unconditional promises to give that are expected to be collected in future years. Grant receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grant receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received. Amortization of the discount is included in contributions.

Fixed assets -

Fixed assets in excess of \$1,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended June 30, 2025 totaled \$60,538.

Income taxes -

WITNESS is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. WITNESS is not a private foundation.

WITNESS, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Support from contributions and grants -

Contributions are recognized in the appropriate category of net assets in the period received. WITNESS performs an analysis of the individual contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions, including grants qualifying as contributions, that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements. Contributions that are both received and released from restrictions in the same year are classified as without donor restrictions.

Conditional contributions contain a right of return and a measurable barrier. Contributions are recognized when conditions have been satisfied. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. WITNESS' refundable advances totaled \$750,000 as of June 30, 2025 (see Note 5).

In addition, WITNESS may obtain funding source agreements related to conditional contributions, which will be received in future years. However, WITNESS had no conditional contributions to be received in future years as of June 30, 2025.

Contributed services -

Contributed services are recorded at their fair value as of the date of the gift and consisted of contributed legal and design services. Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by WITNESS. None of the contributed nonfinancial assets were restricted by donors.

Foreign currency translation -

The U.S. Dollar is the functional currency for WITNESS' worldwide operations. Transactions in currencies other than U.S. Dollars are translated into Dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into Dollars at the exchange rate in effect at the date of the Statement of Financial Position. Gains and losses on translation of foreign currencies are included in the Statement of Activities and Change in Net Assets.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

WITNESS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Advertising -

WITNESS expenses advertising costs as incurred. Advertising expense was \$5,439 for the year ended June 30, 2025 and is included in Staff and other program expenses in the accompanying Statement of Functional Expenses.

Functional allocation of expenses -

The costs of providing WITNESS' programs and supporting services have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

Risks and uncertainties -

WITNESS invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. **INVESTMENTS AND FAIR VALUE MEASUREMENTS**

In accordance with FASB ASC 820, *Fair Value Measurement*, WITNESS has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market WITNESS has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended June 30, 2025. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.

WITNESS, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *U.S. Government Bonds, Corporate Bonds, International Bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.
- *Real Estate Investment Trusts* - Valued at the daily closing price as reported by the fund. Mutual funds held by WITNESS are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by WITNESS are deemed to be actively traded.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy and those invested and measured at NAV as a practical expedient as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	\$ 1,211,012	\$ -	\$ -	\$ 1,211,012
Equities	2,699,196	-	-	2,699,196
U.S. Government bonds	-	3,024,109	-	3,024,109
Corporate bonds	-	1,106,280	-	1,106,280
International bonds	-	83,133	-	83,133
Real estate investment trusts	29,324	-	-	29,324
TOTAL INVESTMENTS	\$ 3,939,532	\$ 4,213,522	\$ -	\$ 8,153,054

Net investment return consisted of the following for the year ended June 30, 2025:

Interest and dividends	\$ 253,728
Unrealized gain	38,887
Realized gain	263,005
Investment fees	(49,260)
TOTAL NET INVESTMENT RETURN	\$ 506,360

3. GRANTS RECEIVABLE

WITNESS has received written promises to give from various donors totaling \$3,769,376 as of June 30, 2025. Pledges receivable that are due in more than one year have been recorded at the net present value of their estimated future cash flows using discount rates ranging from 4.55% to 5.75%.

At June 30, 2025, unconditional promises to give from three donors was approximately 86% of total unconditional promises to give. At June 30, 2024, unconditional promises to give from two donors was approximately 78% of total unconditional promises to give.

Two donors accounted for approximately 53% of total contribution revenue during the year ended June 30, 2025. One donor accounted for approximately 37% of total contribution revenue during the year ended June 30, 2024.

WITNESS, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

3. GRANTS RECEIVABLE (Continued)

Pledges receivable are expected to be collected as follows as of June 30, 2025:

Less than one year	\$ 2,893,431
One to five years	<u>875,945</u>
Total	3,769,376
Less: Present value discount	<u>(92,677)</u>
NET RECEIVABLES	<u>\$ 3,676,699</u>

4. LINE OF CREDIT

WITNESS has a \$300,000 line of credit which matures November 1, 2029. Amounts borrowed under this agreement bear interest at a fluctuating rate per annum equal to the bank's prime rate plus 1.5%. There are no amounts outstanding as of June 30, 2025.

5. REFUNDABLE ADVANCES

WITNESS received term endowment grants from one foundation totaling \$750,000. The term will expire on May 6, 2029. Upon the expiration of the terms, the donor has the right to redesignate the endowment. Accordingly, these amounts has been recognized as refundable advances in the accompanying financial statements. During the terms of the grants, WITNESS may use any investment earnings for its general operations.

6. BOARD DESIGNATED NET ASSETS

As of June 30, 2025, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

Operating Reserve	<u>\$ 4,140,006</u>
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7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2025:

Subject to expenditure for specified purpose:	
Program	\$ 2,090,378
Subject to passage of time	<u>2,427,687</u>
NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 4,518,065</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Purpose restrictions accomplished:	
Program	\$ 1,137,703
Timing restrictions accomplished	<u>2,106,383</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 3,244,086</u>

WITNESS, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

8. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 346,661
Investments	8,153,054
Accounts receivable	62,269
Grant receivable	<u>2,893,431</u>
Subtotal financial assets available within one year	11,455,415
Less: Donor-restricted funds not available for general expenditures	(2,090,378)
Less: Board designated funds	(4,140,006)
Less: Refundable advances	<u>(750,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,475,031</u>

WITNESS receives a significant amount of support from donors and consider contributions with donor restrictions related to ongoing programs as available to meet cash needs for general expenditures. WITNESS manages their cash flows using the following three guiding principles: (1) operating within a prudent range of financial soundness and stability, (2) maintaining adequate liquid assets to fund near-term operating needs, and (3) maintaining sufficient reserves so that long-term obligations will be discharged.

9. CONTRIBUTED SERVICES

During the year ended June 30, 2025, WITNESS was the beneficiary of donated services which allowed WITNESS to provide greater resources toward various activities. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended June 30, 2025. Following is a schedule of contributions, presented by natural expense category (or by capital asset classification), which have been recorded as revenue and expense (or as a capital asset) in the accompanying financial statements:

Legal services	\$ 443,943
Design services	<u>20,576</u>
TOTAL CONTRIBUTIONS	<u>\$ 464,519</u>

The following programs have benefited from these donated services:

Program	\$ 20,576
Management and General	<u>443,943</u>
TOTAL BENEFITS	<u>\$ 464,519</u>

10. PENSION PLANS

WITNESS maintains a tax sheltered annuity plan (Plan) established under Internal Revenue Code Section 403(b) for the benefit of its employees. Employees may elect to contribute to the Plan subject to statutory limits. WITNESS also makes a matching contribution to the Plan.

For the year ended June 30, 2025, for eligible employees who have completed one year of service, WITNESS made a matching contribution equal to an employee's contribution, up to 3% of the employee's salary. WITNESS contributed \$82,107 to the Plan for the year ended June 30, 2025.

WITNESS, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

11. MINISTRY OF FOREIGN AFFAIRS OF DENMARK

During the year ended June 30, 2024, WITNESS received an installment of a grant from the Ministry of Foreign Affairs of Denmark for the Digital Democracy Initiative for \$1,151,510 (8,000,000 DKK). In March 2025, additional installment of \$720,305 (5,000,000 DKK) was received to support WITNESS' work in the Digital Democracy Initiative as an implementing partner. The full grant period is January 1, 2024, to December 31, 2026. As of June 30, 2025, WITNESS had expended \$1,651,622 of grant funds, compared to a budget of \$1,653,935 (12,500,000 DKK).

12. RESTRUCTURING AND REORGANIZATION COSTS

During the year, WITNESS approved and implemented a restructuring and reorganization plan designed to streamline operations and reduce costs. The plan primarily involved workforce reductions and related severance. WITNESS recognized total restructuring charges of \$320,026 for the year ended June 30, 2025. As of June 30, 2025, a liability of \$45,403, related to unpaid severance, is included in Accrued Liabilities on the accompanying Statement of Financial Position.

13. SUBSEQUENT EVENTS

In preparing these financial statements, WITNESS has evaluated events and transactions for potential recognition or disclosure through December 1, 2025, the date the financial statements were issued.