

THE DAILY CALLER NEWS FOUNDATION

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

FOR THE YEAR ENDED DECEMBER 31, 2014

**THE DAILY CALLER NEWS FOUNDATION
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YEAR ENDED DECEMBER 31, 2014**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Daily Caller News Foundation
Washington, DC

We have audited the accompanying financial statements of The Daily Caller News Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Daily Caller News Foundation as of December 31, 2014, 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.



Verma CPA and Associates
Leesburg, VA
Date: August 24, 2015

THE DAILY CALLER NEWS FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 321,686
Total Current Assets	<u>321,686</u>

TOTAL ASSETS	<u>\$ 321,686</u>
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LIABILITIES & NET ASSETS

Liabilities	
Current Liabilities	
Payroll Liabilities	\$ 3,933
Loan from Related Party	<u>96,000</u>
Total Current Liabilities	<u>99,933</u>

Total Liabilities	<u>99,933</u>
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Net Assets	
Unrestricted	52,570
Temporarily Restricted	<u>169,183</u>
Total Net Assets	221,753

TOTAL LIABILITIES & NET ASSETS	<u>\$ 321,686</u>
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**THE DAILY CALLER NEWS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Grants & Contributions	\$ 265,000	\$ 346,248	\$ 611,248
Non-Cash Contributions	-	111,649	111,649
Interest Income	681	-	681
Net assets released from restrictions	288,714	(288,714)	-
TOTAL REVENUES	\$ 554,395	\$ 169,183	\$ 723,578
EXPENSES			
Program services	\$ 318,673	\$ -	\$ 318,673
Supporting services			
Management and General	154,692	-	154,692
Fundraising	-	-	-
TOTAL EXPENSES	473,365	-	473,365
CHANGE IN NET ASSETS	81,030	169,183	250,213
NET ASSETS AT BEGINNING OF YEAR	(28,460)	-	(28,460)
NET ASSETS AT END OF YEAR	\$ 52,570	\$ 169,183	\$ 221,753

**THE DAILY CALLER NEWS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

OPERATING ACTIVITIES

Increase in net assets	\$ 250,213
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase (decrease) in accrued expenses	3,933
(Interest income)	(681)
Net cash provided by Operating Activities	<u>253,465</u>

INVESTING ACTIVITIES

Interest income	681
Net cash provided by Investing Activities	<u>681</u>

FINANCING ACTIVITIES

Loan from related party	66,000
Net cash provided by Investing Activities	<u>66,000</u>

Net cash flow 320,146

Cash at beginning of period 1,540

Cash at end of period \$ 321,686

NOTE 1 – DESCRIPTION OF ORGANIZATION

The Daily Caller News Foundation (the organization) is a tax-exempt public charity organization that strives to educate up-and-coming reporters and editors, to carry out investigative reporting, and to perform deep policy reporting. The organization strives to improve the quality of news provided to the public in a variety of ways, including the publishing of more than twenty news stories per day for free public consumption and redistribution and by educating fellows of the organization so that they will make a long-lasting difference in the quality of news reporting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for NFPs. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Net Assets

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted Net Assets

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily Restricted Net Assets

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The organization's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently Restricted Net Assets

Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class.

There were no permanently restricted net assets at December 31, 2014.

Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

All of the Company's cash is placed within one banking institution. At times, including at December 31, 2014, the balance on deposit exceeded federally insured limits. To date, the Company has not experienced any losses in such account and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

There were no contributions receivables at December 31, 2014.

Property & Equipment

Property & equipment (fixed assets) are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than one year.

There were no fixed assets recorded by the organization at December 31, 2014. All property & equipment used by the organization are provided by a related party as a part of occupancy.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts-in-Kind Contributions

The organization periodically receives contributions in a form other than cash. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use. See below for further discussion regarding donated facilities at Note 4 "Related Party" below.

The organization benefits from personal services provided by individuals in the journalism profession. However, the contributed services received in 2014 do not meet the criteria for recognition in financial statements. GAAP allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and supplementary statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. There were no fundraising costs incurred in the year ended December 31, 2014.

Tax Status

The organization is incorporated and is exempt from the federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). There was no unrelated business income in the year ended December 31, 2014.

NOTE 3 – CONCENTRATIONS OF RISK

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits. The organization deposits its cash with high quality financial institutions, and management believes the organization is not exposed to significant credit risk on those amounts.

A significant portion, approximately 90 percent, of the organization's annual funding in 2014 came from five donors. Each of those five donor's contributions for 2014 represented over 10% of the organization's total funding for 2014.

NOTE 4 – RELATED PARTY TRANSACTIONS

The organization has had several transactions with an online news publication company that is owned by the organization's two board members, as follows:

Facilities

The organization occupies space that is donated by the related party.

Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. This amount was calculated by prorating the 2014 rent cost incurred by the related party, based on the portion of office space occupied by the organization in relation to the total space under lease. In 2014, the resulting amount of this calculation was \$111,649 and was booked as an increase to both "Contributions-gifts in kind" and "Facilities expense".

Note Payable

The organization has received a loan from the related party covered under a promissory note and the ending balance payable on the note was \$96,000 at December 31, 2014. The unpaid principal and accrued interest shall be payable in monthly installments of \$8,185.36 beginning August 1, 2015, and continuing until July 1, 2016 (the "Due Date"), at which time the remaining unpaid principal and interest shall be due in full.

NOTE 5- SUBSEQUENT EVENTS

In preparing the financial statements, the organization has evaluated events and transactions for potential recognition or disclosure through the date, the financial statements were issued / available for issuance. No events were identified that require disclosure.

THE DAILY CALLER NEWS FOUNDATION
SUPPLEMENTARY STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

Description	Total Program Services	Management & General	Total Expenses
Employee salaries and bonuses	\$ 267,353	\$ -	\$ 267,353
Independent Contractors	7,067	-	7,067
Employee health insurance	21,165	-	21,165
Employee fees and expenses	-	390	390
Payroll taxes	23,088	699	23,787
Professional and consulting fees	-	35,164	35,164
ADP Fee & Workers Comp	-	4,305	4,305
Bank service fee	-	199	199
Business registration Fees	-	323	323
Occupancy	-	111,649	111,649
Printing and copying	-	279	279
Supplies	-	1,490	1,490
Dues and subscriptions	-	195	195
Total Expenses	\$ 318,673	\$ 154,692	\$ 473,365